

# ***Ohio Transit Risk Pool***

**SUMMIT COUNTY, OHIO**

**AUDIT REPORT**

**For the Year Ended November 30, 2010  
(With Comparative Totals for November 30, 2009)**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Ohio Transit Risk Pool, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period December 1, 2009 through November 30, 2010. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 8, 2011

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**OHIO TRANSIT RISK POOL**  
**SUMMIT COUNTY, OHIO**  
**Audit Report**  
**For the Year Ended November 30, 2010**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Ohio Transit Risk Pool  
Summit County  
1 Park Center Dr., Ste 300  
Wadsworth, OH 44281

To the Board of Trustees:

We have audited the financial statements of the Ohio Transit Risk Pool (OTRP), Summit County as of and for the year ended November 30, 2010, as listed in the table of contents. These financial statements are the responsibility of OTRP's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the 2009 financial statements and, in our report dated May 11, 2010, we have issued an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ohio Transit Risk Pool, Summit County, as of November 30, 2010, and the results of its operations and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 8, 2011, on our consideration of the OTRP internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements of the Ohio Transit Risk Pool, Summit County. The accompanying information listed as required supplemental information on pages 18-19 is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied to the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Charles E. Harris*

*Charles E. Harris & Associates, Inc.*  
April 8, 2011



OHIO TRANSIT RISK POOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
NOVEMBER 30, 2010  
UNAUDITED

The management of the Ohio Transit Risk Pool (OTRP) offers this narrative overview and analysis of the financial activities of OTRP for the fiscal year ended November 30, 2010. Readers are encouraged to consider the information presented here in conjunction with OTRP's financial statements and accompanying notes to enhance their understanding of OTRP's financial performance.

**Financial Highlights**

During 2010 OTRP's financial activities were highlighted by the following significant events:

- Stabilized the number of open claims and lawsuits at fiscal year end from 100 to 89 and reduced the corresponding case reserves from \$1,607,309 at November 30, 2009 to \$1,349,996 at November 30, 2010. This was accomplished through a continuation of proactive claims adjustment efforts and the aggressive implementation of loss control strategies contained in OTRP's Safety Performance Audit (SPA) program. Other factors that influenced case reserves is the continued run-off of GDRTA and RCTB and final closure of Loss Year 10 (2004).
- OTRP reduced the purchase of "buy-down" liability reinsurance placement to 60% of \$900,000 in coverage excess of a \$100,000 pooled self-insured retention (per occurrence). This coverage has been purchased by OTRP, beginning in 12-01-2007 to stabilize losses and reduce the potential for future special assessments.
- OTRP implemented a key funding strategy by approving a "Shock Loss Fund". Under OTRP Board Policy, members are required to fund one-time their annual contribution on account. The policy controls disbursement and collection of funds. This strategy will allow OTRP to operate under a high level self-insured environment while stabilizing the potential for future special assessments and maximizing member equity returns.
- OTRP continues to purchase an excess policy to cover per occurrences losses in excess of \$5,000,000 with limits of \$5,000,000. This coverage places OTRP's overall liability limits at \$10,000,000 per occurrence.
- Offered members flexible liability deductible options tailored to their individual needs, ranging from \$1,000 per occurrence to \$500,000 per occurrence. Members electing to increase their individual deductibles above \$1,000 per occurrence received actuarially calculated credits to their loss fund contributions. Metro RTA (Akron) selected a \$5,000 per occurrence liability deductible, while TARTA (Toledo) selected for the first time a lower deductible of \$250,000 per occurrence liability deductible for Loss Year 16 (2010).
- Approved a new Board of Trustees Late Payment Policy. Under new accountability and commitment from the membership, OTRP reduced the member receivables from \$760,476 on November 30, 2009 to \$74,007 as of November 30, 2010.
- During 2010 members returns were made of \$209,525. This was accomplished through a residual return from Loss Year (10) 2004 and a return of interest income under the new Shock Loss Fund Board Policy. This brings the total (for all years) members' equity return to \$5,004,915.

OHIO TRANSIT RISK POOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
NOVEMBER 30, 2010  
UNAUDITED

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to OTRP's financial statements. OTRP's primary objective is to operate at a break-even level, while providing for the risk financing needs of its members. The financial statements are designed to provide a broad overview of OTRP's financial activities in a manner similar to a private-sector business.

The basic financial statements, in addition to Management's Discussion and Analysis, are comprised of the Statements of Net Assets; the Statements of Revenues, Expenses and Changes in Fund Net Assets; the Statements of Cash Flows; and the Notes to Financial Statements. The financial statements are prepared in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

The Statements of Net Assets present OTRP's financial position at the end of the fiscal year just concluded and the previous fiscal year. Beginning in 2004, OTRP elected to change from a calendar fiscal year to a fiscal year commencing on December 1<sup>st</sup> and concluding on November 30<sup>th</sup>, annually. Information is displayed on assets and liabilities with the difference between the two reported as Net Assets. Over time, increases or decreases in Net Assets may reflect OTRP's ability to meet the needs and expectations of its members in paying claims and in meeting all other financial obligations.

