OHIO TRANSIT RISK POOL

MEDINA COUNTY, OHIO

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED

NOVEMBER 30, 2022

Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Governing Board
Ohio Transit Risk Pool
1 Park Center Drive, Suite 300
Wadsworth, Ohio 44281

We have reviewed the *Independent Auditor's Report* of the Ohio Transit Risk Pool, Medina County, prepared by Rea & Associates, Inc., for the audit period December 1, 2021 through November 30, 2022. 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 Ohio Transit Risk Pool is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

June 22, 2023

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OHIO TRANSIT RISK POOL
MEDINA COUNTY, OHIO

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2022

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Independent Auditor's Report

Board of Directors
Ohio Transit Risk Pool
One Park Centre Drive
Wadsworth, Ohio 44281

Report on the Financial Statements

Opinion

We have audited the financial statements of Ohio Transit Risk Pool, Medina County, Ohio, (OTRP) as of and for the fiscal year ended November 30, 2022, and the related notes to the financial statements, which collectively comprise OTRP's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Ohio Transit Risk Pool, Medina County, Ohio, as of November 30, 2022, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards),* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the OTRP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the OTRP's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Audit Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit 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 OTRP's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the OTRP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplemental information as listed in the table of contents, to be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2023 on our consideration of the OTRP’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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the OTRP’s 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 OTRP's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Medina, Ohio
May 23, 2023

Ohio Transit Risk Pool (OTRP), Medina County was organized on December 31, 1994 as authorized by Section 2744.081 of the Ohio Revised Code. OTRP is an Ohio not-for-profit corporation organized for the public purpose of allowing its Ohio Political Subdivision Transit members to share loss exposures and financial resources through pooling risks, obtaining coverage, providing methods for paying for claims, and providing a formalized, jointly administrated self-insurance pool, OTRP provides risk management programs and other administrative services.

This section of Ohio Transit Risk Pool – Medina County's (OTRP) annual financial report presents our discussion and analysis of OTRP's financial performance during the fiscal year ended November 30, 2022. Please read it in conjunction with OTRP's financial statements, which immediately follow this section.

Using this Annual Report

OTRP is a not-for-profit corporation that provides property and liability coverage to its participating members. Membership in OTRP is comprised exclusively of Ohio Political Subdivisions, Regional Transit Authorities, County Transit Boards, and other Ohio County Transit operations. OTRP uses the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

The basic financial statements, which follow this section, provide both long and short-term information about OTRP's financial status. The statements of net position and revenue, expenses, and changes in net position provide information about the financial activities of OTRP. These are followed by the statement of cash flows, which presents detailed information about the changes in OTRP's cash position during the year. These statements reflect only the risk carried by OTRP, which also includes any potential unrecoverable reinsurance claims.

Financial Overview

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplemental information. The three basic financial statements presented are as follows:

- **Statement of Net Position -** This statement presents information reflecting OTRPs assets, liabilities, and net position and is categorized into current and noncurrent assets and liabilities.

- **Statement of Revenue, Expenses, and Changes in Net Position -** This statement reflects the operating and nonoperating revenue and expenses for 2022. Operating revenue consists primarily of member contributions, with the major sources of operating expenses being claims and claims adjustment expense, general and administrative expenses, and reinsurance costs. Nonoperating revenue and expenses consist primarily of investment activity and distributions to members.

- **Statement of Cash Flows -** This statement is presented on the direct method of reporting and reflects cash flows from operating activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the fiscal year.

The net pension liability (NPL) is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*. The other post-employment benefits (OPEB) is reported pursuant to GASB Statement 75. *Accounting and Financial Reporting for Employment Benefits other than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of OTRP's actual financial condition by adding deferred inflows related to pension and OPEB and the net pension liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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 a 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/OPEB liability. GASB 68 and GASB 75 take 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 and the net OPEB asset/liability to equal OTRP'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, OTRP is not responsible for certain key factors affecting the balance of these assets/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 benefit 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. For OPERS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset that is allocated to each employer based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

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 reported by the retirement board. As explained above, changes in 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 is satisfied, this liability is separately identified within the noncurrent liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, OTRP's statements include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB asset, respectively, not accounted for as deferred inflows/outflows of resources.

Financial Highlights

During 2022, OTRP's financial activities were highlighted by the following significant events:

Financial Position:

- As of November 30, 2022, total reserves have increased from $2,790,681 at November 30, 2021 to $2,883,718 at November 30, 2022. Most of the reserves remain in 2021 and 2022 years, which represents the loss years in which the Ohio Statute of Limitations has not yet tolled. OTRP continues to implement in-house proactive claims adjustment efforts and aggressive loss control strategies through OTRP's member risk management program.

- During 2022, distributions to members in the form of interest earned on the Shock Loss Fund were made totaling $1,303,638. No returns were made from the Shock Loss Fund.

Capitalization Funding:

- All OTRP members carried a fully funded Shock Loss Fund, except for LCTB, TARTA, and SORTA which are all making agreed to contributions towards their balance. Under the OTRP Board policy, members are required to fund their shock loss funds to the equal amount of one time of their annual contribution. During 2022, the Board amended the policy to allow members to fund up to six times their annual contribution. This action was due to further actuarial analysis of target surplus required to provide solid financial stability. This strategy will allow OTRP to operate under a high-level self-insured environment while stabilizing the potential for future special assessments and allowing the yearly funding rate to remain at a stable level regardless of claim inflation.

- Although the policy only allows removal of excess Shock Loss Contributions under extraordinary circumstances and Board of Trustees approval, all Shock Loss Excess Contributions are recorded as unearned revenue as of November 30 of each fiscal year and are reflected on the statement of net position accordingly. This conservative position is a more accurate representation of potential liabilities for the future.

Membership Activity:

- Effective in fiscal year 2022, OTRP added Greater Dayton Regional Transit Authority (GDRTA) for the 2021-22 coverage year bringing the total number of members to 15.

- OTRP offered members flexible liability deductible options for liability tailored to their individual needs, ranging from $1,000 per occurrence to $1,000,000 per occurrence. Members electing to increase their individual deductibles above $1,000 per occurrence received actuarially calculated credits to their loss fund contributions. METRO Regional Transit Authority (METRO RTA) selected a $5,000 per-occurrence liability deductible, Toledo Area Regional Transit Authority (TARTA) selected a $10,000 per-occurrence liability deductible, Greater Dayton Regional Transit Authority (GDRTA) selected a $100,000 per-occurrence liability deductible, and Southwest Ohio Regional Transit Authority (SORTA) selected a $1,000,000 per-occurrence liability deductible.

Coverage:

- As of fiscal year ends 2022 and 2021, all members participate in all lines of coverage, except for SORTA who only participated in liability. APT and LFPT also only participated in liability but joined in the Auto Physical Damage Coverage.

  Significant self-insurance or retentions supported by actuarial confidence included the first $2,000,000 for each liability occurrence, various sub-limits apply. Additionally, beginning in 2019 OTRP provided $2,500,000 under a specific per occurrence schedule for over-the-road auto physical damage.

