

Ohio Transit Risk Pool

SUMMIT COUNTY, OHIO

AUDIT REPORT

**For the Year Ended November 30, 2008
(With Comparative Totals for November 30, 2007)**

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



Mary Taylor, CPA
Auditor of State

Board Members
Ohio Transit Risk Pool
34 Merz Blvd., Suite D
Fairlawn, OH 44333

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, 2007 through November 30, 2008. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 24, 2009

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OHIO TRANSIT RISK POOL
SUMMIT COUNTY, OHIO
Audit Report
For the Year Ended November 30, 2008

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements:	
Statement of Net Assets	8
Statement of Changes in Net Assets	9
Statement of Cash Flows	10
Notes to the Basic Financial Statements	11-16
Supplemental Information	
Reconciliation of Claims Liability By Type of Contract	17-18
Revenue and Claims Development Information	19-20
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Required by <i>Government Auditing Standards</i>	21-22
Status of Prior Audit Findings	23

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

REPORT OF INDEPENDENT ACCOUNTANTS

Ohio Transit Risk Pool
Summit County
34 Merz Blvd., Suite D
Fairlawn, OH 44333

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, 2008, 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 2007 financial statements and, in our report dated June 12, 2008 we have 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, 2008, 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 May 18, 2009, 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 and required supplementary information are not a required part of the basic financial statements, but are 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 supplemental information in the table of contents 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 & Associates, Inc.
May 18, 2009

OHIO TRANSIT RISK POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
NOVEMBER 30, 2008
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, 2008. 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 2008, OTRP's financial activities were highlighted by the following significant events:

- Reduced the number of open claims and lawsuits at fiscal year end from 121 to 106 (a reduction of 12.4%) and reduced the corresponding case reserves from \$2,273,754 at 11-30-07 to \$1,350,144 at 11-30-08 (a reduction of 40.6%). This was accomplished through a combination of pro-active claims adjustment efforts and the aggressive implementation of loss control strategies contained in OTRP's Safety Performance Audit (SPA) program.
- Closed Loss Year 8 (2002) and Loss Year 9 (2003) for those claims incurred between 1-1-02 and 12-31-02 and 1-1-03 and 12-31-03, respectively, and returned more than \$1.3m in surplus to the members of those prior years.
- Developed a six-year capital replacement plan for computer hardware/software, and photocopying/telecommunications equipment. This plan was approved by the OTRP Board and will be utilized and updated in developing all future OTRP Budgets.
- Extended coverage to TARTA's (Toledo) Para-transit Service, effective 9-1-08, which will increase OTRP's covered mileage by over one million miles per year on a forward-going basis.
- Purchased a "buy-down" liability reinsurance placement of 75% of \$900,000 in coverage excess of a \$100,000 pooled self-insured retention (per occurrence) to stabilize losses and reduce the potential for future special assessments. OTRP, beginning in 2008 retained the first \$100,000 of each loss plus 25% of the next \$900,000 in losses, effectively reducing the pool's SIR from \$1,000,000 per occurrence on a "limits loss" to just \$325,000 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 \$50,000 per occurrence liability deductible, while TARTA (Toledo) selected a \$500,000 per occurrence liability deductible for Loss Year 14 (2008).

OHIO TRANSIT RISK POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
NOVEMBER 30, 2008
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 Changes in Net Assets; the Statements of Cash Flows; and the Notes to the 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 Statement of Net Assets present OTRP's financial position at the end of the fiscal year just concluded to the previous fiscal year. Beginning in 2004, OTRP elected to change from a calendar fiscal year to a fiscal year commencing on December 1st and concluding on November 30th, 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 Changes in 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. Again the statements compare cash provided to and used by OTRP for the fiscal year just completed and compares them to the previous fiscal year.