The Statements of Revenues, Expenses and Changes in Fund Net Assets present information detailing the revenues and expenses that resulted in the change in Net Assets that occurred during the most recently concluded fiscal year as compared to the previous fiscal year. All revenues and expenses are reported on an accrual basis, with all revenues recognized when earned and all expenses recognized when incurred, regardless of when the actual cash is received or paid.

The Statements of Cash Flows present cash provided and used by OTRP categorized by operating activities, investing activities and (when applicable) financing activities. It reconciles the beginning and year ended cash balances presented on the Statements of Net Assets.

The Notes to the Financial Statements provide additional information essential to a complete understanding of the organization and operations of OTRP, including data contained in the financial statements. Details are provided regarding OTRP's history, governance, and significant accounting policies relating to cash and investments, and commitments to related parties.

In addition to the financial statements and accompanying notes, supplementary information is presented in a separate section illustrating OTRP's revenue and claims development. In addition, revenue and claims development information is presented in accordance with GASB #10, as amended by GASB #30.

OHIO TRANSIT RISK POOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
NOVEMBER 30, 2010  
UNAUDITED

**Financial Analysis – Statements of Net Assets**

The following table presents the summarized financial position of OTRP for the fiscal years ended November 30, 2010, 2009 and 2008:

	2010	2009	2008	2010/2009 Increase/(Decrease)
<b>Assets:</b>				
Current Assets	\$ 8,430,494	\$ 9,062,053	\$ 8,856,017	\$ (631,560)
Fixed Assets, Net	64,961	90,880	25,284	(25,919)
<i>Total Assets</i>	<u>8,495,455</u>	<u>9,152,934</u>	<u>8,881,301</u>	<u>(657,479)</u>
<b>Liabilities:</b>				
Claims Reserve	1,349,996	1,607,309	2,766,280	(257,313)
Accounts Payable	124	6,725	121,677	(6,601)
Other Payables	-	-	10,196	-
Accrued Wages	8,197	4,519	5,727	3,678
Accrued Payroll Taxes	6,663	7,979	1,947	(1,316)
Accrued Expenses	-	-	6,014	-
Members Payable	1,176,342	2,246,908	866,609	(1,070,567)
<i>Total Liabilities</i>	<u>2,541,322</u>	<u>3,873,440</u>	<u>3,778,450</u>	<u>(1,332,119)</u>
<b>Net Assets:</b>	<u>\$ 5,954,133</u>	<u>\$ 5,279,493</u>	<u>\$ 5,102,851</u>	<u>\$ 674,640</u>

Current assets decreased by \$631,560 between 2010 and 2009. This decrease was a combination of members' returns and claim payments. Additionally, OTRP continues to run-off liabilities and member equity from loss years in which Greater Dayton RTA (GDRTA) and Richland County Transit Board (RCTB) participated within OTRP. As of November 30, 2010 two open loss years remain Loss Year (11) 2005 and Loss Year (12) 2006. The impact of the loss year closure is a continued decrease in liabilities as claims are satisfied and a corresponding decrease in assets as no further required member contributions through deductibles or special assessment are contemplated.

OTRP's fixed assets, net, decreased from 2009 by \$25,919. This is due to depreciation from the major technology purchase from 2009, disposal of various assets during the OTRP office move and vehicle depreciation. Disposal of certain outdated computer items were also recorded in 2010.

OTRP's liabilities decreased by \$1,332,119 from 2009. This was due to the favorable resolution of claims, the final closure of Loss Year (2004), and the current membership run-off described herein.

The difference between assets and liabilities, or "Net Assets," increased \$674,640 from 2009 to 2010.

OHIO TRANSIT RISK POOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
NOVEMBER 30, 2010  
UNAUDITED

**Financial Analysis – Statements of Changes in Net Assets**

The following table presents the summarized results of operations for the fiscal years ended November 30, 2010, 2009 and 2008. More detailed information is available in the accompanying basic financial statements.

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2010/2009</u> Increase/(Decrease)
<b>Revenue:</b>				
Member contributions	\$3,139,233	\$3,435,084	\$3,280,526	\$ (295,851)
Member contributions to Shock Loss Fund	684,952	-	-	684,952
Reinsurance/excess insurance premiums	(1,299,050)	(1,204,817)	(1,258,024)	(94,233)
Member deductible reimbursements	264,812	215,146	80,776	49,666
Interest income	186,254	335,359	339,943	(149,105)
Other income	32,623	16,778	25,479	15,845
Realized gain on sale of asset	-	4,611	-	(4,611)
Realized gain on investments	(25,503)	7,519	37,131	(33,022)
Unrealized gain/(loss on investments)	(86,211)	139,318	(92,566)	(225,529)
<i>Total Revenues</i>	<u>\$2,897,110</u>	<u>\$2,948,998</u>	<u>\$2,413,265</u>	<u>\$ (51,888)</u>
<b>Expenses:</b>				
Net incurred claims and allocated claim adjustments	\$ 826,986	\$1,435,480	\$1,621,052	(608,495)
Professional fees and other	156,949	142,107	221,749	14,842
Pool operations	145,350	155,487	112,641	(10,137)
Buy down of self insurance retention	446,408	579,000	600,000	(132,591)
Other operating expenses	-	-	20,374	-
Salaries and employee benefits	414,309	434,584	455,686	(20,275)
Closed loss year refunds	205,929	-	-	205,929
Depreciation	26,539	25,698	24,013	841
<i>Total Expenses</i>	<u>\$2,222,470</u>	<u>\$2,772,356</u>	<u>\$3,055,515</u>	<u>(549,886)</u>
<b>Change in net assets</b>	<u>\$ 674,640</u>	<u>\$ 176,642</u>	<u>\$(642,250)</u>	<u>\$ 497,998</u>