  During 2022 and 2021, OTRP continued to participate in Transit Reinsurance Limited (TRL), a captive insurance company domiciled in the State of Vermont. OTRP participates in a quota share within the captive. OTRP's overall liability reinsurance limits were placed at $10,000,000 per occurrence for the fiscal years ending November 30, 2022 and 2021.

Condensed Financial Information

The financial statements report OTRP's net position and how it has changed. Net position - the difference between OTRP's assets & deferred outflows of resources and liabilities & deferred inflows of resources - is one way to measure OTRP's financial health or position. Over time, increases and decreases in OTRP's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

In addition to net position, when assessing the overall health of OTRP, the reader needs to consider other nonfinancial factors, such as the legal climate in the state, the general state of the financial markets, and the level of risk prevention undertaken by OTRP and its members.

Summarized financial information is as follows:

Condensed Statement of Net Position

	2022	Restated 2021	Change
Assets			
Cash, Cash Equivalents and Investments	$ 14,280,391	$ 13,390,547	$ 889,844
Other Current Assets	1,785,832	539,966	1,245,866
Total Current Assets	16,066,223	13,930,513	2,135,710
Net OPEB Asset	131,425	67,362	64,063
Capital Assets - Net of Depreciation/Amortization	222,795	281,866	(59,071)
Total Noncurrent Assets	354,220	349,228	4,992
Total Assets	16,420,443	14,279,741	2,140,702
Deferred Outflows of Resources			
Pension & OPEB	261,729	141,401	120,328
Liabilities			
Current	2,898,558	2,295,900	602,658
Noncurrent	6,835,724	6,731,658	104,066
Total Liabilities	9,734,282	9,027,558	706,724
Deferred Inflows of Resources			
Pension & OPEB	553,260	446,935	106,325
Net Position			
Net Investment in Capital Assets	57,709	67,444	(9,735)
Unrestricted	6,336,921	4,879,205	1,457,716
Total Net Position	$ 6,394,630	$ 4,946,649	$ 1,447,981

Condensed Statement of Changes in Net Position

	2022	2021	Change
Total Operating Revenue	$ 8,787,216	$ 4,223,025	$ 4,564,191
Operating Expense			
Claims	(3,530,084)	(2,475,608)	1,054,476
Administrative Expenses	(1,428,040)	(955,114)	472,926
Total Operating Expenses	(4,958,124)	(3,430,722)	1,527,402
Operating Income (Loss)	3,829,092	792,303	3,036,789
Non-operating Revenues (Expenses)			
Investments Earnings and Realized and Unrealized Gains and Losses on Investments	(1,065,994)	32,203	1,098,197
Distribution to Members	(1,303,638)	(221,900)	1,081,738
Interest Expense	(11,479)	-	11,479
Net Non-operating Revenues (Expenses)	(2,381,111)	(189,697)	2,191,414
Change in Net Position	1,447,981	602,606	845,375
Net Position - Beginning of year	4,946,649	4,344,043	602,606
Net Position - End of year	$ 6,394,630	$ 4,946,649	$ 1,447,981

Condensed Comparative Financial Highlights

- OTRP's net position increased $1,447,981 during fiscal year 2022.
- Total current assets increased due to an increase in members receivables related to a large invoice submitted to GDRTA near fiscal year-end.
- OTRP reported significant loss on investment however total investments on the statement of net position increased due to additional monies available to invest from contributions from members and GDRTA's significant contribution to the shock loss fund.
- OTRP's current liabilities increased primarily due to current portion on claims and increase in member payable.
- Distributions to members is a volatile account based on various factors, see Note 9 for details.
- Operating revenue (net of reinsurance/excess insurance premiums) increased significantly due to addition of GDRTA for fiscal year 2022 and its contributions to the shock loss fund as a new member. See Note 2 for more information on the shock loss fund. The increase in claims expense is also primarily due to addition of GDRTA.
- OTRP operating expenses increased from 2021 to 2022 primarily due to increase in claims expense.

Reserves for Claims

OTRP administers claims and pays for covered losses experienced by its members. All claims are processed and managed by OTRP. Reserves are established for the estimated amount that will be paid at some future date to settle the loss. Reserves are also established for claims that have occurred, but are not yet known to OTRP and for reported claims that are expected to develop. Pinnacle Actuarial Resources, Inc. conducts an independent actuarial analysis to determine the adequacy and reasonableness of these reserves.

Budgetary Highlights

OTRP adopts an annual operating budget for the current fiscal year. The budget is presented to the OTRP Board of Trustees for final review and adoption. OTRP's management prepares the budget and reviews expenses on a quarterly basis to assure compliance with the adopted budget.

Contacting OTRP's Management

This financial report is designed to provide a general overview of OTRP's finances. Questions concerning any of the data contained herein or requests for additional financial information should be directed to the Chief Executive Officer of OTRP at 1 Park Centre Drive, STE 300, Wadsworth, Ohio 44281.

Ohio Transit Risk Pool
Medina County, Ohio
Statement of Net Position
November 30, 2022

Assets	
Current Assets:	
Cash and Cash Equivalents	$ 2,197,338
Investments	12,083,053
Accounts Receivable	1,692,223
Prepaid Items and Other Assets	93,609
Total Current Assets	16,066,223
Noncurrent Assets:	
Net OPEB Asset	131,425
Capital Assets - Net of Depreciation/Amortization	222,795
Total Noncurrent Assets	354,220
Total Assets	16,420,443
Deferred Outflows of Resources	
Pension	247,460
OPEB	14,269
Total Deferred Outflows f Resources	261,729
Liabilities	
Current Liabilities:	
Accounts Payable	17,038
Current Portion of Reserves for Unpaid Claims and Claims Adjustment Expense	1,232,000
Accrued Compensation	31,822
Members' Payable	1,566,254
Lease Payable	51,444
Total Current Liabilities	2,898,558
Noncurrent Liabilities:	
Reserves for Unpaid Claims and Claims Adjustment Expense - Net of Current Portion	1,651,718
Unearned Revenue	4,725,741
Lease Payable - Net of Current Portion	113,642
Net Pension Liability	344,623
Total Noncurrent Liabilities	6,835,724
Total Liabilities	9,734,282
Deferred Inflows of Resources	
Pension	417,474
OPEB	135,786
Total Deferred Inflows of Resources	553,260
Net Position:	
Net Investment in Capital Assets	57,709
Unrestricted	6,336,921
Total Net Position	$ 6,394,630

See accompanying notes to the basic financial statements.

Ohio Transit Risk Pool
Medina County, Ohio
Statement of Revenue, Expenses and Changes in Net Position
For the Fiscal Year Ended November 30, 2022

Operating Revenue	
Member Contributions	$ 10,605,155
Less Reinsurance Premiums Expense	(2,063,838)
Other Operating Income	245,899
Total Operating Revenue	8,787,216
Operating Expense	
Claims	3,530,084
Salary, Wages and Fringe Benefits	985,454
Professional Fees and Other	203,773
Pool Operations	170,304
Depreciation/Amortization	68,509
Total Operating Expense	4,958,124
Operating Income	3,829,092
Non-Operating Revenue (Expense)	
Interest and Dividend Income	288,652
Realized and Unrealized Gain (Loss) on Investments	(1,354,646)
Distribution to Members	(1,303,638)
Interest Expense	(11,479)
Net Non-Operating Revenues (Expenses)	(2,381,111)
Change In Net Position	1,447,981
Net Position - Beginning of Year	4,946,649
Net Position - End of Year	$ 6,394,630

See accompanying notes to the basic financial statements.