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 reconciliation of claims liability by coverage line for the years ended November 30, 2008 and 2007, respectively. 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, 2008
UNAUDITED

Financial Analysis -Statements of Net Assets

The following table presents the summarized financial position of OTRP for the fiscal years ended November 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Assets:		
Current Assets	\$ 8,856,017	\$ 10,869,913
Fixed Assets, Net (As Restated)	<u>25,284</u>	<u>32,408</u>
<i>Total Assets</i>	<u><u>8,881,301</u></u>	<u><u>10,902,321</u></u>
Liabilities:		
Claims Reserve	2,766,280	4,175,868
Accounts Payable	121,677	91,452
Other Payables	10,196	-
Accrued Wages	5,727	-
Accrued Payroll Taxes	1,947	-
Accrued Expenses	6,014	6,336
Members Payable	<u>866,609</u>	<u>883,564</u>
<i>Total Liabilities</i>	<u><u>3,778,450</u></u>	<u><u>5,157,220</u></u>
Net Assets:	<u><u>\$ 5,102,851</u></u>	<u><u>\$ 5,745,101</u></u>

Current assets decreased by \$2.02m between 2008 and 2007. The most significant change was in cash and cash equivalents which decreased by \$2.38m from 2007 to 2008. This was due to settlement of several large outstanding claims from prior years, which, once paid, reduced OTRP's cash and had a corresponding reduction in OTRP's claims reserve liabilities. In addition, on 1-1-08, OTRP closed Loss Year 8 (2002) and Loss Year 9 (2003) resulting in a return of surplus to OTRP's members of more than \$1.3m. A third factor impacting OTRP's claims reserve liabilities was OTRP's election to purchase "buy down" coverage on its liability self-insured retention beginning 12-1-07. As explained elsewhere in this report, OTRP is only obligated to pay 25% of its liability losses in excess of \$100,000 up to \$1,000,000 per occurrence. OTRP's actuary has, therefore, reduced in corresponding fashion its IBNR and loss development for claims over \$100,000 per occurrence, on a forward-going basis.

OTRP's fixed assets, net, decreased from 2007 by \$7,124 due to depreciation of assets exceeding new acquisition of assets.

OTRP's liabilities decreased by \$1.38m from 2007 (\$5,157,220) to 2008 (\$3,778,450). Almost the entire decrease was attributed to a \$1.39m decrease in claims reserve liabilities. The claims reserve liabilities, which includes loss adjustment expenses ("LAE"), decreased from \$4.16m in 2007 to \$2.77m in 2008. This amount is based upon OTRP case reserves (those established by OTRP claims staff) combined with actuarial loss development estimates, including IBNR. Between the time a claim is reported and the time it is closed, reserves are established by OTRP's claims staff for the estimated amount that will ultimately be paid at some future date to settle the loss. In addition, the actuary also includes calculated reserves for claims that have been incurred but have not yet been reported (IBNR) and additional reserves to cover the

OHIO TRANSIT RISK POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
NOVEMBER 30, 2008
UNAUDITED

potential for adverse loss development. Therefore losses are recognized in the current year for some claims that will not be reported until some future date and claims already reported that will develop more adversely than OTRP's adjusters' current estimates.

The combination of accounts payable and accrued expenses increased from \$97,788 in 2007 to \$145,561 in 2008. These amounts are comprised of normal operating expenses that vary from month-to-month and year-to-year, accordingly.

The difference between assets and liabilities, or "Net Assets," decreased \$642,250 from 2007 to 2008. This was primarily attributable to the closure of Loss Year 8 (2002) and Loss Year 9 (2003) and the subsequent distribution of the surplus from these years back to the members.

Financial Analysis -Statements of Changes in Net Assets

The following table presents the summarized results of operations for the fiscal years ended November 30, 2008 and 2007. More detailed information is available in the accompanying basic financial statements.

	2008	2007	Increase/Decrease
Revenue:			
Member contributions	\$ 3,280,526	\$ 3,721,807	(441,281)
Reinsurance/excess insurance premiums	(1,258,024)	(1,480,522)	222,498
Member reimbursements	80,776	93,337	(12,561)
Interest income	339,943	452,885	(112,942)
Other income	25,479	31,342	(5,863)
Realized gain on investments	37,131	-	37,131
<i>Total Revenues</i>	<u>2,505,831</u>	<u>2,818,849</u>	<u>(313,018)</u>
Expenses:			
Net incurred claims and allocated claim adjustments	1,621,052	(244,361)	1,865,413
Member reduction special assessment	-	213,425	(213,425)
Professional fees and other	221,749	224,789	(3,040)
Pool operations	112,641	-	112,641
Buydown of self insurance retention	600,000	-	600,000
Other operating expenses	20,374	-	20,374
Salaries and employee benefits	455,686	426,954	28,732
Unrealized loss on investments	92,566	-	92,566
Depreciation	24,013	-	24,013
<i>Total Expenses</i>	<u>3,148,081</u>	<u>620,807</u>	<u>2,527,274</u>
Change in net assets	<u>\$ (642,250)</u>	<u>\$ 2,198,042</u>	