OHIO TRANSIT RISK POOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
NOVEMBER 30, 2010  
UNAUDITED

Total OTRP revenues (net of reinsurance/excess insurance premiums) decreased to \$2,897,110 in 2010 from \$2,948,999 in 2009. This was primarily due to the fact that OTRP's member reimbursements (deductibles) were approximately \$50,000 more than prior year and member contributions were approximately \$298,851 less than in 2009 (members contributions to the Shock Loss were primarily made from equity funds already on account within OTRP loss years) and an decrease in unrealized gains on investments of approximately \$225,530.

Total OTRP expenses decreased \$549,886. This was due to an increase in member returns of \$209,525 and a reduction in incurred claims expense of \$608,495. Additionally reductions were realized in the reduced purchase of "buy down" coverage for the years ended November 30, 2010 with a reduction of \$132,592 and an overall administrative reduction of \$62,555.

**Request for Information**

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, 1 Park Centre Drive, #300, Wadsworth, OH 44281.

**OHIO TRANSIT RISK POOL  
SUMMIT COUNTY  
STATEMENT OF NET ASSETS  
NOVEMBER 30, 2010 AND 2009**

	2010	2009
<b><u>CURRENT ASSETS</u></b>		
Cash and Cash Equivalents	\$ 1,116,356	\$ 1,457,395
Investments	7,108,903	6,815,607
Member Receivables	74,007	760,476
Accounts Receivable - Other	128,228	19,486
Prepaid Expenses	3,000	9,089
<b>TOTAL CURRENT ASSETS</b>	8,430,494	9,062,053
<b><u>FIXED ASSETS, NET</u></b>		
Automobile, computer equipment and software, net of accumulated depreciation	64,961	90,880
<b>TOTAL ASSETS</b>	<b>\$ 8,495,455</b>	<b>\$ 9,152,933</b>
<b><u>CURRENT LIABILITIES</u></b>		
Claims Reserve	\$ 1,349,996	\$ 1,607,309
Accounts Payable	124	6,725
Accrued Wages	8,197	4,519
Accrued Payroll Taxes	6,663	7,979
Members Payable	1,176,342	2,246,908
<b>TOTAL CURRENT LIABILITIES</b>	2,541,322	3,873,440
<b>NET ASSETS - Unrestricted</b>	5,954,133	5,279,493
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 8,495,455</b>	<b>\$ 9,152,933</b>

*The notes to the financial statements are an integral part of these statements.*

**OHIO TRANSIT RISK POOL  
SUMMIT COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

	2010	2009
<b><u>OPERATING REVENUES:</u></b>		
Membership Contributions	\$ 3,139,233	\$ 3,435,084
Member Contributions to Shock Loss Fund	684,952	-
Reinsurance/Excess Insurance Premiums	(1,299,050)	(1,204,817)
Member Deductible Reimbursements	264,812	215,146
Other Operating Income	32,623	16,778
<b>TOTAL OPERATING REVENUES</b>	2,822,570	2,462,191
<b><u>OPERATING EXPENSES:</u></b>		
Net incurred Claims and Allocated Claim Adjustment Expenses (All Years)	826,986	1,435,480
Professional Fees and Other	156,949	142,107
Pool Operations	145,350	155,487
Salaries and Employee Benefits	414,309	434,584
Buy Down of Self Insurance Retention	446,408	579,000
Close Loss Year Refunds	205,929	-
Depreciation	26,539	25,698
<b>TOTAL OPERATING EXPENSES</b>	2,222,470	2,772,356
Operating Income/Loss	600,100	(310,165)
<b><u>NON OPERATING REVENUES/EXPENSES:</u></b>		
Interest Income	186,254	335,359
Realized (Loss) Gain on Sale of Fixed Assets	-	4,611
Realized (Loss) Gain on Investments	(25,503)	7,519
Unrealized (Loss) Gain on Investments	(86,211)	139,318
<b>TOTAL NON OPERATING REVENUES/EXPENSES</b>	74,540	486,807
Changes in Net Assets	674,640	176,642
Net Assets (Deficit) Beginning of Year	5,279,493	5,102,851
Net Assets (Deficit) End of Year	\$ 5,954,133	\$ 5,279,493

*The notes to the financial statements are an integral part of these statements.*

**OHIO TRANSIT RISK POOL  
SUMMIT COUNTY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED NOVEMBER 30, 2010 and 2009**

