



OHIO TRANSIT RISK POOL ANNUAL REPORT

2017

**STANDING
STRONG**



SERVICE • STABILITY • SECURITY

INTRODUCTION & TABLE OF CONTENTS

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Since 1994 the Ohio Transit Risk Pool has offered stable property and casualty coverage to its coalition of Ohio Public Transit members. We are pleased to offer this annual report as an overview of our operations and to meet the statutory requirements under Ohio Revised Code Section 2744.081. OTRP staff and members work hard to control pricing through training, pool wide implementation of best practices, aggressive claims handling and open forums in which new ideas are openly embraced. We hope this report will illustrate the strength and resources found within the Ohio Transit Risk Pool.

All financial information in this annual report is unaudited and subject to review and acceptance by the Auditor of State's office, and the requirements of Ohio Revised Code § 117.25 are not met until the Auditor of State certifies this report and these reports are subject to change if the Auditor of State determines that modification of a report is necessary to comply with required accounting or auditing standards or OMB Circular A-133.

MESSAGE FROM BARBARA J. RHOADES,

CHIEF EXECUTIVE OFFICER



2017 marked another successful year highlighted with rate, funding and membership stability. OTRP Continued to provide management services maximizing shared services as a priority to the pool.

2017 ushered in the first year of the Ohio Transit Risk Pool Operational Plan. The plan authorized the addition of a new employee and for the first time since our pools inception, OTRP began to carry 7 full-time employees. We welcomed Dean Harris to our staff to assist in Finance and Andy Hodovan was moved to Underwriting Specialist. The 10-year plan will continue to show staff adjustments over the next three years which will then transition into cross functional training and mentoring through the middle years of the program.

OTRP staff was able to move forward with autonomous management of the Ohio Public Transit Association Annual Meeting and Conference. The OPTA conference continued to break attendance records breaking the 500 benchmark for the first time. OTRP was pleased to provide this important support as the Association continued to seek and transition into a new permanent management solution.

Due to the complete management of the OPTA conference, OTRP did not host a Loss Control Summit, rather we supported the OPTA conference through classes and support. We continued the “Legal Helpline” with widespread usage by almost all members.

OTRP continued to manage Transit Reinsurance Limited, NEORide and Health TP through 2017.

Transit RE celebrated it's 13th year of operation and is well poised for both growth and stability. The TRL Board issued a grant to allow it's underlying members to perform a deeper in-depth review. Further TRL made moves to streamline renewals of documentation associated for all members. During 2017, I spoke at the VCIA meeting in Cleveland, Ohio and was glad to share OTRP's story of involvement in our transit owned captive serving the needs of public transit for reinsurance solutions.

The OTRP Board continued to support through 2017, staff's involvement on multiple Board of Directors including the APTA Board and AGRiP Board. It is through these important relationships that we are able to stay on the cutting edge in our industry of both Public Entity Risk Pooling and Public Transit.

We are pleased to provide this annual report as a tool to help the reader understand our stable financial position.

MISSION STATEMENT

Our mission is to provide property and liability coverage supported by risk management services that minimize the loss exposure of our members. We will deliver these services tailored to our members needs, on a long-term financially sound and cost effective basis.

CORE VALUES

- Integrity
 - Member Owned
 - Transparent
 - Data Driven
 - By Collective Action We Are Stronger
-

BOARD OF DIRECTORS



Standing:

Ben Capelle, Kirt Conrad, Richard Enty, Dennis Schooley, Shelia Haney, Dean Soroka, Jim Gee

Seated:

Robert Ruzinsky, Claudia Amrhein, Howard Stewart, Jr.

STAFF PROFILES



Jessica Gissiner
Sr. Administrative Specialist

Ms. Gissiner is responsible for all day to day administrative duties and support for OTRP, including financial reconciliations, assisting and planning all OTRP meetings and functions. She has been with OTRP since December, 2012 and holds a bachelor's degree from Kent State University.



Andy L. Hodovan
Claims Specialist / Senior IT Specialist

Mr. Hodovan is responsible for adjusting property/casualty claims and has been with OTRP since 2010. He has worked in the insurance industry since 2007 and brings experience from Allstate. Mr. Hodovan also manages the network as well as software and web development projects for the office. Andy holds an AS in Computer Science & Engineering from Stark State Technical College.