OHIO TRANSIT RISK POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
NOVEMBER 30, 2008
UNAUDITED

Total OTRP Revenues (net of reinsurance/excess insurance premiums) decreased from \$2.8m in 2007 to \$2.5m in 2008. This was primarily due to the fact that OTRP's membership contributions decreased from \$3.7m to \$3.3m (due to Metro RTA's and TARTA's election to increase their OTRP liability deductibles) combined with nearly a \$115k reduction in investment income. Offsetting these revenue reductions was a \$220k reduction in reinsurance/excess insurance premiums, net, which served to increase OTRP's Total Revenues, accordingly.

Total OTRP Expenses were most greatly impacted by the purchase of "buy down" coverage at a cost of \$600,000 for the year ended 11-30-08. Essentially, this purchase will serve to convert a variable claims cost which swung dramatically from year-to-year into a fixed cost, allowing OTRP to largely avoid the need for special assessments in the future.

In 2007, Pool Operations expense was included in the Statements of Changes in Net Assets under Professional fees and other line item. The Pool Operations expense is listed separately this year to provide a detail aspect of the report. Pool Operations expense decreased from \$120,478 in 2007 to \$112,641 in 2008.

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, 34 Merz Boulevard, Suite D, Fairlawn, OH, 44333.

**OHIO TRANSIT RISK POOL
SUMMIT COUNTY
STATEMENT OF NET ASSETS
NOVEMBER 30, 2008 AND 2007**

	2008	2007
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 2,057,067	\$ 4,434,137
Investments	6,354,699	6,126,056
Member Receivables	332,269	245,520
Accounts Receivable - Other	70,366	11,342
Prepaid Expenses	41,616	52,858
TOTAL CURRENT ASSETS	8,856,017	10,869,913
FIXED ASSETS, NET		
Automobile, computer equipment and software, net of accumulated depreciation	25,284	32,408
TOTAL ASSETS	\$ 8,881,301	\$ 10,902,321
<u>CURRENT LIABILITIES</u>		
Claims Reserve	\$ 2,766,280	\$ 4,175,868
Accounts Payable	121,677	91,452
Other Payables	10,196	-
Accrued Wages	5,727	-
Accrued Payroll Taxes	1,947	-
Accrued Expenses	6,014	6,336
Members Payable	866,609	883,564
TOTAL CURRENT LIABILITIES	3,778,450	5,157,220
NET ASSETS - Unrestricted	5,102,851	5,745,101
TOTAL LIABILITIES AND NET ASSETS	\$ 8,881,301	\$ 10,902,321

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, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<u>OPERATING REVENUES:</u>		
Membership Contributions	\$ 3,280,526	\$ 3,721,807
Reinsurance/Excess Insurance Premiums	(1,258,024)	(1,480,522)
Member Reimbursements	80,776	93,337
Other Operating Income	<u>25,479</u>	<u>31,342</u>
TOTAL OPERATING REVENUES	2,128,757	2,365,964
<u>OPERATING EXPENSES:</u>		
Net incurred Claims and Allocated Claim Adjustment Expenses (All Years)	1,621,052	(244,361)
Member Reduction Special Assessment	-	213,425
Professional Fees and Other	221,749	206,081
Pool Operations	112,641	-
Salaries and Employee Benefits	455,686	426,954
Buy Down of Self Insurance Retention	600,000	-
Other Operating Expenses	20,374	-
Depreciation	<u>24,013</u>	<u>18,708</u>
TOTAL OPERATING EXPENSES	3,055,515	620,807
Operating Income/Loss	(926,758)	1,745,157
<u>NON OPERATING REVENUES/EXPENSES:</u>		
Interest Income	339,943	452,885
Realized (Loss) Gain on Investments	37,131	-
Unrealized Gain on Investments	<u>(92,566)</u>	<u>-</u>
TOTAL NON OPERATING REVENUES/EXPENSES	<u>284,508</u>	<u>452,885</u>
Changes in Net Assets	(642,250)	2,198,042
Net Assets (Deficit) Beginning of Year	<u>5,745,101</u>	<u>3,547,059</u>
Net Assets (Deficit) End of Year	<u><u>\$ 5,102,851</u></u>	<u><u>\$ 5,745,101</u></u>