Ohio Transit Risk Pool
Medina County, Ohio
Statement of Cash Flows
For the Fiscal Year Ended November 30, 2022

Cash Flow From Operating Activities	
Cash Received from Members	$ 9,920,120
Cash Paid for Claims	(3,437,047)
Cash Paid for Reinsurance Premiums	(2,063,838)
Cash Paid for Administrative and General Expenses	(1,650,646)
Other Income	245,899
Net Cash Provided by Operating Activities	3,014,488
Cash Flow From Capital Financing Activities	
Purchase of Capital Assets	(9,438)
Payments on Lease	(49,336)
Interest Expense	(11,479)
Net Cash (Used for) Capital Financing Activities	(70,253)
Cash Flow From NonCapital Financing Activities	
Distributions to Members	(988,397)
Cash Flow From Investing Activities	
Interest and Dividend Income	288,652
Purchase/Proceeds From Sales and Maturities of Investments	(2,603,196)
Net Cash (Used for) Investing Activities	(2,314,544)
Net Increase (Decrease) in Cash and Cash Equivalents	(358,706)
Cash and Cash Equivalents, Beginning of Year	2,556,044
Cash and Cash Equivalents, End of Year	$ 2,197,338

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating Income	$ 3,829,092
Depreciation/Amortization	68,509
Changes in Assets, Liabilities and Deferred Outflows/Inflows of Resources:	
Accounts Receivable	(1,223,830)
Prepaid Expenses	(22,036)
Net OPEB Asset	(64,063)
Deferred Outflows - Pension & OPEB	(120,328)
Accounts Payable	(23,194)
Accrued Compensation	4,503
Net Pension Liability	(172,322)
Deferred Inflows - Pension & OPEB	106,325
Claims Payable	93,037
Unearned Revenue	538,795
Net Cash Provided by Operating Activities	$ 3,014,488

See accompanying notes to the basic financial statements.

Note 1 - Nature of Business

Ohio Transit Risk Pool (OTRP), Medina County was organized on December 31, 1994 as authorized by Section 2744.081 of the Ohio Revised Code. OTRP is an Ohio not-for-profit corporation organized for the public purpose of allowing its Ohio Political Subdivision Transit members to share loss exposures and financial resources through pooling risks, obtaining coverage, providing methods for paying for claims, and providing a formalized, jointly administrated self-insurance pool, OTRP provides risk management programs and other administrative services.

The members of OTRP as of November 30, 2021 include the following Ohio Political Subdivision Transits: Allen County Regional Transit Authority (ACRTA), Lake County Regional Public Transportation (LAKETRAN), Metro Regional Transit Authority (Metro RTA), Portage Area Regional Transportation Authority (PARTA), Stark Area Regional Transit Authority (SARTA), Western Reserve Transit Authority (WRTA), Butler County Regional Transit Authority (BCRTA), South East Area Transit (SEAT), Delaware County Transit Board (DATA), and Toledo Area Regional Transit Authority (TARTA), Licking County Transit Board (LCT), Lancaster Fairfield Public Transit (LFPT), Southwest Ohio Regional Transit (SORTA), Ashland Public Transit (APT) and Greater Dayton Regional Transit Authority (GCRTA).

On December 1, 2009, OTRP amended its bylaws and no longer offers an associate membership; rather, it offers a voting or nonvoting membership. OTRP currently does not have any nonvoting members.

As of fiscal year end 2022, all members participate in all of the OTRP programs except for SORTA who does not participate in the property and APT and LFPT who also do not participate in the property, but join in the Auto Physical Damage Program.

OTRP provides commercial property (including flood and earthquake coverage), auto physical damage, boiler and machinery, crime, auto liability, general liability, employee practices liability, employee benefits liability, and public officials liability coverage to its members through self-insured retention and the group purchase of catastrophic coverage and bonds from qualified reinsurers or excess insurers.

OTRP is comprised exclusively of Ohio Political Subdivision Regional Transit Authorities, County Transit Boards, and other Ohio County Transit operations. Although its exposure is concentrated to a single geographical area, such exposure is reduced through the group purchase of reinsurance and/or excess insurance.

Note 2 - Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are presented using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America. A budget is not legally required; however, the OTRP board of trustees adopts an administrative budget annually.

The accounting policies of OTRP conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

OTRP distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with OTRP's principal ongoing operations. The principal operating revenue relates to members' contributions. Operating expenses include the cost of services and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. Net investment earnings and any gains or losses that result from the sale of capital assets are reported as nonoperating income.

Cash and Cash Equivalents

Cash and cash equivalents include operating checking accounts and money market funds.

Investments

Investments are reported at fair value, with the exception of nonparticipating certificates of deposit and repurchase agreements, which are reported at cost. Investments may consist of U.S. Treasury securities, U.S. agencies and passthroughs, certificates of deposit, state and local municipal bonds, and corporate bonds. Investments are stated at fair value. Investment income, including changes in the fair value of investments, is recognized as nonoperating revenue in the statement of revenue, expenses, and changes in net position. The board of trustees has established investment policies with the fundamental objectives of preserving capital in the investment portfolio, remaining sufficiently liquid to enable OTRP to meet its cash flow requirements, and attaining a market rate of return on the investments consistent prudent investment practices and within the risk limitations provided for in OTRP’s cash and investment policy.

Accounts Receivable

Receivables from members are stated at net invoice amounts. Receivables for deductibles are based on the applicable treaty. Collectability of balances is reviewed periodically. Any amounts deemed to be uncollectible are written off at that time. Management has determined all amounts are collectible, and no allowance for doubtful accounts is required.

Reserve for Unpaid Claims and Claims Adjustment Expenses

Reserves for claims represent OTRP’s case reserves for incurred claims, plus an estimate of provisions for loss development, claims incurred but not reported (IBNR), and allocated and unallocated loss adjustment expenses. Reserves are net of actual and anticipated member deductibles as well as salvage and subrogation. No discount factor is applied to any case reserve or IBNR. OTRP claims staff is responsible for the adjustment of all new and open claims and establishment of claims reserves. Adjustment reserves are posted for SORTA’s deductible of $1,000,000, and GDRTA’s deductible of $100,000, but due to the significant nature both GDRTA and SORTA funds this liability on their books. Further SORTA includes the IBNR within their posting though an independent actuarial report each year. The value of OTRP incurred but not reported claims and loss development is calculated by OTRP's actuary, Pinnacle Actuarial Resources, Inc. Management believes that the estimate of the claim’s reserves liability is reasonable and supported by valid actuarial calculations; however, actual incurred losses may vary from the estimated amount included in the accompanying financial statements. Should OTRP's assets not be sufficient to meet future claims obligations, OTRP's board can assess the members for supplemental contributions.