Lisa Lamb
Administrative Specialist

Ms. Lamb is responsible for the office administrative support with focus on Health Transit Pool of Ohio. Her duties include the financial coordination between vendors and HTPO members. She has a strong financial background and administrative skills from her experience as executive director for a professional association for several years. She has been with us since 2015.



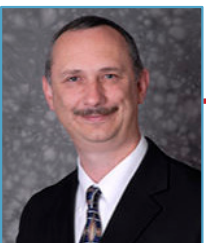
Kenneth F. Reed, AIC, ARM-P
Loss Control Services Manager

Mr. Reed is responsible for the oversight of loss control, training and risk auditing activities and has been with OTRP since 2003. He has worked in, or with, public transit since 1998. Ken is currently the Treasurer Ohio-Kentucky-Indiana Regional Council of Governments, which coordinates regional transportation planning. He also serves as Vice Chair on the Board of the Southwest Ohio Regional Transit Authority. He holds a BSBA from The Ohio State University in marketing/transportation logistics and has post graduate designations from the Insurance Institute of America (AIC, ARM-P).



Angel M. Wisenburg, AIC
Senior Claims Specialist

Ms. Wisenburg is responsible for adjusting property/casualty claims and has been with OTRP since 2005. She is also responsible for all claims department reporting to management and coordination with OTRP's Reinsurance partners. Ms. Wisenburg holds an Associates in Claims from the IIA/CPCU program. She holds a BA in Sociology from Kent State University.



Dean Harris
Senior Financial Specialist

Mr. Harris is responsible for day to day financial management for OTRP, Health financial statements. He joined OTRP in 2017 after retiring from METRO RTA after 28 years as the Director of Finance. He is currently the Treasure for Leadership Medina County. He has a BS degree in Accounting from the University of Akron as well as being a CPA.

MANAGEMENT'S DISCUSSION & ANALYSIS

This section of Ohio Transit Risk Pool annual financial report presents our discussion and analysis of OTRP's financial performance during the year ended November 30, 2017. Please read it in conjunction with OTRP's audited financial statements. It is available online at www.OTRP.org.

USING THIS ANNUAL REPORT

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

The three basic financial statements presented are as follows:

- Statement of Net Assets - This statement presents information reflecting OTRP's assets, liabilities, and net assets and is categorized into current and noncurrent assets and liabilities.
- Statement of Revenue, Expenses, and Changes in Net Assets - This statement reflects the operating and nonoperating revenue and expenses for the previous two fiscal years. Operating revenue consists primarily of member contributions, with the major sources of operating expenses being claims and claims adjustment expense, general and administrative expenses, and reinsurance costs. Non-operating revenue and expenses consist primarily of investment activity and distributions to members.
- Statement of Cash Flows - This statement is presented on the direct method of reporting and reflects cash flows from operating activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the fiscal year.

FINANCIAL CONTACT

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.

MANAGEMENT'S DISCUSSION & ANALYSIS

CONDENSED FINANCIAL INFORMATION

The financial statements report OTRP's net assets and how they have changed. Net assets - the difference between OTRP's assets and liabilities - are one way to measure OTRP's financial health or position. Over time, increases and decreases in OTRP's net assets are an indicator of whether its financial health is improving or deteriorating, respectively. Summarized financial information follows:

| | November 30 | | | 2017/2016 Increase (Decrease) |
|--|--------------|--------------|--------------|-------------------------------------|
| | 2017 | 2016 | 2015 | |
| Condensed Statement of Net position | | | | |
| Assets | | | | |
| Cash and cash equivalents and short-term investments | \$ 2,093,214 | \$ 2,615,556 | \$ 2,740,364 | \$ (522,342) |
| Other assets | 93,678 | 151,852 | 56,044 | (58,174) |
| Total current assets | 2,186,892 | 2,767,408 | 2,796,408 | (580,516) |
| Long-term assets: | | | | |
| Investments | 7,798,798 | 6,617,109 | 6,177,920 | 1,181,689 |
| Capital assets - Net of depreciation | 22,154 | 28,252 | 35,955 | (6,098) |
| Total assets | 10,007,844 | 9,412,769 | 9,010,283 | 595,075 |
| Deferred Outflows of Resources - Pension | 250,495 | 188,395 | 70,434 | 62,100 |
| Liabilities | | | | |
| Current | 2,579,162 | 2,720,585 | 2,013,692 | (141,423) |
| Long term | 3,498,738 | 2,347,986 | 2,173,450 | 1,150,752 |
| Total liabilities | 6,077,900 | 5,068,571 | 4,187,142 | 1,009,329 |
| Deferred Inflows of Resources - Pension | 2,082 | 5,708 | 5,717 | (3,626) |
| Net Position | | | | |
| Invested in capital assets | 22,154 | 28,252 | 35,955 | (6,098) |
| Unrestricted | 4,156,203 | 4,498,636 | 4,851,903 | (342,433) |
| Total net position | \$ 4,178,357 | \$ 4,526,888 | \$ 4,887,858 | \$ (348,531) |

MANAGEMENT'S DISCUSSION & ANALYSIS

CONDENSED FINANCIAL INFORMATION

The financial statements report OTRP's net assets and how they have changed. Net assets - the difference between OTRP's assets and liabilities - are one way to measure OTRP's financial health or position. Over time, increases and decreases in OTRP's net assets are an indicator of whether its financial health is improving or deteriorating, respectively. Summarized financial information follows:

| | Year Ended November 30 | | | 2017/2016 |
|--|------------------------|--------------|--------------|------------------------|
| | 2017 | 2016 | 2015 | Increase (Decrease) |
| Condensed Statement of Changes in Revenue, Expense and Net Position | | | | |
| Changes in Net Position | | | | |
| Total Operating Revenue | \$ 2,948,180 | \$ 3,647,792 | \$ 2,675,690 | \$ (699,612) |
| Operating Expenses | | | | |
| Claims and claims adjustment expenses | (2,181,757) | (2,341,332) | (844,214) | 159,575 |
| Administrative expenses | (1,105,675) | (879,793) | (846,614) | (225,882) |
| Total operating expenses | (3,287,432) | (3,221,125) | (1,690,828) | (66,307) |
| Operating Income (Loss) | (339,252) | 426,667 | 984,862 | (765,919) |
| Nonoperating Expense | | | | |
| Investment earnings and realized and unrealized | | | | |
| gains and losses on investments | 142,961 | 61,146 | 101,145 | 81,815 |
| Loss on disposal of fixed assets | - | - | 4,138 | - |
| Distributions to members | (152,237) | (848,786) | (128,839) | 696,549 |
| Total nonoperating expenses | (9,276) | (787,640) | (23,556) | 778,364 |
| Increase (Decrease) in Net Position | (348,528) | (360,973) | 961,306 | 12,445 |

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

MANAGEMENT'S DISCUSSION & ANALYSIS

CONDENSED COMPARATIVE FINANCIAL HIGHLIGHTS

- Total current assets decreased by \$580,816, while long-term assets increased by \$1,175,591 between 2016 and 2017. These changes were caused by a change in strategy of reducing cash and increasing long-term investments.
- OTRP's capital assets, net of depreciation, decreased from 2016 to 2017 by \$6,098. This is due to the ordinary depreciation of OTRP's capital assets.
- OTRP's liabilities increased from 2016 to 2017 by \$1,009,329. The increase in liabilities is primarily attributable to adverse claims development, in combination with an increase in the net pension liability and balance in members' returns to the General Reserve Fund (GRF). There were no liabilities in the current year for prepayments related to (LY24) 2018.
- The difference between assets and liabilities, or "net position," decreased from 2016 to 2017 by \$348,528. The decrease is attributable to increases in the claims and pension liabilities, shock loss deferred revenues, and members' returns to the General Reserve Fund (GRF).
- OTRP's operating expenses were fairly stable with continued reflection of the reduced impact by claims and claims adjustment expense.
- Total OTRP revenue (net of reinsurance/excess insurance premiums) decreased to \$2,948,180 in 2017 from \$3,647,792 in 2016. The decrease is due to lowered purchased insurance premiums which was partially offset with additional voluntary shock loss contributions and recognized deferred revenue in the shock loss fund.