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, 2008 and 2007**

	2008	2007
Cash Flows from Operating Activities:		
Cash Received from Members	\$ 3,193,777	\$ 3,848,915
Cash Paid for Claims	(3,570,313)	(1,196,343)
Cash Paid for Reinsurance Premiums	(1,258,024)	(1,480,522)
Cash Paid for Administrative and General Expenses	(790,076)	(713,164)
	<u>\$ (2,424,636)</u>	<u>\$ 458,886</u>
<i>Net cash provided/(used) for operating activities</i>		
Cash Flows from Capital and Related Financing Activities:		
Purchases of Equipment	\$ (16,889)	\$ (8,995)
	<u>\$ (16,889)</u>	<u>\$ (8,995)</u>
<i>Net cash provided/(used) for capital and related financing activities</i>		
Cash Flows Provided/(Used) Noncapital Financing Activities:		
Other Income	\$ 20,374	\$ 20,000
	<u>\$ 20,374</u>	<u>\$ 20,000</u>
<i>Net cash provided/(used) for noncapital financing activities</i>		
Cash Flows from Investing Activities:		
Investment Income Received	\$ 247,377	\$ 307,552
Purchased investments/sale of Investments, net	(203,296)	(206,565)
	<u>\$ 44,081</u>	<u>\$ 100,987</u>
<i>Net cash provided/(used) for investing activities</i>		
Net increase in cash and cash equivalents	(2,377,070)	570,878
<i>Cash and cash equivalents, December 1,</i>	<u>\$ 4,434,137</u>	<u>\$ 3,863,259</u>
<i>Cash and cash equivalents, November 30,</i>	<u>\$ 2,057,067</u>	<u>\$ 4,434,137</u>
Reconciliation of Operating Income (loss) to Net Cash Provided By (Used For) Operating Activities		
Operating Income (Loss)	\$ (926,758)	\$ 1,745,157
Adjustments:		
Depreciation expense	24,013	18,708
Other Income	(25,479)	(20,000)
(Increase)/Decrease in Assets:		
Members Receivable	(86,749)	(18,193)
Members Receivable - Special Assessment	-	213,425
Other Receivable	(59,024)	40,962
Prepaid Expenses	11,242	(29,873)
Increase/(decrease) in liabilities:		
Claims Reserve	(1,392,699)	(1,470,132)
Accounts Payable	30,225	86,484
Other Paybles	10,196	-
Accrued Wages	5,727	-
Accrued Payroll Taxes	1,947	-
Accrued Expenses	(322)	(39,292)
Members Payable	(16,955)	(68,360)
	<u>(1,497,878)</u>	<u>(1,286,271)</u>
<i>Net cash provided/(used) for operating activities</i>	<u>\$ (2,424,636)</u>	<u>458,886</u>

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

**OHIO TRANSIT RISK POOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2008**

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 enabling its member transit authorities, boards, and systems to share loss exposures and financial resources by pooling risks and to obtain insurance or reinsurance coverage, provide methods for paying claims, and provide a formalized, jointly administrated 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, 2008 include the following transit authorities, boards and systems in the State of Ohio: Allen County Regional Transit Authority, Laketran, Metro Regional Transit Authority, Portage Area Regional Transportation Authority, Stark Area Regional Transit Authority, Western Reserve Transit Authority, Butler County Regional Transit Authority, South East Area Transit, Delaware County Transit Board, and Toledo Area Regional Transit Authority. Prior to 12/1/2008 TARTA was considered an associate member. Due to the change in the by-laws OTRP no longer offers an associate membership and TARTA is now considered a voting member of OTRP. Historically, TARTA self-insured the first \$500,000 of a liability loss and they participate in the risk sharing layer \$500,000 excess of \$500,000 per occurrence with OTRP liability reinsurance coverage provided excess of \$1,000,000 per occurrence. TARTA has never participated 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 public transit authorities, boards and systems. 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: 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) pronouncements, Financial Accounting Standards Board (FASB) and predecessor boards' pronouncements issued on or before November 30, 1989, and all FASB pronouncements issued after November 30, 1989, except those that conflict or contradict GASB pronouncements.

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: 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.