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. Depreciation is calculated on the straight-line basis over the estimated useful lives of depreciable assets. Costs of maintenance and repairs are charged to expense when incurred.

OTPR is also reporting intangible right to use assets related to leased building space. This intangible asset is being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Premiums Received in Advance

Premiums received in advance represent premiums received in the current year for policies remaining effective into the next fiscal year.

Member Contributions

Member contributions are recognized on the accrual basis and are recorded as revenue in the period earned. Member contributions received in advance are recorded as unearned member contributions. Member contributions are estimated annually to produce a sum of money adequate to fund reserves for claims (at between 60 and 75 percent actuarial confidence level) and unallocated loss adjustment expenses, to purchase reinsurance and/or excess insurance, and to fund the administrative expenses of OTRP. Contributions for individual members are based on a formula that assesses the proportional risk that each member brings to OTRP for each loss year.

Unearned Revenue

Unearned revenue represents contributions from members in excess of the required contribution to the Shock Loss Fund (SLF) that will be recognized as revenue over the periods for which coverage is expected to be provided.

Shock Loss Fund

In addition to the member contributions, OTRP members will contribute to the SLF based on an amount determined each year to be equal to their annual contributions. If a member's balance in the SLF drops below the member's annual contributions, the member shall fund up to 15 percent of the annual contribution until the balance of the SLF is equal to the current year's contribution. Once a member has an equal balance to the annual contribution, no additional funds will be required. There is a board approved policy allowing members to fund the SLF in an amount up to 600 percent of the required contribution. Any SLF's in excess of a members required contribution will be posted as unearned revenue as of November 30 each year.

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the statement of net position. Net position is reported as unrestricted, net invested in capital assets, or as restricted when there are legal limitations imposed on their use by external restrictions by creditors, grantors, laws, or regulations of other governments. At the discretion of the board of trustees, net position may be returned to members in the form of dividends. In 2022, the board declared dividends, including distributions of interest on SLF, totaling $217,745.

Claims Deductible

The individual members are responsible for their deductibles. For those members participating in commercial property coverage, each individual member has a $1,000 deductible per occurrence. For those members participating in cyber coverage, each individual member has a $1,000 deductible per occurrence. For those members participating in auto physical damage, there is a three-tier deductible structure: $1,000 for those members with 100 vehicles or less, $5,000 for those with 101-150 vehicles, and $25,000 for those members with greater than 150 vehicles. During the 2022 loss year, for auto physical damage, TARTA, Metro RTA, GDRTA, and Laketran carried a $25,000 deductible; SARTA carried a $5,000 deductible, and all other members carried a $1,000 deductible. Beginning in the 2008 loss year, for liability claims, OTRP members were provided with the option of a flexible deductible with a corresponding loss fund credit. During the 2022 loss year, Metro RTA carried a $5,000 per occurrence deductible for liability, TARTA carried a $10,000 deductible per occurrence for liability, SORTA carried a $1,000,000 deductible per occurrence for liability, and GDRTA carried a $100,000 deductible per occurrence for liability. All other members carried a $1,000 deductible for liability.

Allocated and Unallocated Claims Adjustment Expenses

Claims adjustment expenses include all adjustment costs to be incurred in connection with the settlement of unpaid claims. Allocated claims adjustment expenses are those that can be associated directly with specific claims paid or in the process of settlement, such as legal defense fees. Unallocated claims adjustment expenses are costs that cannot be associated with specific claims but are generally related to claims paid or in the process of settlement.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB asset, net pension 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 plan. 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the OTRP, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the OTRP, deferred inflows of resources include pension and OPEB. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14).

Risk Management

OTRP is exposed to various risks of loss related to property loss, torts, and errors and omissions. OTRP has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage since inception.

Pool Termination

In the event of the termination of OTRP, all members of OTRP, past and present, are obligated for any necessary supplemental contribution attributable to years during which they were members. After all claims and related expenses have been properly paid or reserves established for the payment of any such claims, any surplus member funds shall be distributed to members, past and present, in proportion to their interest in such surplus member funds.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates exist relating to the reserve for unpaid claims and claims adjustment expenses, as described in Note 6.

Tax Status

Under Section 115 of the Internal Revenue Code, premiums and investment income with respect to member contributions and investment income are excluded from taxable income of OTRP. Management believes that OTRP is designed and currently being operated in compliance with applicable requirements of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been included in the financial statements.

Premium Deficiency Reserve

The OTRP determines whether a premium deficiency reserve is necessary, including investment income as a factor in the premium deficiency calculation. No premium deficiency reserve was required at November 30, 2022.

Note 3 - Implementation of New Accounting Principles

For the fiscal year ended November 30, 2022, the OTRP has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 92, *Omnibus 2020*, a certain provision of GASB Statement No. 93, *Replacement of Interbank Offered Rates,* certain provisions of GASB Statement No. 97*, Component Unit Criteria and Deferred Compensation Plans,* and certain provisions of GASB Statement No. 99*, Omnibus 2022.*

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in to OTRP's 2022 financial statements; however, there was no effect on beginning net position. OTRP recognized $214,422 in leases payable, due to the implementation of GASB 87, that were not reported as capital leases in prior years; however, this entire amount was offset by the intangible right to use assets.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of OTRP.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of OTRP.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of paragraph 11b of GASB Statement No. 93 did not have an effect on the financial statements of OTRP.

GASB Statement No. 97 results in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The implementation of certain provisions of GASB Statement No. 97 (all except paragraphs 4 and 5) did not have an effect on the financial statements of OTRP.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of OTRP.

Note 4 - Deposits and Investments

OTRP has established an investment policy that was originally adopted by OTRP's board of trustees on December 24, 1994 and was amended on June 12, 2013. The policy is ratified annually and is updated as needed. OTRP may invest in any type of security allowed for by state or federal statute. Approved investments may include U.S. dollar-denominated debt securities issued by the U.S. government and its agencies, interest-bearing certificates of deposit, STAR-Ohio or other successor investment pools operated or managed by the treasurer of the State of Ohio, money market funds, state and local municipal bonds, and corporate bonds. Money market funds must be invested in U.S. dollar-denominated debt securities issued by the U.S. government and its agencies.

OTRP's investments are held in OTRP's name. Effective May 2017, OTRP has designated Key Bank for deposit of its investments. As of November 30, 2022, OTRP has designated JPMorgan Chase Bank for deposit of its cash. Financial Advisory Corporation acts as the investment portfolio manager.

OTRP's cash and investments are subject to several types of risk, which are examined in more detail below:

Deposits

Cash and cash equivalents include operating checking accounts and money market funds. Cash and cash equivalents totaled $2,197,338 at November 30, 2022. At November 30, 2022 long-term certificates of deposit totaled $116,538. At November 30, 2022 short-term certificates of deposit totaled $0.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, OTRP's deposits may not be returned to it. OTRP does not have a specific deposit policy for custodial credit risk of bank deposits; however, OTRP believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, OTRP evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. At November 30, 2022, OTRP had $1,519,361 in bank deposits that were uninsured and uncollateralized.

