OHIO TRANSIT RISK POOL

MEDINA COUNTY, OHIO

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED

NOVEMBER 30, 2023

Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Directors
Ohio Transit Risk Pool
1 Park Centre Dr
Wadsworth, OH 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, 2022 through November 30, 2023. 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

May 23, 2024

This page intentionally left blank.

OHIO TRANSIT RISK POOL
MEDINA COUNTY, OHIO

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2023

TABLE OF CONTENTS

This page intentionally left blank.

Rea & associates a brighter way

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Ohio Transit Risk Pool, Medina County, Ohio, (OTRP) as of and for the fiscal year ended November 30, 2023, 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, 2023, 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* issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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 supplementary 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 13, 2024 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 13, 2024

This page intentionally left blank

Ohio Transit Risk Pool
Medina County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended November 30, 2023

Ohio Transit Risk Pool, Medina County, Ohio (OTRP) 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 OTRP's annual financial report presents our discussion and analysis of OTRP's financial performance during the fiscal year ended November 30, 2023. 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 2023. 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 net OPEB liability/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 liability/asset 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. 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 liability/asset, respectively, not accounted for as deferred inflows/outflows of resources.

Financial Highlights

During 2023, OTRP's financial activities were highlighted by the following significant events:

Financial Position:

- As of November 30, 2023, total reserves have increased from $2,883,718 at November 30, 2022 to $3,446,664 at November 30, 2023. Most of the reserves remain in 2022 and 2023 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 2023, distributions to members in the form of interest earned on the Shock Loss Fund were made totaling $300,082. Returns were made to members from the Shock Loss Fund of $203,285.

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:

- 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, 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 2023 and 2022, all members participate in all lines of coverage, except for APT and LFPT who only participated in liability and 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 2023 and 2022, OTRP continued to participate in Transit Reinsurance I.C. (TRIC), 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, 2023 and 2022.

This space intentionally left blank

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

	2023	2022	Change
Assets			
Current Assets			
Cash, Cash Equivalents and Investments	$ 16,412,442	$ 14,280,391	$ 2,132,051
Other Current Assets	1,053,810	1,785,832	(732,022)
Total Current Assets	17,466,252	16,066,223	1,400,029
Non-Current Assets			
Net OPEB Asset	-	131,425	(131,425)
Capital Assets - Net of Depreciation/Amortization	157,878	222,795	(64,917)
Total Noncurrent Assets	157,878	354,220	(196,342)
Total Assets	17,624,130	16,420,443	1,203,687
Deferred Outflows of Resources			
Pension & OPEB	765,414	261,729	503,685
Liabilities			
Current	3,342,662	2,898,558	444,104
Noncurrent	8,919,715	6,835,724	2,083,991
Total Liabilities	12,262,377	9,734,282	2,528,095
Deferred Inflows of Resources			
Pension & OPEB	10,110	553,260	(543,150)
Net Position			
Net Investment in Capital Assets	44,236	57,709	(13,473)
Unrestricted	6,072,821	6,336,921	(264,100)
Total Net Position	$ 6,117,057	$ 6,394,630	$ (277,573)

Condensed Statement of Changes in Net Position

	2023	2022	Change
Total Operating Revenue	$ 6,891,964	$ 8,787,216	$ (1,895,252)
Operating Expense			
Claims	(4,157,388)	(3,530,084)	627,304
Administrative Expenses	(2,288,146)	(1,428,040)	860,106
Total Operating Expenses	(6,445,534)	(4,958,124)	1,487,410
Operating Income (Loss)	446,430	3,829,092	(3,382,662)
Non-operating Revenues (Expenses)			
Investments Earnings and Realized and Unrealized Gains and Losses on Investments	(716,473)	(1,065,994)	(349,521)
Distribution to Members	-	(1,303,638)	(1,303,638)
Interest Expense	(7,530)	(11,479)	(3,949)
Net Non-operating Revenues (Expenses)	(724,003)	(2,381,111)	(1,657,108)
Change in Net Position	(277,573)	1,447,981	(1,725,554)
Net Position - Beginning of year	6,394,630	4,946,649	1,447,981
Net Position - End of year	$ 6,117,057	$ 6,394,630	$ (277,573)