FINANCIAL ANALYSIS – STATEMENTS OF NET POSITION

The following tables present the summarized financial position of OTRP for the fiscal years ended November 30, 2017, and 2016:

| | November 30, 2017 | November 30, 2016 |
|--|-------------------|-------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash (Note 2) | \$ 1,124,920 | \$ 1,253,174 |
| Investments - Fixed Income (Note 2) | 969,294 | 1,362,382 |
| Accounts Receivable | 78,915 | 148,537 |
| Prepaid expense | 14,763 | 3,315 |
| Total current assets | 2,187,892 | 2,767,408 |
| Noncurrent Assets: | | |
| Investments (Note 2) | 7,797,798 | 6,617,109 |
| Capita assets - Net of depreciation (Note 4) | 22,155 | 28,252 |
| Total noncurrent assets | 7,819,953 | 6,645,361 |
| Total assets | 10,007,845 | 9,412,769 |
| Deferred Outflows of Resources (Note 12) | 250,495 | 188,395 |
| Liabilities | | |
| Current Liabilities: | | |
| Accounts Payable | 12,534 | 11,487 |
| Current portion of reserves for unpaid claims and claims adjustment expense (Note 6) | 1,400,000 | 1,266,000 |
| Accrued compensation | 23,224 | 9,576 |
| Members' payable (Note 8) | 871,091 | 1,101,512 |
| Current portion of unearned contributions | 272,311 | 332,010 |
| Total current liabilities | 2,579,160 | 2,720,585 |
| Noncurrent Liabilities: | | |
| Reserves for unpaid claims and claims adjustment expense - net of current portion (Note 5) | 2,614,923 | 1,529,219 |
| Net Pension Liability | 600,627 | 463,510 |
| Unearned contributions - Net of current portion | 283,188 | 355,257 |
| Total noncurrent liabilities | 3,498,738 | 2,347,986 |
| Total liabilities | 6,077,898 | 5,068,571 |
| Deferred Inflows of Resources (Note 12) | 2,082 | 5,708 |
| Equity | | |
| Net Position: | | |
| Net investment in capital assets | 22,155 | 28,252 |
| Unrestricted | 4,156,205 | 4,498,633 |
| Total net position | \$ 4,178,360 | \$ 4,526,885 |

MANAGEMENT'S DISCUSSION & ANALYSIS

RESERVE FOR UNPAID CLAIMS & CLAIM ADJUSTMENT EXPENSES

OTRP establishes reserves for claims and claims adjustment expenses for both reported and unreported insured events. A summary of changes in the reserves for unpaid claims and claims adjustment expenses for OTRP for the years ended November 30, 2017, 2016, and 2015 is as follows:

| | 2017 | 2016 | 2015 |
|--|---------------------|---------------------|---------------------|
| Reserve for unpaid Claims and Claims Adjustment Expense - Beginning of year | \$ 2,795,219 | \$ 2,047,967 | \$ 2,290,603 |
| Incurred claims and claims adjustment expense: | | | |
| Provision for incurred claims in current year | 1,677,935 | 1,776,025 | 1,339,502 |
| Change in provision for claims incurred in prior years | 503,822 | 565,307 | -495,288 |
| Total incurred claims and claims adjustment expenses | 2,181,757 | 2,341,332 | 844,214 |
| Payments: | | | |
| Claims and claims adjustment expense paid for claims incurred in the fiscal year | 413,432 | 69,420 | 150,264 |
| Claims and claims adjustment expenses paid for claims incurred in prior year | 548,621 | 1,524,660 | 936,586 |
| Total Payments | 962,053 | 1,594,080 | 1,086,850 |
| Reserve for Unpaid claims and claims adjustment Adjustment Expenses - End of year | \$ 4,014,923 | \$ 2,795,219 | \$ 2,047,967 |

During 2017 and 2016, there was unfavorable development related to prior accident years totaling approximately \$504,000 and \$565,000, respectively. During 2015, there was favorable development totaling approximately \$495,000. These developments primarily related to claims settling for amounts different than originally estimated. During 2017 and 2016, there was a higher frequency of larger claims resulting in the unfavorable development.