	2010	2009
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Members	\$ 4,569,537	\$ 3,222,023
Cash Paid for Claims	(2,154,864)	(1,214,152)
Cash Paid for Reinsurance Premiums	(1,745,458)	(1,783,817)
Cash Paid for Administrative and General Expenses	(823,502)	(775,109)
<i>Net cash provided/(used) for operating activities</i>	(154,287)	(551,055)
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Purchases of Equipment	(1,220)	(93,803)
Proceeds from Sale of Fixed Assets	-	4,611
<i>Net cash provided/(used) for capital and related financing activities</i>	(1,220)	(89,192)
<b>Cash Flows from Investing Activities:</b>		
Investment Income Received	186,254	501,483
Purchased investments/sale of Investments, net	(371,786)	(460,908)
<i>Net cash provided/(used) for investing activities</i>	(185,532)	40,575
Net increase/(decrease) in cash and cash equivalents	(341,039)	(599,672)
<i>Cash and cash equivalents, December 1,</i>	1,457,395	2,057,067
<i>Cash and cash equivalents, November 30,</i>	\$ 1,116,356	\$ 1,457,395
<b>Reconciliation of Operating Income (loss) to Net Cash Provided By (Used For) Operating Activities</b>		
Operating Income (Loss)	\$ 600,100	\$ (310,165)
Adjustments:		
Depreciation expense	26,539	25,698
Other Income	(32,623)	(16,778)
(Increase)/Decrease in Assets:		
Members Receivable	686,469	(428,207)
Other Receivable	(108,743)	50,880
Prepaid Expenses	6,089	32,527
Increase/(decrease) in liabilities:		
Claims Reserve	(257,313)	(1,158,971)
Accounts Payable	(6,601)	(114,952)
Other Payables	-	(10,196)
Accrued Wages	3,678	(1,208)
Accrued Payroll Taxes	(1,316)	6,032
Accrued Expenses	-	(6,014)
Members Payable	(1,070,566)	1,380,299
Total Adjustments	(754,387)	(240,890)
<i>Net cash provided/(used) for operating activities</i>	\$ (154,287)	\$ (551,055)

The notes to the financial statements are an integral part of these statements.



**OHIO TRANSIT RISK POOL  
SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

**NOTE 1 --ORGANIZATION AND OPERATIONS**

The Ohio Transit Risk Pool (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 claims, and providing a formalized, jointly administered self-insurance pool. In addition to the self-insurance pool, OTRP provides risk management programs and other administrative services. The members of OTRP as of November 30, 2010 include the following Ohio Political Subdivisions: Allen County Regional Transit Authority (ACRTA), 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). On December 1, 2008 OTRP amended their by-laws and no longer offers an associate membership, rather they offer a voting or non-voting membership. OTRP currently does not have any non-voting members. All members participate in the liability program and participate in a self-insured risk sharing program. TARTA is the only member that does not participate in OTRP's commercial property or auto physical damage programs.

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-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 Board 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 --SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation:** OTRP follows the accrual basis of accounting as required by enterprise funds and is not legally required to adopt a budget. Although a budget is not legally required, the OTRP Board of Trustees adopts an administrative budget annually. All transactions are accounted for in a single enterprise fund. The basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. OTRP prepares its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement Number 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. OTRP has elected not to apply the provisions for the Statements and Interpretations of the Financial Accounting Standards Board (FASB) issued after November 30, 1989.

**Estimates:** The preparation of financial statements in conformity with GAAP requires OTRP to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Claims reserve represents a material estimate that is susceptible to significant change in the near term.

**Revenue Recognition:** OTRP classifies its revenues as either operating or non-operating. Non-operating revenue is the result of receipt of interest income. 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 75% and 80% 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 which assesses the proportional risk that each member brings to OTRP for each loss year.

**OHIO TRANSIT RISK POOL  
SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

**Cash and Cash Equivalents:** Cash and cash equivalents consist of demand deposits and investments with a due date of three months or less, unless such amounts are included in the investment account.

**Investments:** The Organization reports all investments in equity and fixed income mutual funds in the statements of net assets at fair value determined by reference to quoted market prices and other relevant information generated by market transactions. In addition, gains and losses (realized and unrealized) are recognized as changes in net assets in the periods in which they occur and investment income is recognized in the period earned.

**Member and Accounts Receivable:** OTRP carries its accounts receivable at cost. There is no allowance for doubtful accounts at December 31, 2010 and 2009, as OTRP believes all amounts will be collected.

**Automobile, Computer Equipment, and Software:** Automobile, computer equipment and software are carried at cost. Depreciation is provided on the straight-line basis over the estimated useful life of each asset, which is 5 years for automobiles and 1 to 10 years for equipment and fixtures. Maintenance and repair costs are charged to expense as incurred. Renewals and betterments, which extend the useful life of the assets are capitalized.

**Compensated Absences:** Employees of the organization are entitled to paid vacation and sick days, depending on job classification, length of service and other factors. The organization's policy on vacation is use it or lose it by the end of the calendar year. Therefore, no accrual is recorded at year-end. Sick pay was deemed insignificant as of November 30, 2010.

**Net Assets:** Net assets represent the difference between assets and liabilities in the statements of net assets. Net assets are reported as restricted when there are legal limitations imposed on their use by external restrictions by creditors, grantors, laws, or regulations of other governments. The Organization has no restricted net assets during the year.

**Claims Deductible:** The individual members are responsible for their deductibles. For commercial property coverage, each individual member has a \$1,000 deductible per occurrence. For 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. Beginning in the 2010 loss year, for liability claims, OTRP members were provided with the option of a flexible deductible with a corresponding loss fund credit. During the 2010 loss year, Metro RTA carried a \$5,000 per occurrence deductible for liability; Beginning on December 1, 2009 TARTA carried a \$250,000 deductible per occurrence for liability. All other members carried a \$1,000 deductible.