Cash and Cash Equivalents: For cash flow purposes, OTRP considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**OHIO TRANSIT RISK POOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2008**

Automobile, Computer Equipment, and Software: Automobile, computer equipment and software are carried at cost. Depreciation is provided on the straight-line basis over their estimated useful lives. Depreciation expense for the period ended November 30, 2008 is \$24,013.

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 is accrued and carried forward at year end. The organization has accrued \$44,180 for sick days as of November 30, 2008.

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.

Claims Deductible: The individual members are responsible for their deductibles. For commercial property coverages, 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 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 2008 loss year, Metro RTA carried a \$50,000 per occurrence deductible for liability, TARTA carried a \$500,000 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. The value of incurred but not reported claims and loss development is calculated by OTRP's actuary (Godbold, Malpere and Company) based upon the establishment of these case reserves.

Net incurred claims: represent OTRP's case reserves plus an estimate of IBNR plus provisions for loss development and claims incurred but not reported, and are net of salvage and subrogation. OTRP's 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. 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.

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.

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. OTRP's 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.

Statements of Cash Flows: For purposes of these statements, cash and cash equivalents consists of deposits with financial institutions and a State of Ohio depository institution having an original maturity of 90 days or less.

**OHIO TRANSIT RISK POOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2008**

NOTE 3 - DEPOSITS AND INVESTMENTS

OTRP designated Fifth Third Bank for the deposit of its funds and AMBS Investment Services to assist with investing idle cash. Fifth Third Bank provides for custodial services related to the portfolio managed by AMBS.

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 to it. 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 \$2,057,067 and the bank balance was \$2,327,047. Of the bank balance \$250,000 was covered by Federal depository insurance and \$1,807,067 was uninsured and collateralized with securities held by the pledging institution's trust department, not in OTRP's name. However, Fifth Third Bank has a dedicated portfolio to support public funds that matches, or equals, 108% of the public funds deposited. This includes OTRP's funds on account at Fifth Third 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, 2008, are stated at fair market value and are summarized as follows:

	2008	
	Cost	Fair Value
Corporate Bonds	\$ 4,864,321	\$ 4,770,990
Governmental Agencies and Treasuries	993,317	1,070,705
Money market funds	513,004	513,004
Total	\$ 6,370,642	\$ 6,354,699

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 by excess insurance contracts. For the year ended November 30, 2008, 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, 2008 at \$1,000,000. Beginning in the 2008 loss year, the OTRP Board of Trustees approved a quota share reinsurance placement of 75% of \$900,000 in coverage excess of \$100,000 in retained losses as a measure to stabilize pool losses and reduce the potential of special assessments within the retained \$1,000,000 layer. OTRP retains 25% of the \$900,000 per occurrence.

**OHIO TRANSIT RISK POOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2008**

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, 2008, 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		7,000,000
Automobile liability (including transit)		7,000,000
Public official liability		7,000,000
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 any amount of supplemental payments for which members are obligated, the payment of any remaining loss is the obligation of the individual member against which the claim was made.

Beginning on December 1, 2007, The OTRP Board of Trustees authorized the purchase of facultative reinsurance to apply in the self-insured funded loss layer. The coverage limits are \$900,000 in coverage excess of \$100,000 in retained losses and OTRP retains 25% or the \$900,000 per occurrence. Coverage applies to GL, Public Officials E&O & AL. Although this coverage was purchased, OTRP maintained the funding for budgetary purposes in the self-insured funded layer at \$1,000,000. This provides for premium stability for the future.

OTRP self insured an additional \$500,000 per occurrence for each of the following lines of business: Auto Liability, General Liability, and E&O bringing the total per occurrence limit to \$7.5M for each line of coverage.

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.

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:

**OHIO TRANSIT RISK POOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2008**

	<u>November 30,</u> <u>2008</u>
Unpaid claims and claim adjustment expenses, beginning of year	\$ 4,175,868
Incurred claims and claim adjustment expenses:	
Provision for covered events of the current year	664,072
Increase (decrease) in provision for insured events of prior years	(436,977)
Total incurred claims and claim adjustment expenses	227,095
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current year	118,150
Claims and claim adjustment expenses attributable to insured events of prior years	1,518,533
Total payments	1,636,683
Unpaid claims and claim adjustment expenses, end of year	\$ 2,766,280

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 \$2,766,280 for the year ended November 30, 2008. 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, 2008 is \$866,609. Members may annually request a return of funds, or they may ask that their reserve be applied against an OTRP invoice at any time.