Condensed Comparative Financial Highlights

- OTRP's net position decreased $277,573 during fiscal year 2023.
- OTRP reported a significant loss on investment however total investments on the statement of net position increased primarily due to additional monies available to invest from contributions from members resulting in a significant increase in cash, cash equivalents and investments and total current assets.
- The significant decrease in other current assets is due to a decrease in accounts receivable related to a shock loss contribution.
- OTRP's current liabilities increased primarily due to the current portion of reserves for unpaid claims.
- Noncurrent liabilities increased mainly due to an increase in OTRP's net pension liability and excess contributions to the shock loss fund.
- Changes in the net pension and net OPEB accruals are due to changes in the actuarial liabilities and related accruals that are passed through to OTRP's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows of resources and net pension/net OPEB assets/liabilities. Both are described in more detail in their respective note disclosures.
- Distributions to members is a volatile account based on various factors, see Note 9 for details.

- Operating revenue (net of reinsurance/excess insurance premiums) decreased significantly due to addition of a new member in the previous fiscal year which resulted in a larger contribution to the shock loss fund in the previous fiscal year as compared to the current fiscal year. See Note 2 for more information on the shock loss fund.
- The increase in claims expense is due to normal variability which can be significant in claim payments.
- The significant increase in administrative expenses is due to fluctuations related to the net pension liability previously discussed.

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, 2023

Assets	
Current Assets:	
Cash and Cash Equivalents	$ 1,925,977
Investments	14,486,465
Accounts Receivable	921,899
Prepaid Items and Other Assets	131,911
Total Current Assets	17,466,252
Noncurrent Assets:	
Capital Assets - Net of Depreciation/Amortization	157,878
Total Assets	17,624,130
Deferred Outflows of Resources	
Pension	671,780
OPEB	93,634
Total Deferred Outflows of Resources	765,414
Liabilities	
Current Liabilities:	
Accounts Payable	25,202
Current Portion of Reserves for Unpaid Claims and Claims Adjustment Expense	1,684,000
Accrued Compensation	50,646
Members' Payable	1,527,865
Lease Payable	54,949
Total Current Liabilities	3,342,662
Noncurrent Liabilities:	
Reserves for Unpaid Claims and Claims Adjustment Expense - Net of Current Portion	1,762,664
Unearned Revenue	5,690,256
Lease Payable - Net of Current Portion	58,693
Net Pension Liability	1,377,452
Net OPEB Liability	30,650
Total Noncurrent Liabilities	8,919,715
Total Liabilities	12,262,377
Deferred Inflows of Resources	
OPEB	10,110
Net Position:	
Net Investment in Capital Assets	44,236
Unrestricted	6,072,821
Total Net Position	$ 6,117,057

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, 2023

Operating Revenue	
Member Contributions	$ 9,489,557
Less Reinsurance Premiums Expense	(3,194,827)
Other Operating Income	597,234
Total Operating Revenue	6,891,964
Operating Expense	
Claims	4,157,388
Salary, Wages and Fringe Benefits	1,729,248
Professional Fees and Other	228,668
Pool Operations	260,189
Depreciation/Amortization	70,041
Total Operating Expense	6,445,534
Operating Income	446,430
Non-Operating Revenue (Expense)	
Interest and Dividend Income	131,781
Realized and Unrealized Gain (Loss) on Investments	(848,254)
Interest Expense	(7,530)
Net Non-Operating Revenues (Expenses)	(724,003)
Change In Net Position	(277,573)
Net Position - Beginning of Year	6,394,630
Net Position - End of Year	$ 6,117,057