**Claims Reserves:** OTRP claims staff is responsible for the adjustment of all new and open claims and establishment of claims reserves, except for TARTA who reserves its' claims individually up to its deductible of \$250,000. The value of incurred but not reported claims (IBNR) and loss development is calculated independently by OTRP's actuary (Pinnacle Actuarial Resources, Inc.).

**Net incurred claims:** These claims represent OTRP's case reserves plus an estimate of provisions for loss development and claims incurred but not reported (IBNR), and are net of salvage and subrogation. Management believes that the estimate of the claims 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. No discount factor is applied to any case reserve or IBNR. Should OTRP's assets not be sufficient to meet future claim obligations, OTRP's Board has the ability to assess the members for supplemental contributions. At this time no special assessment is contemplated or required.

**Allocated and Unallocated Loss Adjustment Expenses:** Loss adjustment expenses include all adjustment costs to be incurred in connection with the settlement of unpaid claims. Allocated loss 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 loss adjustment expenses are costs that cannot be associated with specific claims but are generally related to claims paid or in the process of settlement.

**OHIO TRANSIT RISK POOL  
SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

**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.

**Income Taxes:** 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.

**Reclassifications:** Certain reclassifications have been made to prior year amounts to conform to the current year's presentation. Such reclassifications had no impact on the change in net assets.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

OTRP designates J.P. Morgan/Chase for deposit and custodial services. AMBS Investment Services assists with investing services and provides all portfolio management services.

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

**Custodial Credit Risk of Bank Deposits:** Custodial credit risk is the risk that in the event of a bank failure OTRP's deposits may not be returned. OTRP's policy related to custodial credit risk of bank deposits is to evaluate 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. OTRP maintains balances in its deposit accounts to adequately cover current operating and claims payment expenses, and as a result, generally requires balances that exceed the FDIC insurance limits of \$250,000.

At year-end, the carrying amount of OTRP's deposits was \$1,116,356 and the bank balance was \$ 1,446,189. Of the bank balance \$250,000 was covered by Federal Depository Insurance and \$866,355 was uninsured and collateralized with securities held by the pledging institution's trust department, not in OTRP's name. However, JPMorgan/Chase Bank has a dedicated portfolio to support public funds that matches, or equals, 105% of the public funds deposited. This includes OTRP's funds on account at JPMorgan/Chase Bank.

**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.

Investments at November 30 are stated at fair value and are summarized as follows:

	2010 Fair Value	2010 Cost	2010 Unrealized Gain/(Loss)
Corporate Bonds	\$ 4,526,176	\$ 4,464,145	\$ 62,031
Government, Agency & International Bonds	1,530,776	1,500,206	30,570
Cash & Short Term Investments	<u>1,051,951</u>	<u>1,035,628</u>	<u>16,323</u>
Total	<u>\$ 7,108,903</u>	<u>\$ 6,999,979</u>	<u>\$ 108,924</u>

2009

**OHIO TRANSIT RISK POOL  
SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

	2009 <u>Fair Value</u>	2009 <u>Cost</u>	Unrealized <u>Gain/(Loss)</u>
Corporate Bonds	\$ 4,770,990	\$ 4,864,321	\$ (93,331)
Government, Agency & International Bonds	1,070,705	993,317	77,388
Cash & Short Term Investments	<u>513,004</u>	<u>513,004</u>	<u>-</u>
Total	<u>\$ 6,354,699</u>	<u>\$ 6,370,642</u>	<u>\$ (15,943)</u>

**NOTE 4 --SELF-INSURED RETENTION**

OTRP retains responsibility for the payment of claims up to specified retention prior to the application of coverage provided by reinsurance or excess insurance contracts. For the year ended November 30, 2010, OTRP's per occurrence retention for auto physical damage was \$250,000 while its' per occurrence commercial property damage retention was \$100,000. OTRP's per occurrence retention for liability claims (including, auto liability, public officials' liability and general liability) was funded for the year ended November 30, 2010 at \$1,000,000.

Recognizing a need to stabilize pool losses and reduce the potential of a special assessment within the retained \$1,000,000 layer, beginning on December 1, 2007, the OTRP Board of Trustees authorized the purchase of a quota-share facultative reinsurance placement. The coverage limits are \$900,000 in coverage excess of \$100,000 per occurrence. During 2010 OTRP retained 40% of the \$900,000 per occurrence. The coverage applies in GL, Public Officials E&O & AL. Although this coverage was purchased, OTRP maintains the funding in the self-insured funded layer at \$1,000,000. This provides for premium stability for the future.

**NOTE 5 --REINSURANCE AND/OR EXCESS INSURANCE CONTRACTS**

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, 2010, OTRP purchased the following types of reinsurance and/or excess insurance contracts in excess of OTRP's self-insured retentions:

**REINSURANCE AND/OR EXCESS INSURANCE  
CONTRACTS**

Commercial property	\$	200,000,000
Auto Physical Damage		50,000,000
Auto Physical Damage Over the Road		2,000,000
Boiler		50,000,000
Flood (various zones excluded)		25,000,000
Earthquake		25,000,000
General liability		10,000,000
Automobile liability (including transit)		10,000,000
Public official liability		10,000,000
Employee dishonesty - crime		4,000,000

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 excess of the pools 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 fails to meet their obligations under the reinsurance and/or excess insurance contracts, OTRP and its members would be responsible for such defaulted amounts.