NOTE 9 --LINE OF CREDIT

During November, 2008, OTRP renewed its line of credit with Fifth Third Bank with a maximum availability of \$1,000,000. Borrowings under this line bear interest at the bank's prime lending rate. At November 30, 2008, no borrowings were outstanding. The line of credit is secured by substantially all business assets.

**OHIO TRANSIT RISK POOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2008**

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 decided to make 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 2008, the existing letter of credit was extended thru November 2009.

NOTE 11 --REINSURANCE CONTINGENCY

Alea, a facultative reinsurer which placed coverage for 60% of the \$2.5m xs \$5m layers (auto liability only) for the loss years ending 11/30/2004 and 11/30/2005 has entered into run-off. They maintain solvency, but are no longer rated by AM Best. All other reinsurers/excess insurers supporting OTRP's loss years are believed by management to be solvent and maintain investment quality financial ratings by AM Best.

NOTE 12 --OPERATING LEASE

OTRP leases office space under an operating lease expiring in September 2011. The aggregate future minimum lease obligation for the next two years is as follows:

Year ended November 30	Total
2009	\$ 20,895
2010	21,522
Total	\$ 42,417

Rent expense for the period ended November 30, 2008 totaled \$19,745.

NOTE 13 --CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2008:

Description	Balance 11/30/2007	Additions	Deletions	Balance 11/30/2008
Automobile, Computer Equipment and Software	133,304	16,889	-	150,193
Accumulated Depreciation	(100,896)	(24,013)	-	(124,909)
Total	\$ 32,408	\$ (7,124)	\$ -	\$ 25,284

OHIO TRANSIT RISK POOL
SUMMIT COUNTY

RECONCILIATION OF CLAIMS LIABILITY BY TYPE OF CONTRACT
FOR THE YEAR ENDED NOVEMBER 30, 2008

	Public Officials/ General Liability	Auto/ Transit Liability	Crime/ Physical Damage/ Commercial Property	Total
Unpaid claims and claim adjustment expenses, beginning of year	\$ 2,084,122	\$ 1,971,550	\$ 120,196	\$ 4,175,868
Incurred claims and claim adjustment expenses:				
Provision for insured events of the current year	10,071	558,720	95,281	664,072
Increase (decrease) in provision for insured events of prior years	(23,660)	(424,762)	11,445	(436,977)
Total incurred claims and claim adjustment expenses	(13,589)	133,958	106,726	227,095
Payments:				
Claims and claim adjustment expenses attributable to insured events of the current year	539	32,057	85,554	118,150
Claims and claim adjustment expenses attributable to insured events of prior years	6,098	1,471,864	40,571	1,518,533
Total payments	6,637	1,503,921	126,125	1,636,683
Unpaid claims and claim adjustment expenses, end of year	<u>\$ 2,063,896</u>	<u>\$ 601,587</u>	<u>\$ 100,797</u>	<u>\$ 2,766,280</u>

OHIO TRANSIT RISK POOL
SUMMIT COUNTY

RECONCILIATION OF CLAIMS LIABILITY BY TYPE OF CONTRACT
FOR THE YEAR ENDED NOVEMBER 30, 2007

	Public Officials/ General Liability	Auto/ Transit Liability	Crime/ Physical Damage/ Commercial Property	Total
Unpaid claims and claim adjustment expenses, beginning of year	\$ 2,146,262	\$ 3,166,415	\$ 333,323	\$ 5,646,000
Incurred claims and claim adjustment expenses:				
Provision for insured events of the current year	17,412	1,785,148	95,768	1,898,328
Increase (decrease) in provision for insured events of prior years	(59,369)	(1,627,862)	(201,074)	(1,888,305)
Total incurred claims and claim adjustment expenses	(41,957)	157,286	(105,306)	10,023
Payments:				
Claims and claim adjustment expenses attributable to insured events of the current year	3,500	43,585	68,040	115,125
Claims and claim adjustment expenses attributable to insured events of prior years	16,683	1,308,566	39,781	1,365,030
Total payments	20,183	1,352,151	107,821	1,480,155
Unpaid claims and claim adjustment expenses, end of	\$ 2,084,122	\$ 1,971,550	\$ 120,196	\$ 4,175,868

OHIO TRANSIT RISK POOL

SUPPLEMENTAL INFORMATION

REVENUE AND CLAIMS DEVELOPMENT INFORMATION

NOVEMBER 30, 2008

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 its inception.