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, 2023

Cash Flow From Operating Activities	
Cash Received from Members	$ 11,224,396
Cash Paid for Claims	(3,594,442)
Cash Paid for Reinsurance Premiums	(3,194,827)
Cash Paid for Administrative and General Expenses	(2,081,350)
Other Income	597,234
Net Cash Provided by Operating Activities	2,951,011
Cash Flow From Capital Financing Activities	
Purchase of Capital Assets	(5,124)
Payments on Lease	(51,444)
Interest Expense	(7,530)
Net Cash (Used for) Capital Financing Activities	(64,098)
Cash Flow From NonCapital Financing Activities	
Distributions to Members	(38,389)
Cash Flow From Investing Activities	
Interest and Dividend Income	131,781
Purchase/Proceeds From Sales and Maturities of Investments	(3,251,666)
Net Cash (Used for) Investing Activities	(3,119,885)
Net Increase (Decrease) in Cash and Cash Equivalents	(271,361)
Cash and Cash Equivalents, Beginning of Year	2,197,338
Cash and Cash Equivalents, End of Year	$ 1,925,977

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

Operating Income	$ 446,430
Depreciation/Amortization	70,041
Changes in Assets, Liabilities and Deferred Outflows/Inflows of Resources:	
Accounts Receivable	770,324
Prepaid Expenses	(38,302)
Net OPEB Asset	131,425
Deferred Outflows - Pension & OPEB	(503,685)
Accounts Payable	8,164
Accrued Compensation	18,824
Net Pension Liability	1,032,829
Net OPEB Liability	30,650
Deferred Inflows - Pension & OPEB	(543,150)
Claims Payable	562,946
Unearned Revenue	964,515
Net Cash Provided by Operating Activities	$ 2,951,011

Note 1 - Nature of Business

Ohio Transit Risk Pool, Medina County, Ohio (OTRP) 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, 2023 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 2023, all members participate in all of OTRP programs except for APT and LFPT who 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, 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 and savings accounts, money market funds, and an investment sweep account.

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.

Money market funds are reported at the NAV per share. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. All other investments are reported at fair value (See Note 4).

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

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 2023, the board declared dividends, including distributions of interest on SLF, totaling $300,082.

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 2023 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 2023 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 OTRP, deferred outflows of resources are reported on the 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 OTRP, deferred inflows of resources may include pension and OPEB. Deferred inflows of resources related to pension and OPEB plans, when included, are reported on the 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

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, 2023.

Note 3 - Implementation of New Accounting Principles

For the fiscal year ended November 30, 2023, OTRP has implemented GASB Statement No. 93, paragraphs 13 and 14, Replacement of Interbank Offered Rates, GASB Statement No. 94, Public-Private and Public-Public Partnerships and Available Payment Arrangements, GASB Statement No. 96, Subscription-Based Information Technology Arrangements, and certain provisions of GASB Statement No. 99, Omnibus 2022.

GASB Statement No. 93, paragraphs 13 and 14, provide an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraphs 13 and 14, did not have an effect on the financial statements of OTRP.

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of OTRP.

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 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 cash and investments are subject to several types of risk, which are examined in more detail below:

Deposits

At November 30, 2023, OTRP had $204,521 in bank deposits that were uninsured and uncollateralized.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, OTRP will not be able to recover deposits or collateral securities that are in possession of an outside party. 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.

Investments

At November 30, 2023 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
	Net Asset Value (NAV):									
AAA	Money Market Fund	$	1,073,649	$	1,073,649	$	-	$	-	6.69%
N/A	Money Market Fund		497,960		497,960		-		-	3.10%
	Fair Value:									
AA	Federal Farm Credit Bank	$	444,210	$	-	$	94,571	$	349,639	2.77%
AA	Federal Home Loan Bank		647,558		147,323		301,499		198,736	4.03%
AA	Federal Home Loan Mortgage Corp.		1,253,064		97,442		429,649		725,973	7.80%
AA	Federal National Mortgage Assoc.		269,851		-		139,374		130,477	1.68%
AA	U.S. Treasury Note		4,165,490		1,035,980		1,493,686		1,635,824	25.93%
AA	Tennessee Valley Authority		98,123		98,123		-		-	0.61%
AAA	U.S. Corporate Bonds		236,921		-		141,840		95,081	1.48%
AA	U.S. Corporate Bonds		2,370,838		273,158		1,668,453		429,227	14.76%
A	U.S. Corporate Bonds		3,307,254		1,360,977		1,283,611		662,666	20.60%
BBB	U.S. Corporate Bonds		235,375		-		119,729		115,646	1.47%
N/A	Non-U.S. Corporate Bonds		109,051		-		-		109,051	0.68%
N/A	Mutual Funds		1,348,729		1,348,729		-		-	8.40%
	Total Investments	$	16,058,073	$	5,933,341	$	5,672,412	$	4,452,320	100.00%