**OHIO TRANSIT RISK POOL  
SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

**NOTE 6 --CLAIMS RESERVE**

OTRP establishes a claims liability reserve which includes both reported and unreported covered events and estimates of future payments of losses and related claim adjustment expenses. The changes in the claims reserve are as follows:

	<u>November 30,</u> <u>2010</u>	<u>November 30,</u> <u>2009</u>
Unpaid losses and loss adjustment expenses, beginning of year	\$ 1,607,309	\$ 2,766,280
Incurred loss reserve and loss adjustment expenses:		
Provision for covered events of the current year	735,751	1,123,557
Increase (decrease) in provision for insured events of prior years	<u>91,232</u>	<u>(1,158,971)</u>
Total incurred loss and loss adjustment expenses	<u>826,983</u>	<u>(35,414)</u>
Payments:		
Losses and loss adjustment expenses attributable to insured events of the current year	235,081	457,180
Losses and loss adjustment expenses attributable to insured events of prior years	<u>849,215</u>	<u>666,377</u>
Total payments	<u>1,084,296</u>	<u>1,123,557</u>
<b>Unpaid claims and claim adjustment expenses, end of year</b>	<u><u>\$ 1,349,996</u></u>	<u><u>\$ 1,607,309</u></u>

The net unpaid claims and claim adjustment expense reserves represent OTRP's estimate of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled and of claims that have been incurred, but not reported.

Since OTRP began operation in 1994, OTRP's actuary has supplemented OTRP's historical loss data (both paid and incurred) with reliable industry data (both paid and incurred) in estimating OTRP's ultimate losses, and has selected indicated losses and loss expense reserves of \$1,349,996 for the year ended November 30, 2010. The net amounts that will ultimately be paid to settle the liability may vary significantly from the estimated amount provided for in the financial statements.

**NOTE 8 --MEMBERS PAYABLE**

Any redundancy resulting from surplus left over from closed loss years is added to Members Payable. The outstanding balance at November 30, 2010 is \$1,176,342. These funds are held as a liability in the "GRF" or General Reserve Fund for each Member. Members may annually request a return of funds from their GRF balance, or they may ask that their reserve be applied against an outstanding OTRP invoice at any time.

**NOTE 9 --LINE OF CREDIT**

During November, 2010, OTRP renewed its line of credit with JPMorgan Chase Bank, NA with a maximum availability of \$1,000,000. Borrowings under this line bear interest at 2.495 percentage points over LIBOR. At November 30, 2010, no borrowings were outstanding. The line of credit is secured by substantially all business assets.

**OHIO TRANSIT RISK POOL  
SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

**NOTE 10 --IRREVOCABLE LETTER OF CREDIT**

During November 2004, the OTRP Board authorized OTRP's participation in a joint venture, Transit Reinsurance, Ltd. ("Transit Re"), 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 Transit Re, participant pools agreed to contribute \$175,000 each either by cash contributions or by irrevocable letter of credit to the Vermont Bureau of Insurance, Securities and Health Care Administration ("VT BISHCA"), at which time the captive incorporated. OTRP made its initial capital contribution to Transit Re by irrevocable letter of credit from Fifth Third Bank, secured by substantially all business assets. During November 2005, OTRP (along with all other Transit Re participants) authorized an increase in its capital contribution to \$300,000 per captive member for the purpose of launching Transit Re's operations, effective December 1, 2005. OTRP made its capital contribution by increasing its letter of credit from Fifth Third Bank from \$175,000 to \$300,000, secured by substantially all business assets, on behalf of VT BISHCA. During 2009, the existing letter of credit with Fifth Third expired and a new instrument was executed with JPMorgan Chase Bank in the amount of \$300,000. At November 30, 2010, VT BISHCA had not drawn on the current Letter of Credit with JPMorgan Chase Bank and no obligations are outstanding.

**NOTE 11 --CONCENTRATIONS**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and temporary cash investments with financial institutions in excess of the Federal Deposit Insurance Corporation's (FDIC) insurance limitations. These balances, at times, may exceed federally insured limits. The organization has not experienced any losses in such accounts. Member receivables are all due from entities in the public transportation business.

**NOTE 12 --REINSURANCE CONTINGENCY**

All reinsurers/excess insurers supporting OTRP's loss years 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 13 --OPERATING LEASE**

During 2010 OTRP entered into a new lease agreement effective December 1, 2010. All obligations under the prior lease agreement were satisfied. OTRP leases office space under an operating lease expiring on November 30, 2015. The aggregate future minimum lease obligation for the next five years is as follows:

<u>Year ended November 30,</u>	<u>Total</u>
2011	\$ 26,263
2012	26,263
2013	26,789
2014	26,789
2015	26,789
	<u>\$132,893</u>

Rent expense for the period ended November 30, 2010 totaled \$20,287.