Investments

At November 30, 2022 OTRP had the following investments and maturities:

Rating by S&P Global Ratings	Investment	Measurement Amount	Investment Maturities in Years (<1)	(1-3)	(>3)	Percent of Total
	Fair Value:					
AA+	U.S. Treasury Securities	$ 2,354,886	$ 247,499	$ 1,688,576	$ 418,811	19.68%
AA+	U.S. Agencies and Pass-Throughs	1,627,229	284,505	1,081,626	261,098	13.60%
A	Corporate Bonds	3,828,519	913,712	1,317,810	1,596,997	31.99%
AA	Corporate Bonds	2,745,360	715,321	882,199	1,147,840	22.94%
AAA	Corporate Bonds	141,087	-	-	141,087	1.18%
A+	Non-Corporate Bond	111,889	-	-	111,889	0.94%
N/A	Mutual Funds	1,157,555	1,157,555	-	-	9.67%
	Total Investments	$ 11,966,525	$ 3,318,592	$ 4,970,211	$ 3,677,722	100.00%

The OTRP categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the 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 above table identifies the OTRP’s recurring fair value measurements as of November 30, 2022. The OTRP’s fair value investments are level 2 since 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.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the custodian, OTRP will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of November 30, 2022 OTRP's investments were held by the investments' counterparty.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. OTRP's investment policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and limiting the average maturity in accordance with OTRP's cash requirements. The investments as of fiscal year-end are summarized in the table above.

Credit Risk

Credit risk is the risk that an issuer to an investment will not fulfill its obligations. The investments as of fiscal year-end are summarized in the table above.

Concentration of Credit Risk

The OTRP places no limit on the amount the OTRP may invest in any one issuer. See the investment concentration percentages in the table above.

Note 5 - Capital Assets

A summary of changes in capital assets for the fiscal year ended November 30, 2022 follows:

	Restated Balance 12/1/2021	Additions	Deletions	Balance 11/30/2022
Capital Assets, Being Depreciated/Amortized:				
Transportation Equipment	$ 40,520	$ -	$ -	$ 40,520
Computer Equipment and Software	39,012	9,438	(19,196)	29,254
Intangible Right-to-Use Building	214,422	-	-	214,422
Leasehold Improvements	36,996	-	-	36,996
Total Capital Assets, Being Depreciated/Amortized	330,950	9,438	(19,196)	321,192
Less Accumulated Depreciation/Amortization:				
Transportation Equipment	(2,412)	(5,788)	-	(8,200)
Computer Equipment and Software	(36,839)	(6,801)	19,196	(24,444)
Intangible Right-to-Use Building	-	(53,606)	-	(53,606)
Leasehold Improvements	(9,833)	(2,314)	-	(12,147)
Total Accumulated Depreciation/Amortization	(49,084)	(68,509)	19,196	(98,397)
Total Capital Assets Being Depreciated/Amortized, Net	$ 281,866	$ (59,071)	$ -	$ 222,795

Note 6 - Reserve for Unpaid Claims and Claims Adjustment Expenses

OTRP establishes reserves for claims and claims adjustment expenses for both reported and unreported insured events. A summary of changes in the reserves for unpaid claims and claims adjustment expenses for OTRP for the fiscal years ended November 30, 2022 and 2021 is as follows:

	2022	2021
Reserve for unpaid claims and claims adjustment expenses beginning of the year	$ 2,790,681	$ 3,797,460
Incurred claims and claims adjustment expenses:		
Provision for incurred claims in current year	2,752,450	2,284,141
Change in provision for claims incurred in prior years	(881,789)	(201,814)
Total incurred claims and claims adjustment expenses	1,870,661	2,082,327
Payments:		
Claims and claims adjustment expense paid for claims incurred in the fiscal year	962,140	287,666
Claims and claims adjustment expense paid for claims incurred in prior years	815,484	2,801,440
Total payments	1,777,624	3,089,106
Reserve for unpaid claims and claims adjustment expenses end of year	$ 2,883,718	$ 2,790,681

All other loss years are developing within expected range. These developments primarily related to claims settling for amounts different than originally estimated.

Note 7 - Self-insured Retention

OTRP retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by excess insurance and reinsurance contracts, as described in Note 8. For 2022, OTRP's per occurrence retention for auto physical damage on site was $250,000 and the per occurrence retention for commercial property damage was $100,000. OTRP’s per occurrence retention for auto physical damage over the road is $2,500,000. OTRP's per occurrence retention for liability claims (including auto liability, public officials' liability, and general liability) was $2,000,000 at November 30, 2022. OTRP's per occurrence retention for crime and fidelity coverage was $100,000 at November 30, 2022. OTRP's per occurrence retention for boiler and machinery was $50,000 at November 30, 2022. OTRP’s per occurrence retention for cyber was $500,000 at November 30, 2022. For each per occurrence claim within OTRP’s self-insured retention, the member is charged the indicated deductible as disclosed in Note 2.

Note 8 - Reinsurance Agreements

OTRP maintains reinsurance and/or excess insurance contracts with qualified reinsurers and excess insurance carriers, which provide various limits of coverage over OTRP's self-insured retentions. Under OTRP's bylaws, the board of trustees annually determines the types of reinsurance and/or excess insurance contracts to purchase and the appropriate limits. For the year ended November 30, 2022, OTRP purchased the following types of reinsurance and/or excess insurance contracts in excess of self-insured retentions described above:

Since 2005, OTRP has participated in Transit Reinsurance Limited, Inc. (Transit Re), a captive reinsurer formed by Public Transit in America and owned by its members to stabilize long-term self-insurance and reinsurance costs. OTRP purchases \$8 million in excess of \$2 million in liability coverage with a 10 percent quota share for \$3,000,000 excess of \$2 million and a 15 percent quota share for \$5 million in excess of \$5 million. Additionally, OTRP participates in the retained quota share within the captive. All reinsurers within Transit Re meet OTRP's underwriting standards for rating and performance. During 2022. Transit Re changed its corporate formation from an Independent Captive to a Protected Cell under Transit Insurance Group. Its name has changed to Transit Insurance Group, IC.

In the event that a single loss or a series of losses should exceed the amount of coverage provided by the self-insured retention, reinsurance, and/or excess insurance contracts, and including any supplemental payments for which members are obligated in excess of the stated limits, the payment of any remaining loss is the obligation of the individual member against which the claim was made.

In the unlikely event that any of the reinsurers or excess reinsurers fail to meet their obligations under the reinsurance and/or excess insurance contracts, OTRP and its members would be responsible for such defaulted amounts.

All reinsurers/excess insurers are believed by management to be solvent and maintain investment quality financial ratings by AM Best, which meet or exceed OTRP's policy requirements.

Note 9 - Members' Payable

When all known claims and expense liabilities within an individual loss year have been concluded, and the loss year has been in existence for at least four years, the OTRP board of trustees, under board policy, may refund any remaining surplus funds within that loss year as a distribution. Distributions shall be returned promptly as directed by the board of trustees into a unique general reserve fund (the "GRF") created for each OTRP member. Members may use their funds on account within the GRF to pay for required contributions for any given year at any time. Once per year, members may remove any balance from their GRF as a cash distribution. The members' payable at November 30, 2022 totaled \$1,566,254.