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 OTRP’s recurring fair value measurements as of November 30, 2023. OTRP’s fair value investments are Level 1 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, 2023, 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

OTRP places no limit on the amount 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, 2023 follows:

	Balance 11/30/2022	Additions	Deletions	Balance 11/30/2023
Capital Assets, Being Depreciated/Amortized:				
Transportation Equipment	$ 40,520	$ -	$ -	$ 40,520
Computer Equipment and Software	29,254	5,124	-	34,378
Intangible Right-to-Use Building	214,422	-	-	214,422
Leasehold Improvements	36,996	-	-	36,996
Total Capital Assets, Being Depreciated/Amortized	321,192	5,124	-	326,316
Less Accumulated Depreciation/Amortization:				
Transportation Equipment	(8,200)	(5,789)	-	(13,989)
Computer Equipment and Software	(24,444)	(3,705)	-	(28,149)
Intangible Right-to-Use Building	(53,606)	(53,606)	-	(107,212)
Leasehold Improvements	(12,147)	(6,941)	-	(19,088)
Total Accumulated Depreciation/Amortization	(98,397)	(70,041)	-	(168,438)
Total Capital Assets Being Depreciated/Amortized, Net	$ 222,795	$ (64,917)	$ -	$ 157,878

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, 2023 and 2022 is as follows:

	2023	2022
Reserve for unpaid claims and claims adjustment expenses beginning of the year	$ 2,883,718	$ 2,790,681
Incurred claims and claims adjustment expenses:		
Provision for incurred claims in current year	3,200,213	2,752,450
Change in provision for claims incurred in prior years	(337,220)	(881,789)
Total incurred claims and claims adjustment expenses	2,862,993	1,870,661
Payments:		
Claims and claims adjustment expense paid for claims incurred in the fiscal year	873,547	962,140
Claims and claims adjustment expense paid for claims incurred in prior years	1,426,500	815,484
Total payments	2,300,047	1,777,624
Reserve for unpaid claims and claims adjustment expenses end of year	$ 3,446,664	$ 2,883,718

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 2023, 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, 2023. OTRP's per occurrence retention for crime and fidelity coverage was $100,000 at November 30, 2023. OTRP's per occurrence retention for boiler and machinery was $50,000 at November 30, 2023. OTRP’s per occurrence retention for cyber was $500,000 at November 30, 2023. 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, 2023, 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. (TRL), 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 TRL meet OTRP’s underwriting standards for rating and performance. During 2022, TRL changed its corporate formation from an Independent Captive to a Protected Cell under Transit Insurance Group. Its name has changed to Transit Insurance Group, I.C.

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, 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, 2023 totaled $1,527,865.

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 8.808 percent at November 30, 2023). OTRP had no amounts outstanding under the line of credit at November 30, 2023 or 2022. The line of credit is secured by substantially all business assets.