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.
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.

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>11/30/2008</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>
1. Member Contributions:	\$3,280,526	\$3,721,807	\$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
2. Purchased insurance costs:	\$1,258,024	\$1,480,522	\$1,928,677	\$1,601,732	\$1,682,708	1,471,061	\$713,590	\$375,446	\$367,010	\$504,167	\$499,019	\$442,586	\$717,525
3. Net Paid Losses:													
For the policy year	\$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		\$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			\$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				\$876,388	\$1,122,868	\$2,753,600	\$969,050	\$1,691,385	\$1,397,925	\$1,429,722	\$963,389	\$837,410	\$931,243
Four years later					\$1,184,619	\$2,754,441	\$1,219,473	\$1,602,138	\$1,397,900	\$1,750,350	\$910,627	\$877,636	\$783,740
Five years later						\$2,754,441	\$1,257,261	\$1,602,138	\$1,440,989	\$1,750,350	\$846,677	\$828,391	\$796,307
Six years later							\$1,257,261	\$1,602,138	\$1,168,776	\$1,750,350	\$845,464	\$822,094	\$856,478
Seven years later								\$1,602,138	\$1,168,776	\$1,750,350	\$847,272	\$821,681	\$858,710
Eight years later									\$1,168,776	\$1,750,350	\$847,272	\$821,681	\$858,501
Nine years later										\$1,750,350	\$847,117	\$821,681	\$858,501
Ten years later											\$847,117	\$821,680	\$858,501
Eleven years later												\$821,680	\$858,501
Twelve years later													\$858,501
4. Net indicated Loss & Loss Expense Reserves (including IBNR):													
For the policy year	\$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		\$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			\$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				\$87,323	\$52,560	\$32,975	\$407,179	\$119,881	\$89,535	\$192,714	\$211,798	\$129,529	\$216,351
Four years later					\$38,165	\$0	\$71,446	\$2,250	\$113,210	\$41,399	\$79,592	\$110,543	\$17,226
Five years later						\$0	\$0	\$0	\$95,472	\$0	\$0	\$0	\$0
Six years later							\$0	\$0	\$0	\$0	\$0	\$0	\$0
Seven years later								\$0	\$0	\$0	\$0	\$0	\$0
Eight years later									\$0	\$0	\$0	\$0	\$0
Nine years later										\$0	\$0	\$0	\$0
Ten years later											\$0	\$0	\$0
Eleven years later												\$0	\$0
Twelve years later													\$0
5. Estimated net ultimate incurred claims and loss & loss expense at 11/30/08 :	\$726,508	\$1,877,973	\$2,426,571	\$963,711	\$1,222,784	\$2,754,441	\$1,257,261	\$1,602,138	\$1,168,776	\$1,750,350	\$847,117	\$821,680	\$858,501
6. Original estimated ultimate incurred claims and expense at end of first policy year:	\$726,508	\$1,955,369	\$2,914,303	\$3,135,370	\$2,490,258	\$3,599,332	\$1,896,312	\$1,430,182	\$3,701,300	\$2,372,459	\$1,167,261	\$1,613,611	1,799,621
7. Deviation from original estimate as of 11/30/2008:	\$0	(\$77,396)	(\$487,732)	(\$2,171,659)	(\$1,267,474)	(\$844,891)	(\$639,051)	\$171,956	(\$2,532,524)	(\$622,109)	(\$320,144)	(\$791,931)	(\$941,120)

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Ohio Transit Risk Pool
Summit County
34 Merz Blvd., Suite D
Fairlawn, OH 44333

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, 2008, and have issued our report thereon dated May 18, 2009. 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 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 expressing an opinion on the effectiveness of OTRP's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of OTRP's internal control over financial reporting.

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

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

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

Compliance and Other Matters

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

We noted certain matters that we have reported to management of OTRP in a separate letter dated May 18, 2009.

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

Charles E. Harris & Associates, Inc.

May 18, 2009

**OHIO TRANSIT RISK POOL
SUMMIT COUNTY, OHIO
For the year ended November 30, 2008**

Status of Prior Audit Findings

The prior audit report, for the year ending November 30, 2007, reported no material citations or recommendations.



Mary Taylor, CPA
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
AUGUST 6, 2009**