Note 10 - Line of Credit

OTRP has a secured line of credit with JPMorgan Chase Bank with a maximum availability of \$500,000. The line of credit was renewed on June 21, 2022 and will expire January 5, 2024. Borrowings under the line of credit bear interest at the adjusted LIBOR (the "note rate") and at the rate of 3.00 percent per annum above the note rate (an effective rate of 7.292 percent at November 30, 2022). OTRP had no amounts outstanding under the line of credit at November 30, 2022 or 2021. The line of credit is secured by substantially all business assets.

Note 11 - Letter of Credit

During November 2004, the OTRP Board of Trustees authorized OTRP's participation in a joint venture, Transit Reinsurance IC, a Sponsored Cell captive insurance company domiciled in Vermont, designed to ensure the constant availability of affordable liability reinsurance protection for its participant/owner transit pools.

In order to capitalize Transit Reinsurance IC, participant pools agree to contribute $300,000 each either by cash contributions or by irrevocable letter of credit. Since December 1, 2005, the OTRP Board of Trustees has approved the capitalization through the issuance of an irrevocable letter of credit issued in the name of the Department of Financial Regulation (DFR), State of Vermont. The 12-month letter currently issued by JPMorgan Chase Bank was issued on October 11, 2009 and is subsequently renewed each year. During October 2022, the letter was amended to extend the original date of expiration to October 21, 2023. At November 30, 2022, the DFR had not drawn on the letter of credit, and no obligations are outstanding. The letter is secured by substantially all business assets.

During 2022, the OTRP Board of Trustees authorized OTRP's participation in a joint venture, Transit Insurance Group, LTD, (“TIG”) a captive insurance company domiciled in Vermont, designed to ensure the constant availability of affordable liability reinsurance protection for its participant/owner transit pools.

In order to capitalize TIG, participant pools agree to contribute $50,000 each either by cash contributions or by irrevocable letter of credit. The OTRP Board of Trustees has approved the capitalization through the issuance of an irrevocable letter of credit issued in the name of the Department of Financial Regulation (DFR), State of Vermont. The 12-month letter currently issued by JPMorgan Chase Bank was issued November of 2022 and is subsequently renewed each year. At November 30, 2022, the DFR had not drawn on the letter of credit, and no obligations are outstanding. The letter is secured by substantially all business assets.

Note 12 – Long-term Obligations

Long-term liability activity for the fiscal year ended November 30, 2022 was as follows:

	Restated Beginning Balance 12/1/2021	Additions	Deletions	Ending Balance 11/30/2022	Due Within One Year	Due in More Than One year
Leases	$ 214,422	$ -	$ (49,336)	$ 165,086	$ 51,444	$ 113,642

OTRP has outstanding agreements to lease building space. Due to the implementation of GASB Statement 87, these leases have met the criteria of leases thus requiring them to be recorded by OTRP. The future lease payments were discounted based on OTRP’s incremental borrowing rate. This discount is being amortized over the life of the lease. The following table summarizes the future obligations on the outstanding leases:

Years	Principal	Interest	Total
2023	$ 51,444	$ 9,372	$ 60,816
2024	54,949	5,867	60,816
2025	58,693	2,123	60,816
	$ 165,086	$ 17,362	$ 182,448

Note 13 – Defined Benefit Pension Plan

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB 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 net pension/OPEB liability (asset) represents the OTRP's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB 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.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* and *net OPEB liability (asset)*. Any liability for the contractually-required pension/OPEB contributions outstanding at the end of the year is included in accrued compensation.

The remainder of this note includes the pension disclosures. See Note 14 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – OTRP employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, the Combined Plan is no longer available for member selection. Substantially all employee members are in 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. 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.

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 as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan 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	**Traditional Plan 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	**Traditional Plan 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 amount of a member's pension benefit vests upon receipt of the initial benefit payment.

When a benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The OTRP's contractually required contribution was $112,085 for 2022. Of this amount, $8,632 is reported as an accrued compensation.

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

The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The OTRP's proportion of the net pension liability was based on the OTRP'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
Proportion of the Net Pension Liability:		
Current Measurement Period		0.003961%
Prior Measurement Period		0.003507%
Change in Proportion		0.000454%
Proportionate Share of the Net Pension Liability	$	344,623
Pension Expense	$	(23,056)

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At November 30, 2022, the OTRP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between Expected and Actual Experience	$ 17,569
Changes of Assumptions	43,095
Changes in Proportionate Share and Differences in Contributions	74,711
OTRP Contributions Subsequent to the Measurement Date	112,085
Total Deferred Outflows of Resources	$ 247,460
Deferred Inflows of Resources	
Differences between Expected and Actual Experience	$ 7,558
Net Difference between Projected and Actual Earnings on Pension Plan Investments	409,916
Total Deferred Inflows of Resources	$ 417,474

$112,085 reported as deferred outflows of resources related to pension resulting from OTRP contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending November 30:	OPERS
2023	$ 4,380
2024	(124,883)
2025	(96,387)
2026	(65,209)
Total	$ (282,099)

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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 was determined by an actuarial valuation as of December 31, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

	OPERS Traditional Plan
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00 percent, simple
Post-January 7, 2013 Retirees	3.00 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.90 percent
Actuarial Cost Method	Individual Entry Age

Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, are presented below:

	OPERS Traditional Plan
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-January 7, 2013 Retirees	3.00 percent, simple
Post-January 7, 2013 Retirees	0.50 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.20 percent
Actuarial Cost Method	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

For 2020, 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, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and 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 performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 15.3 percent for 2021.

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 long-term expected 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. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	1.03%
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00%	4.21%

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent. The discount rate for the prior year 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 contractually required rates, as actuarially determined. 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 the OTRP's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate The following table presents the OTRP's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the OTRP's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
OTRP's Proportionate Share of the Net Pension Liability (Asset)	$ 908,614	$ 344,623	$ (124,692)

Note 14 – Defined Benefit OPEB Plan

Net OPEB Liability (Asset)

See Note 13 for a description of the net OPEB liability (asset).

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.

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 (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The heath care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. 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' Annual Comprehensive Financial Report 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 allowing 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. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, 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.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members. 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 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The OTRP had no contractually required contribution for 2022.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The OTRP's proportion of the net OPEB liability (asset) was based on the OTRP's 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 (Asset):	
Current Measurement Period	0.004196%
Prior Measurement Period	0.003781%
Change in Proportion	0.000415%
Proportionate Share of the Net OPEB Liability (Asset)	$ (131,425)
OPEB Expense	$ (115,247)

At November 30, 2022, the OTRP reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Changes in Proportionate Share and Differences in Contributions	$ 14,269
Total Deferred Outflows of Resources	$ 14,269
Deferred Inflows of Resources	
Differences between Expected and Actual Experience	$ 19,934
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	62,653
Changes of Assumptions	53,199
Total Deferred Inflows of Resources	$ 135,786

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending November 30:	OPERS
2023	$ (72,109)
2024	(26,721)
2025	(13,688)
2026	(8,999)
Total	$ (121,517)

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 health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.50 percent, initial 3.50 percent, ultimate in 2034	8.50 percent, initial 3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

For 2020, 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, 2020.