Note 11 - Letter of Credit

During November 2004, OTRP Board of Trustees authorized OTRP's participation in a joint venture, Transit Reinsurance Limited (now known as Transit Reinsurance I.C.), 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 I.C. participant pools agree to contribute $300,000 each either by cash contributions or by irrevocable letter of credit. Since December 1, 2005, 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 2023, the letter was amended to extend the original date of expiration to October 11, 2024. At November 30, 2023, 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, OTRP Board of Trustees authorized OTRP's participation in another 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. 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, 2023, 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, 2023 was as follows:

	Beginning Balance 11/30/2022	Additions	Deletions	Ending Balance 11/30/2023	Due Within One Year	Due in More Than One year
Lease	$ 165,086	$ -	$ (51,444)	$ 113,642	$ 54,949	$ 58,693

OTRP has outstanding agreements to lease building space. 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
2024	$ 54,949	$ 5,867	$ 60,816
2025	58,693	2,123	60,816
	$113,642	$ 7,990	$121,632

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 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 OTRP's obligation for the liability to annually required payments. OTRP cannot control benefit terms or the manner in which pensions/OPEB are financed; however, 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, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan. 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 of the traditional and combined plans. 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 in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans 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
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2023 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. OTRP's contractually required contribution was $138,238 for 2023. Of this amount, $11,648 is reported as 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OTRP's proportion of the net pension liability was based on 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	0.004663%
Prior Measurement Period	0.003961%
Change in Proportion	0.000702%
Proportionate Share of the Net Pension Liability	$ 1,377,452
Pension Expense	$ 319,654

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, 2023, OTRP only reported deferred outflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Net Difference between Projected and Actual Earnings on Pension Plan Investments	$ 392,619
Differences between Expected and Actual Experience	45,753
Changes of Assumptions	14,551
Changes in Proportionate Share and Differences in Contributions	90,238
OTRP Contributions Subsequent to the Measurement Date	128,619
Total Deferred Outflows of Resources	$ 671,780

$128,619 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 November 30, 2024. 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	
2024	$	119,606
2025		115,657
2026		115,566
2027		192,332
Total	$	543,161

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, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	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 2023, then 2.05 percent, simple
Investment Rate of Return	6.90 percent
Actuarial Cost Method	Individual Entry Age

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.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, 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 a loss of 12.10 percent for 2022.

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, 2022, these best estimates are summarized below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	100.00%	

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 OTRP's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents OTRP's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what OTRP's proportionate share of the net pension liability 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	$ 2,063,378	$ 1,377,452	$ 806,886

Note 14 – Defined Benefit OPEB Plan

Net OPEB Liability

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

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. Substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care. Medicare-enrolled retirees may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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 2023, 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 2023, 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.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. OTRP had no contractually required contribution for 2023.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OTRP's proportion of the net OPEB liability was based on 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:		
Current Measurement Period		0.004861%
Prior Measurement Period		0.004196%
Change in Proportion		0.000665%
Proportionate Share of the Net OPEB Liability	$	30,650
OPEB Expense	$	(42,966)

At November 30, 2023, OTRP reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		OPERS
Deferred Outflows of Resources		
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	$	60,869
Changes of Assumptions		29,936
Changes in Proportionate Share and Differences in Contributions		2,829
Total Deferred Outflows of Resources	$	93,634
Deferred Inflows of Resources		
Differences between Expected and Actual Experience	$	7,646
Changes of Assumptions		2,464
Total Deferred Inflows of Resources	$	10,110

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
2024	$	12,716
2025		22,422
2026		18,981
2027		29,405
Total	$	83,524

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. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	December 31, 2022
Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent including wage inflation
Single Discount Rate	5.22 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.05 percent
Health Care Cost Trend Rate	5.50 percent, initial 3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, 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 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 a loss of 15.6 percent for 2022.

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, 2022, 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%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
Total	100.00%	

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. 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 4.05 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of OTRP's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents OTRP's proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what OTRP's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
OTRP's Proportionate Share of the Net OPEB Liability (Asset)	$ 104,317	$ 30,650	$ (30,138)

Sensitivity of OTRP's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or 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 2023 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 Liability (Asset)	$ 28,729	$ 30,650	$ 32,812

Note 15 – Subsequent Event

In January of 2024, an OTRP member was involved in a serious incident which will result in a significant impact to reserves and liabilities for the 2024 loss year. Due to attorney client privilege and work product trade secrets, the amount is not disclosed.