**OHIO TRANSIT RISK POOL  
SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

**NOTE 14 –FIXED ASSETS**

Fixed asset activity for the year ended November 30, 2010 is as follows:

Description	Balance 11/30/2009	Additions	Deletions	Balance 11/30/2010
Automobile, Computer Equipment and Software	\$ 134,416	\$ 1,220	\$ (7,191)	\$ 128,445
Total Accumulated Depreciation	<u>(43,536)</u>	<u>(26,539)</u>	<u>6,591</u>	<u>(63,484)</u>
Total	<u>\$ 90,880</u>	<u>\$ (25,319)</u>	<u>\$ (600)</u>	<u>\$ 64,961</u>

Depreciation expense was \$26,539 and \$25,698 in 2010 and 2009, respectively.

**OHIO TRANSIT RISK POOL  
SUPPLEMENTAL INFORMATION  
REVENUE AND CLAIMS DEVELOPMENT INFORMATION  
NOVEMBER 30, 2010**

Government Accounting Standards Board Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues" (as amended by GASB Statement No. 30, "Risk Financing Omnibus"), requires the presentation of ten years supplemental revenue and reserve development information, if available. OTRP is presenting supplemental revenue and reserve development information since Loss Year (2) 1996.

As of 11-30-2010, member contributions were adjusted to include purchase of the OTRP "Buy-Down". Additionally, all salvage and subrogation have been removed from paid losses, but amounts reimbursed to OTRP under contract by reinsurers and excess carriers have been stated within the paid losses. A new table row (#8.) has been provided to give the total amount recovered from carriers within a single loss year.

The table on the following page illustrates how OTRP's earned revenues (member contributions) compare to related claims and other expenses (purchased insurance) assumed by OTRP as of the end of the year. The rows of the table are defined as follows:

1. Total of members' contributions.
2. OTRP's purchased insurance costs.
3. Incurred claims and allocated adjustment expense (both paid and accrued "Net Paid Losses") as originally reported at the end each fiscal year in which the claims occurred. This amount is net of salvage and subrogation but includes any payments reimbursed by reinsurers.
4. Net indicated loss and loss expense reserve (including IBNR) as calculated yearly by the actuary.
5. Estimated net ultimate incurred claims at the end of the audited fiscal year. (Current net paid losses plus current loss and loss expense reserve.)
6. The original estimated ultimate incurred claims and expense at the end of the original policy year for each loss year.
7. The deviation from the originally estimated ultimate incurred claims at the end of the first policy year, and the difference between the actual current estimated ultimate incurred claims and the end of the audited fiscal year.
8. The amount recovered under contracts of insurance (excess or reinsurance) during an individual loss year.

As data for individual years mature, the correlation between original and later estimates is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature years.