During 2021, 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, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 was 14.3 percent for 2021.

The allocation of investment assets within 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 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 rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00%	3.45%

Discount Rate A single discount rate of 6.0 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. 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 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index"). 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 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the OTRP's Proportionate Share of the Net OPEB (Asset) to Changes in the Discount Rate The following table presents the OTRP's proportionate share of the net OPEB (asset) calculated using the single discount rate of 6.00 percent, as well as what the OTRP's proportionate share of the net OPEB (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
OTRP's Proportionate Share of the Net OPEB (Asset)	$ (77,290)	$ (131,425)	$ (176,358)

Sensitivity of the OTRP's Proportionate Share of the Net OPEB (Asset) 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 (asset). The following table presents the net OPEB (asset) calculated using the assumed trend rates, and the expected net OPEB (asset) 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.

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 2022 is 5.50 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 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 3.50 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
OTRP's Proportionate Share of the Net OPEB (Asset)	$ (132,845)	$ (131,425)	$ (129,740)

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Required Supplementary Information

Ohio Transit Risk Pool - Medina County
Medina County, Ohio
Required Supplemental Information
Schedule of OTRP's Proportionate Share of Net Pension Liability
Ohio Public Employees Retirement System of Ohio
Last Eight Years (1)

	2022	2021	2020
Traditional Plan			
OTRP's Proportion of the Net Pension Liability	0.00396100%	0.003507%	0.003107%
OTRP's Proportionate Share of the Net Pension Liability	$ 344,623	$ 516,945	$ 613,481
OTRP's Covered-Employee Payroll	$ 654,321	$ 571,893	$ 536,843
OTRP's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	52.67%	90.39%	114.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%

(1) Pension information prior to 2015 not available

See accompanying notes to the required supplementary information.

2019		2018		2017		2016		2015
	0.002978%		0.003004%		0.002645%		0.002676%	0.002656%
$	815,614	$	470,569	$	600,627	$	463,510	$ 320,365
$	519,322	$	481,554	$	411,175	$	407,667	$ 378,950
	157.05%		97.72%		146.08%		113.70%	84.54%
	74.91%		84.85%		77.38%		81.19%	86.45%

See accompanying notes to the required supplementary information.

Ohio Transit Risk Pool
Medina County, Ohio
Required Supplemental Information
Schedule of Pension Contributions
Ohio Public Employees Retirement System of Ohio
Last Ten Years

	2022	2021	2020	2019
Contractually Required Contribution	$ 112,085	$ 91,605	$ 80,065	$ 75,158
Contributions in Relation to the Contractually Required Contribution	(112,085)	(91,605)	(80,065)	(75,158)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
OTRP Covered-Employee Payroll	$ 800,607	$ 654,321	$ 571,893	$ 536,843
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014	2013
$ 72,705	$ 62,602	$ 49,341	$ 48,920	$ 45,474	$ 53,438
(72,705)	(62,602)	(49,341)	(48,920)	(45,474)	(53,438)
$ -	$ -	$ -	$ -	$ -	$ -
$ 519,322	$ 481,554	$ 411,175	$ 407,667	$ 378,950	$ 411,062
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

See accompanying notes to the required supplementary information.

Ohio Transit Risk Pool
Medina County, Ohio
Required Supplemental Information
Schedule of OTRP's Proportionate Share of the Net OPEB Liability/(Asset)
Ohio Public Employees Retirement System of Ohio
Last Six Years (1)

	2022	2021	2020
Traditional Plan			
OTRP's Proportion of the Net OPEB Liability/(Asset)	0.004196%	0.003780%	0.003558%
OTRP's Proportionate Share of the Net OPEB Liability/(Asset)	$ (131,425)	$ (67,362)	$ 491,452
OTRP's Covered-Employee Payroll	$ 654,321	$ 654,321	$ 536,843
OTRP's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered-Employee Payroll	-20.09%	-10.29%	91.54%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	128.23%	115.57%	47.80%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

2019		2018		2017	
	0.003580%		0.003580%		0.003080%
$	466,747	$	388,762	$	311,090
$	519,322	$	481,554	$	411,175
	89.88%		80.73%		75.66%
	46.33%		54.14%		54.04%

See accompanying notes to the required supplementary information.

Ohio Transit Risk Pool
Medina County, Ohio
Required Supplemental Information
Schedule of OPEB Contributions
Ohio Public Employees Retirement System of Ohio
Last Seven Years (1)

	2022	2021	2020	2019
Contractually Required Contribution	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
OTRP's Covered-Employee Payroll	$ 800,607	$ 654,321	$ 564,491	$ 536,843
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

(1) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(2) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

See accompanying notes to the required supplementary information.

2018		2017		2016	
$	206	$	4,912	$	8,388
	(206)		(4,912)		(8,388)
$	-	$	-	$	-
$	519,322	$	481,554	$	411,175
	0.04%		1.02%		2.04%

See accompanying notes to the required supplementary information.

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

Amounts reported incorporate changes in discount rate used in calculating the total pension liability as follows:

	2022	2021	2020	2019	2018
Discount Rate	6.90%	7.20%	7.20%	7.50%	8.00%

Calendar year 2017 reflects an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. Wage inflation rate was also reduced from 3.25 percent to 2.75 percent.

Changes in Benefit Terms – OPERS

In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from 1.40 percent simple through 2020 then 2.15 simple to 0.5 percent simple through 2021 then 2.15 percent simple.

In October 2019, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from 3.00 percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions - OPERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Assumption	2022	2021	2020	2019	2018	2017
Discount Rate	6.00%	6.00%	3.16%	3.96%	3.85%	4.23%
Municipal Bond Rate	1.84%	2.00%	2.75%	3.71%	3.31%	n/a
Health Care Cost Trend Rate	5.50%	8.50%	10.50%	10.00%	7.50%	n/a

For calendar year 2019, the investment rate of return decreased from 6.50 percent to 6.00 percent.

Changes in Benefit Terms – OPERS

For calendar year 2022, the cost of living adjustments decreased from 2.20 percent simple to 2.05 percent simple.

For calendar year 2021, the cost of living adjustments decreased from 3.00 percent simple to 2.20 percent simple.

CLAIMS DEVELOPMENT INFORMATION

The table on the following page illustrates how OTRP's earned revenues (net of excess insurance) and investment income compared to related costs of loss (net of loss assumed by excess insurers) and other expenses assumed by OTRP as of the end of the last ten years. The columns of the table show data for successive policy years.

The rows of the table are defined as follows:

(1) This line shows the total of each fiscal year's gross earned contribution revenue and any investment revenue, contribution revenue ceded to excess insurers, and net earned contributions revenue and any reported investment revenue.