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 Nine Years (1)

	2023	2022	2021
Traditional Plan			
OTRP's Proportion of the Net Pension Liability	0.004663%	0.003961%	0.003507%
OTRP's Proportionate Share of the Net Pension Liability	$ 1,377,452	$ 344,623	$ 516,945
OTRP's Covered Payroll	$ 800,607	$ 654,321	$ 571,893
OTRP's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	172.05%	52.67%	90.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%

(1) Pension information prior to 2015 not available

See accompanying notes to the required supplementary information.

	2020	2019	2018	2017	2016	2015
	0.003107%	0.002978%	0.003004%	0.002645%	0.002676%	0.002656%
	$ 613,481	$ 815,614	$ 470,569	$ 600,627	$ 463,510	$ 320,365
	$ 536,843	$ 519,322	$ 481,554	$ 411,175	$ 407,667	$ 378,950
	114.28%	157.05%	97.72%	146.08%	113.70%	84.54%
	82.17%	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

	2023	2022	2021	2020
Contractually Required Contribution	$ 138,237	$ 112,085	$ 91,605	$ 80,065
Contributions in Relation to the Contractually Required Contribution	(138,237)	(112,085)	(91,605)	(80,065)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
OTRP Covered Payroll	$ 987,414	$ 800,607	$ 654,321	$ 571,893
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
$ 75,158	$ 72,705	$ 62,602	$ 49,341	$ 48,920	$ 45,474
(75,158)	(72,705)	(62,602)	(49,341)	(48,920)	(45,474)
$ -	$ -	$ -	$ -	$ -	$ -
$ 536,843	$ 519,322	$ 481,554	$ 411,175	$ 407,667	$ 378,950
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%

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 Seven Years (1)

	2023	2022	2021
Traditional Plan			
OTRP's Proportion of the Net OPEB Liability/(Asset)	0.004861%	0.004196%	0.003780%
OTRP's Proportionate Share of the Net OPEB Liability/(Asset)	$ 30,650	$ (131,425)	$ (67,362)
OTRP's Covered Payroll	$ 800,607	$ 654,321	$ 654,321
OTRP's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	3.83%	-20.09%	-10.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	94.79%	128.23%	115.57%

(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.

2020		2019		2018		2017	
	0.003558%		0.003580%		0.003580%		0.003080%
$	491,452	$	466,747	$	388,762	$	311,090
$	536,843	$	519,322	$	481,554	$	411,175
	91.54%		89.88%		80.73%		75.66%
	47.80%		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 Eight Years (1)

	2023	2022	2021	2020
Contractually Required Contribution	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
OTRP's Covered Payroll	$ 987,414	$ 800,607	$ 654,321	$ 564,491
Contributions as a Percentage of Covered 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.

2019		2018		2017		2016	
$	-	$	206	$	4,912	$	8,388
	-		(206)		(4,912)		(8,388)
$	-	$	-	$	-	$	-
$	536,843	$	519,322	$	481,554	$	411,175
	0.00%		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	2023	2022	2021	2020	2019	2018
Discount Rate	5.22%	6.00%	6.00%	3.16%	3.96%	3.85%
Municipal Bond Rate	4.05%	1.84%	2.00%	2.75%	3.71%	3.31%
Health Care Cost Trend Rate	5.50%	5.50%	8.50%	10.50%	10.00%	7.50%