OHIO TRANSIT RISK POOL  
SUPPLEMENTAL INFORMATION  
REVENUE AND CLAIMS DEVELOPMENT INFORMATION

<u>Fiscal and Policy Year Ended</u>	<u>11/30/2010</u>	<u>11/30/2009</u>	<u>11/30/2008</u>	<u>11/30/2007</u>	<u>11/30/2006</u>	<u>11/30/2005</u>	<u>11/30/2004</u>	<u>12/31/2003</u>	<u>12/31/2002</u>	<u>12/31/2001</u>	<u>12/31/2000</u>	<u>12/31/1999</u>	<u>12/31/1998</u>	<u>12/31/1997</u>	<u>12/31/1996</u>
<b>1. Member Contributions:</b>	\$3,139,233	\$3,435,084	\$3,280,526	\$3,755,581	\$5,340,851	\$5,584,809	\$5,322,770	5,257,634	\$3,348,146	\$2,775,470	\$2,287,948	\$2,185,752	\$1,886,429	\$1,618,864	\$1,868,521
<b>2. Purchased insurance costs:</b>	\$1,745,458	\$1,903,144	\$1,858,024	\$1,363,138	\$1,875,020	\$1,601,732	\$1,682,708	1,471,061	\$713,590	\$375,446	\$367,010	\$504,167	\$499,019	\$442,586	\$717,525
<b>3. Net Paid Losses:</b>															
For the policy year	\$235,081	\$457,180	\$118,150	\$115,125	\$666,609	\$186,069	\$101,086	\$67,888	\$684,866	\$706,766	\$1,291,058	\$1,209,436	\$588,466	\$820,885	\$923,360
One year later		\$672,014	\$332,842	\$447,229	\$828,955	\$443,011	\$303,432	\$1,449,394	\$305,317	\$1,624,371	\$782,667	\$1,381,636	\$600,192	\$752,692	\$934,531
Two years later			\$589,793	\$838,336	\$1,823,231	\$752,084	\$420,899	\$2,430,524	\$621,450	\$1,265,186	\$1,601,337	\$1,244,016	\$939,213	\$835,146	\$1,042,528
Three years later				\$937,405	\$1,980,754	\$876,388	\$1,122,868	\$3,403,842	\$969,050	\$1,691,385	\$1,397,925	\$1,429,722	\$963,389	\$964,578	\$931,243
Four years later					\$2,330,197	\$1,085,950	\$1,184,619	\$3,403,842	\$1,219,473	\$1,602,138	\$1,397,900	\$3,971,106	\$910,627	\$964,578	\$783,740
Five years later						\$1,085,990	\$1,213,876	\$3,403,842	\$1,399,855	\$2,161,766	\$4,822,177	\$3,971,106	\$1,016,838	\$964,578	\$796,307
Six years later							\$1,213,876	\$3,403,842	\$1,399,855	\$2,161,766	\$4,822,177	\$3,971,106	\$1,016,838	\$964,578	\$1,034,251
Seven years later								\$3,403,842	\$1,399,855	\$2,161,766	\$4,822,177	\$3,971,106	\$1,016,838	\$964,578	\$1,034,251
Eight years later									\$1,399,855	\$2,161,766	\$4,822,177	\$3,971,106	\$1,016,838	\$964,578	\$1,034,251
Nine years later										\$2,161,766	\$4,822,177	\$3,971,106	\$1,016,838	\$964,578	\$1,034,251
Ten years later											\$4,822,177	\$3,971,106	\$1,016,838	\$964,578	\$1,034,251
Eleven years later												\$3,971,106	\$1,016,838	\$964,578	\$1,034,251
Twelve years later													\$1,016,838	\$964,578	\$1,034,251
Thirteen years later														\$964,578	\$1,034,251
<b>4. Net indicated Loss &amp; Loss Expense Reserves (including IBNR):</b>															
For the policy year	\$735,751	\$666,377	\$608,358	\$1,840,244	\$2,247,694	\$2,949,301	\$2,389,172	\$3,531,444	\$1,211,446	\$723,416	\$980,060	\$1,163,023	\$578,795	\$792,726	\$876,261
One year later		\$272,262	\$377,161	\$1,430,744	\$1,634,024	\$2,142,869	\$1,591,149	\$1,860,955	\$968,110	\$1,120,583	\$795,162	\$933,287	\$399,808	\$370,221	\$768,068
Two years later			\$159,923	\$280,690	\$603,340	\$648,940	\$1,151,044	\$508,908	\$778,392	\$632,753	\$646,313	\$644,663	\$487,662	\$302,644	\$487,969
Three years later				\$71,515	\$196,582	\$87,323	\$52,560	\$32,975	\$407,179	\$119,881	\$89,535	\$192,714	\$211,798	\$129,529	\$216,351
Four years later					\$62,820	\$56,499	\$38,165	\$0	\$71,446	\$2,250	\$113,210	\$41,399	\$79,592	\$110,543	\$17,226
Five years later						\$47,725	\$30,000	\$0	\$0	\$0	\$95,472	\$0	\$0	\$0	\$0
Six years later							\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Seven years later								\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Eight years later									\$0	\$0	\$0	\$0	\$0	\$0	\$0
Nine years later										\$0	\$0	\$0	\$0	\$0	\$0
Ten years later											\$0	\$0	\$0	\$0	\$0
Eleven years later												\$0	\$0	\$0	\$0
Twelve years later													\$0	\$0	\$0
Thirteen years later														\$0	\$0
<b>5. Estimated net ultimate incurred claims and loss &amp; loss expense at 11/30/10:</b>	\$970,832	\$944,276	\$749,716	\$1,008,920	\$2,393,017	\$1,133,715	\$1,213,876	\$3,403,842	\$1,399,855	\$2,161,766	\$4,822,177	\$3,971,106	\$1,016,838	\$965,578	\$1,034,251
<b>6. Original Estimated Ultimate incurred claims and expense at end of first policy year:</b>		\$1,123,557	\$726,508	\$1,955,369	\$2,914,303	\$3,135,370	\$2,490,258	\$3,599,332	\$1,896,312	\$1,430,182	\$2,271,118	\$2,372,459	\$1,167,261	\$1,613,611	1,799,621
<b>7. Deviation from original estimate as of 11/30/10:</b>		(\$179,281)	\$23,208	(\$946,449)	(\$521,286)	(\$2,001,655)	(\$1,276,382)	(\$195,490)	(\$496,457)	\$731,584	\$2,551,059	\$1,598,647	(\$150,423)	(\$648,033)	(\$765,370)
<b>8. Reinsurance Recoveries:</b>	\$0	\$6,900	\$0	\$0	\$50,000	\$0	\$0	\$536,467	\$0	\$119,206	\$3,139,230	\$2,525,504	\$0	\$15,624	\$0

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

Ohio Transit Risk Pool  
Summit County  
1 Park Center Dr., Ste 300  
Wadsworth, OH 44281

To the Board of Trustees:

We have audited the financial statements of the Ohio Transit Risk Pool, Summit County (OTRP) as of and for the year ended November 30, 2010 and have issued our report thereon dated April 8, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the OTRP's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the OTRP's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the OTRP's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the OTRP's financial statements will not be prevented or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the OTRP's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, and the Board of Trustees. We intend it for no one other than these specified parties.

*Charles E. Harris*

**Charles E. Harris and Associates, Inc.**

April 8, 2011

**OHIO TRANSIT RISK POOL  
SUMMIT COUNTY, OHIO  
For the year ended November 30, 2010**

**Status of Prior Audit Findings**

The prior audit report, for the year ending November 30, 2009, reported no material citations or recommendations.



# Dave Yost • Auditor of State

**OHIO TRANSIT RISK POOL**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 21, 2011**