(2) This line shows each fiscal year's other operating costs, including overhead and claims expense not allocable to individual claims.

(3) This line shows the gross incurred claims and allocated claims adjustment expenses, claims assumed by excess insurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (policy year).

(4) This section illustrates the cumulative amounts paid as of the end of the each policy year.

(5) This line shows the latest re-estimated amount of claims assumed by excess insurers as of the end of the current year for each policy year.

(6) This line shows the increase or decrease in the previous year's estimate. This annual re-estimation results from new information received on known claims, re-evaluation of existing information on known claims, as well as emergence of new claims not previously known.

(7) This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years matures, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

OHIO TRANSIT RISK POOL
Medina County, Ohio

Schedule of Claims Information for All Lines of Coverage

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
(1) Required Premium Revenue										
Earned	$ 4,745,694	$ 4,734,688	$ 4,191,105	$ 4,847,437	$ 4,195,910	$ 4,170,878	$ 6,679,601	$ 5,345,441	$ 6,045,800	$ 9,785,000
Ceded	1,462,971	1,464,770	1,414,270	1,138,499	1,104,769	1,170,700	1,171,532	1,252,568	1,563,978	2,063,838
Net earned	3,282,723	3,269,918	2,776,835	3,708,938	3,091,141	3,000,178	5,508,069	4,092,873	4,481,822	7,721,162
(2) Unallocated Pool Expenses	855,077	911,484	848,614	879,793	1,105,675	1,199,801	1,425,342	1,262,387	955,144	1,428,040
(3) Estimated Total Claims - End of Policy Year										
Incurred	2,167,716	1,277,737	1,549,466	1,776,025	1,677,935	3,315,673	1,765,509	1,332,342	2,284,141	2,752,450
Ceded	-	-	209,964	-	-	-	-	-	-	-
Net Incurred	2,167,716	1,277,737	1,339,502	1,776,025	1,677,935	3,315,673	1,765,509	1,332,342	2,284,141	2,752,450
(4) Net Paid Claims (Cumulative) as of										
End of policy year	588,443	412,022	150,264	69,420	413,732	360,782	463,139	341,551	287,666	962,140
One year later	999,438	503,600	843,500	192,477	719,766	733,440	891,764	429,660	966,535	-
Two years later	1,862,829	613,223	1,162,955	59,913	872,471	952,497	2,322,594	533,565	-	-
Three years later	2,244,136	719,755	1,212,366	597,166	991,930	1,371,852	2,405,821	-	-	-
Four years later	2,243,560	720,345	1,273,863	597,353	1,030,481	1,322,282	-	-	-	-
Five years later	2,243,560	720,345	1,117,263	597,378	1,029,156	-	-	-	-	-
Six years later	2,243,560	740,928	2,350,899	595,797	-	-	-	-	-	-
Seven years later	2,243,560	751,787	1,930,972	-	-	-	-	-	-	-
Eight years later	2,243,560	753,121	-	-	-	-	-	-	-	-
Nine years later	2,243,560	-	-	-	-	-	-	-	-	-
(5) Re-estimated Ceded Claims	-	-	209,937	-	-	-	-	-	-	-
(6) Re-estimated Net Incurred Claims										
End of policy year	2,167,716	1,277,737	1,339,502	1,776,025	1,677,935	3,315,673	1,765,509	1,332,342	2,284,141	2,752,450
One year later	2,143,152	887,370	1,773,430	1,750,027	1,300,937	2,785,948	1,993,744	(132,632)	(133,704)	-
Two years later	2,287,517	760,533	2,325,877	717,270	1,125,985	1,419,521	1,482,391	270,916	-	-
Three years later	2,255,510	744,089	2,138,691	597,166	1,099,616	770,029	2,145,535	-	-	-
Four years later	2,249,174	720,345	2,195,100	597,379	923,419	1,287,431	-	-	-	-
Five years later	2,245,991	731,472	2,479,261	597,379	1,029,156	-	-	-	-	-
Six years later	2,243,825	761,827	1,021,374	595,797	-	-	-	-	-	-
Seven years later	2,243,560	769,511	1,930,972	-	-	-	-	-	-	-
Eight years later	2,243,560	753,121	-	-	-	-	-	-	-	-
Nine years later	2,243,560	-	-	-	-	-	-	-	-	-
(7) Change in Estimated Incurred Claims and **Expenses from End of Policy Year**	75,844	(524,616)	591,470	(1,180,228)	(648,779)	(2,028,242)	380,026	(1,061,426)	(2,417,845)	-

OHIO TRANSIT RISK POOL
Medina County, Ohio
Required Supplemental Information

Statement of Reconciliation of Net Reserves for Claims and Claims Adjustment Expenses by Type of Contract

	Fiscal and Policy Years Ended November 30,								
	2022			2021			2020		
	Casualty	Property	Total	Casualty	Property	Total	Casualty	Property	Total
Reserves for claims and claims adjustment expenses - Beginning of fiscal year	$ 1,055,057	$ 1,735,624	$ 2,790,681	$ 1,925,921	$ 1,871,539	$ 3,797,460	$ 2,848,469	$ 1,692,288	$ 4,540,757
Incurred claims and claim adjustments expenses:									
Provision for insured events of the current fiscal year	2,380,869	371,581	2,752,450	1,975,782	308,359	2,284,141	633,865	698,476	1,332,341
Change in provision for insured events of prior fiscal year	(762,747)	(119,042)	(881,789)	(174,569)	(27,245)	(201,814)	(718,835)	(175,266)	(894,101)
Total incurred claims and claim adjustments	1,618,122	252,539	1,870,661	1,801,213	281,114	2,082,327	(84,970)	523,210	438,240
Payments:									
Claims and claims adjustment expenses attributed to insured events of the current fiscal year	832,251	129,889	962,140	248,831	38,835	287,666	162,249	179,301	341,550
Claims and claims adjustment expenses attributed to insured events of the prior fiscal year	705,394	110,090	815,484	2,423,246	378,194	2,801,440	675,329	164,658	839,987
Total payments	1,537,645	239,979	1,777,624	2,672,077	417,029	3,089,106	837,578	343,959	1,181,537
Reserve for claims and claims adjustment expenses - End of fiscal year	$ 1,135,534	$ 1,748,184	$ 2,883,718	$ 1,055,057	$ 1,735,624	$ 2,790,681	$ 1,925,921	$ 1,871,539	$ 3,797,460

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Ohio Transit Risk Pool
One Park Centre Drive
Wadsworth, Ohio 44281

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Ohio Transit Risk Pool, Medina County, Ohio (OTRP) as of and for the year ended November 30, 2022, and the related notes to the financial statements, which collectively comprise the OTRP’s basic financial statements, and have issued our report thereon dated May 23, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the OTRP's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the OTRP’s internal control. Accordingly, we do not express an opinion on the effectiveness of the OTRP’s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the OTRP'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 financial statements. 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 is 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 OTRP'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 OTRP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associate, Inc.
Medina, Ohio
May 23, 2023

OHIO AUDITOR OF STATE
KEITH FABER

OHIO TRANSIT RISK POOL

MEDINA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 7/6/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370