SELF-INSURED RETENTION

OTRP retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by excess insurance and reinsurance contracts, as described in Note 8. For 2017 and 2016, OTRP's per-occurrence retention for auto physical damage was \$250,000 and the per-occurrence retention for commercial property damage was \$100,000. OTRP's per-occurrence retention for liability claims (including auto liability, public officials' liability, and general liability) was \$2,000,000 at November 30, 2017 and 2016. OTRP's per-occurrence retention for crime and fidelity coverage was \$100,000 at November 30, 2017 and 2016. OTRP's per-occurrence retention for boiler and machinery was \$50,000 at November 30, 2017 and 2016. For each per-occurrence claim within OTRP's self-insured retention, the member is charged the indicated deductible as disclosed in Note 2.

OTRP MEMBERS



Allen County Regional Transit Authority (ACRTA)

Board Member: Shelia Haney, Executive Director

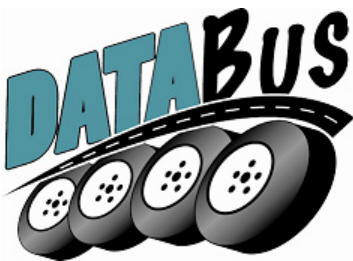
Alternate: Patricia Stein, Finance Director



Butler County Transit Board (BCRTA)

Board Member: Matt Dutkevicz, Executive Director

Alternate: Delene Weidner, Finance Manager



Delaware County Transit Board (DATA)

Board Member: Dennis Schooley, Executive Director

Alternate: Tina Smith, HR Coordinator



Laketran (Laketran)

Board Member: Ben Capelle, CEO

Alternate: Matt Maier, Operations Manager



Metro Regional Transit Authority (Metro RTA)

Interim Board Member: Angela N. Heely, Director of Finance

Alternate: Quentin Wyatt, Safety Manager

OTRP MEMBERS

Portage Area Regional Transportation Authority (PARTA)

Board Member: Claudia Amrhein, General Manager
Alternate: Brian Trauman, Director of Operations & Maintenance
Kelly Jurisch, Director of Human Resources



Stark Area Regional Transit Authority (SARTA)

Board Member: Kirt Conrad, Executive Director
Alternate: Mark Finnicum, Chief Operations Officer, Director of Matinence



South East Area Transit (SEAT)

Board Member: Howard Stewart Jr., Transit Director
Alternate: Dianne Grill, Business Director



Toledo Area Regional Transit Authority (TARTA)

Board Member: Jim Gee, General Manager
Alternate: Stacey Clink, Controller



Western Reserve Transit Authority (WRTA)

Board Member: Jim Ferraro, Executive Director
Alternate: Dean Soroka, Human Resources Director



SERVICE HIGHLIGHTS

OTRP Members are provided with the following services:

- Claims handling from dollar \$1
- Personalized Risk Management
- Operator Training Programs
- Safety Performance Audits
- Ghost Riding Coordination
- Shared Lending Library
- Fire Safety Inspections
- Subrogation Services
- Contract Review
- Yearly Loss Control Summit

To learn more about OTRP please log onto our website at www.OTRP.org for further information.

Safe Operators Award Recognition - SOAR

Each year, OTRP Awards the Safe Operator Award Recognition (or SOAR) award for the lowest incurred losses per mile operated. The award includes recognition on a plaque and presentation of the coveted OTRP "Green Jacket"

Awarded During 2017

- DIVISION 1 - SARTA
- DIVISION 2 - BCRTA
- DIVISION 3 - ACRTA

OTRP SERVICE PROVIDERS

ACTUARIAL SERVICES

Pinnacle Actuarial Resources, Inc.
570 W. Crossville Rd., #204
Roswell, GA 30075

Terry Godbold, Actuary

AUDIT SERVICES

Plante Moran
1111 Michigan Ave.
East Lansing, MI 48823

Terry Olejnik, Partner

BROKER CONSULTANT

Arthur J. Gallagher & Co.
Insurance Brokers of Calif., Inc.
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Aliso Viejo, CA 92656

John G. Chino, ARM, Regional Director

CORPORATE COUNSEL

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Grand Rapids, MI 49546

Ryan Allen, CFA

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Centre Square East
Philadelphia, PA 19102-4790

Olivia Nigh, Asst. Vice-President



Ohio Transit Risk Pool

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