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(1) Required Premium Revenue										
Earned	$ 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	$ 9,621,338
Ceded	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	3,194,827
Net earned	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	6,426,511
(2) Unallocated Pool Expenses	911,484	848,614	879,793	1,105,675	1,199,801	1,425,342	1,262,387	955,144	1,428,040	2,288,361
(3) Estimated Total Claims - End of Policy Year										
Incurred	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	3,200,213
Ceded	-	209,964	-	-	-	-	-	-	-	-
Net Incurred	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	3,200,213
(4) Net Paid Claims (Cumulative) as of										
End of policy year	412,022	150,264	69,420	413,732	360,782	463,139	341,551	287,666	962,140	873,548
One year later	503,600	843,500	192,477	719,766	733,440	891,764	429,660	966,535	-	-
Two years later	613,223	1,162,955	59,913	872,471	952,497	2,322,594	533,565	-	-	-
Three years later	719,755	1,212,366	597,166	991,930	1,371,852	2,405,821	-	-	-	-
Four years later	720,345	1,273,863	597,353	1,030,481	1,322,282	-	-	-	-	-
Five years later	720,345	1,117,263	597,378	1,029,156	-	-	-	-	-	-
Six years later	740,928	2,350,899	595,797	-	-	-	-	-	-	-
Seven years later	751,787	1,930,972	-	-	-	-	-	-	-	-
Eight years later	753,121	-	-	-	-	-	-	-	-	-
Nine years later	-	-	-	-	-	-	-	-	-	-
(5) Re-estimated Ceded Claims	-	209,937	-	-	-	-	-	-	-	-
(6) Re-estimated Net Incurred Claims										
End of policy year	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	3,200,213
One year later	887,370	1,773,430	1,750,027	1,300,937	2,785,948	1,993,744	(132,632)	(133,704)	-	-
Two years later	760,533	2,325,877	717,270	1,125,985	1,419,521	1,482,391	270,916	-	-	-
Three years later	744,089	2,138,691	597,166	1,099,616	770,029	2,145,535	-	-	-	-
Four years later	720,345	2,195,100	597,379	923,419	1,287,431	-	-	-	-	-
Five years later	731,472	2,479,261	597,379	1,029,156	-	-	-	-	-	-
Six years later	761,827	1,021,374	595,797	-	-	-	-	-	-	-
Seven years later	769,511	1,930,972	-	-	-	-	-	-	-	-
Eight years later	753,121	-	-	-	-	-	-	-	-	-
Nine years later	-	-	-	-	-	-	-	-	-	-
(7) Change in Estimated Incurred Claims and **Expenses from End of Policy Year**	(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 Supplementary Information

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

	Fiscal and Policy Years Ended November 30,								
	2023			2022			2021		
	Casualty	Property	Total	Casualty	Property	Total	Casualty	Property	Total
Reserves for claims and claims adjustment expenses - Beginning 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
Incurred claims and claim adjustments expenses:									
Provision for insured events of the current fiscal year	2,768,184	432,029	3,200,213	2,380,869	371,581	2,752,450	1,975,782	308,359	2,284,141
Change in provision for insured events of prior fiscal year	(282,988)	(44,166)	(327,153)	(762,747)	(119,042)	(881,789)	(174,569)	(27,245)	(201,814)
Total incurred claims and claim adjustments	2,485,196	387,863	2,873,060	1,618,122	252,539	1,870,661	1,801,213	281,114	2,082,327
Payments:									
Claims and claims adjustment expenses attributed to insured events of the current fiscal year	755,619	117,929	873,548	832,251	129,889	962,140	248,831	38,835	287,666
Claims and claims adjustment expenses attributed to insured events of the prior fiscal year	1,242,630	193,937	1,436,567	705,394	110,090	815,484	2,423,246	378,194	2,801,440
Total payments	1,998,249	311,866	2,310,115	1,537,645	239,979	1,777,624	2,672,077	417,029	3,089,106
Reserve for claims and claims adjustment expenses - End of fiscal year	$ 1,622,481	$ 1,824,181	$ 3,446,663	$ 1,135,534	$ 1,748,184	$ 2,883,718	$ 1,055,057	$ 1,735,624	$ 2,790,681

This page intentionally left blank.

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 (*Government Auditing Standards*), the financial statements of the Ohio Transit Risk Pool, Medina County, Ohio (OTRP) as of and for the year ended November 30, 2023, 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 13, 2024.

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 were not 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 13, 2024

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 6/4/2024