

Ohio Police & Fire Pension Fund

140 East Town Street / Columbus, Ohio 43215-5164 / Tel. (614) 228-2975 / www.op-f.org

September 16, 2016

Ms. Bethany Rhodes
Director/General Counsel
Ohio Retirement Study Council
30 E. Broad St
2nd Floor
Columbus, OH 43215

RE: OP&F's 2017 Proposed Budgets

Dear Ms. Rhodes:

Please find enclosed the 2017 proposed Administrative Operating, and 2017-2019 Capital budgets for the Ohio Police & Fire Pension Fund (OP&F) in the format provided by the ORSC.

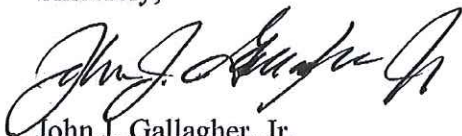
The proposed budgets are being provided to you in compliance with SB 133. OP&F's Board of Trustees is scheduled to adopt the proposed budgets on November 16, 2016, which is within the sixty days from the date of this correspondence.

Please note that OP&F's individual Board committees have not yet had an opportunity to review or provide input on the proposed budget details and changes may be included in the adopted budget.

OP&F will continue to work with you prior to the official adoption and should the Board of Trustees have any changes, we will communicate those to you and amend the information provided.

Please feel free to contact me if you need additional information or have any questions.

Sincerely,



John J. Gallagher, Jr.
Executive Director

Enclosure: 2017 Proposed Budgets

FY2017 to FY2016 Operating Budget and Increase (Decrease)

Budget category	2017 Budget	2016 Budget	2016 Estimated Actual	2016-17 Increase (Decrease)	Percent Change (2016 to 2017)
Personnel	\$ 15,047,302	\$ 14,019,095	\$ 13,920,513	\$ 1,028,207	7.3%
Salaries and Wages	\$ 10,215,148	\$ 9,666,477	\$ 9,304,141	\$ 548,671	5.7%
PERS Contributions	\$ 1,469,977	\$ 1,401,385	\$ 1,378,939	\$ 68,592	4.9%
Health Insurance	\$ 2,764,363	\$ 2,306,570	\$ 2,648,761	\$ 457,793	19.8%
Miscellaneous Expenses	\$ 597,814	\$ 644,663	\$ 588,672	\$ (46,849)	-7.3%
Professional Services	\$ 4,621,550	\$ 4,625,878	\$ 4,021,408	\$ (4,328)	-0.1%
Actuarial	\$ 500,000	\$ 384,000	\$ 390,980	\$ 116,000	30.2%
Audit	\$ 140,000	\$ 135,000	\$ 145,500	\$ 5,000	3.7%
Custodial Banking Fees	\$ 807,000	\$ 984,000	\$ 660,000	\$ (177,000)	-18.0%
Investment Consulting	\$ 1,501,494	\$ 1,518,177	\$ 1,516,550	\$ (16,683)	-1.1%
Other Consulting	\$ 1,583,056	\$ 1,517,101	\$ 1,234,109	\$ 65,955	4.3%
Banking Expenses	\$ 90,000	\$ 87,600	\$ 74,269	\$ 2,400	2.7%
Communications Expense	\$ 457,166	\$ 488,550	\$ 412,971	\$ (31,384)	-6.4%
Printing and Postage	\$ 334,900	\$ 366,300	\$ 293,397	\$ (31,400)	-8.6%
Telecommunications	\$ 109,281	\$ 108,300	\$ 106,124	\$ 981	0.9%
Member/Employer Education	\$ 12,985	\$ 13,950	\$ 13,450	\$ (965)	-6.9%
Other Operating Expenses	\$ 2,424,230	\$ 2,373,245	\$ 1,989,982	\$ 50,985	2.1%
Conferences and Education	\$ 136,686	\$ 134,853	\$ 96,931	\$ 1,833	1.4%
Travel	\$ 168,963	\$ 156,538	\$ 124,909	\$ 12,425	7.9%
Computer Technology	\$ 1,211,439	\$ 1,129,711	\$ 995,497	\$ 81,728	7.2%
Other Operating	\$ 774,942	\$ 727,943	\$ 555,209	\$ 46,999	6.5%
Ohio Retirement Study Council	\$ 56,000	\$ 153,000	\$ 146,697	\$ (97,000)	-63.4%
TOS Warrant Clearing Charges	\$ 1,200	\$ 1,200	\$ 739	\$ -	0.0%
Attorney General Charges	\$ 75,000	\$ 70,000	\$ 70,000	\$ 5,000	7.1%
Net Building Expense	\$ 1,285,450	\$ 1,285,000	\$ 1,230,473	\$ 450	0.0%
Total Operating Budget	\$ 23,835,698	\$ 22,791,768	\$ 21,575,347	\$ 1,043,930	4.6%
Full-Time Equivalent (FTE) Associates	148	145			

Ohio Police Fire 2017 ORSC Budget Presentation
FY2017 to FY2016 Capital Budget

	2017 Budget (includes carryover from previous years)	2016 Budget	2016 Estimate
Total Capital Budget	\$ 4,274,161	\$ 4,587,761	\$ 327,178
Office Building	350,000	350,000	-
Furniture & Equipment	90,000	90,000	14,155
Computer Technology	3,807,161	4,120,761	313,023
Telecommunications Equipment	-	-	-
Automobile	27,000	27,000	-

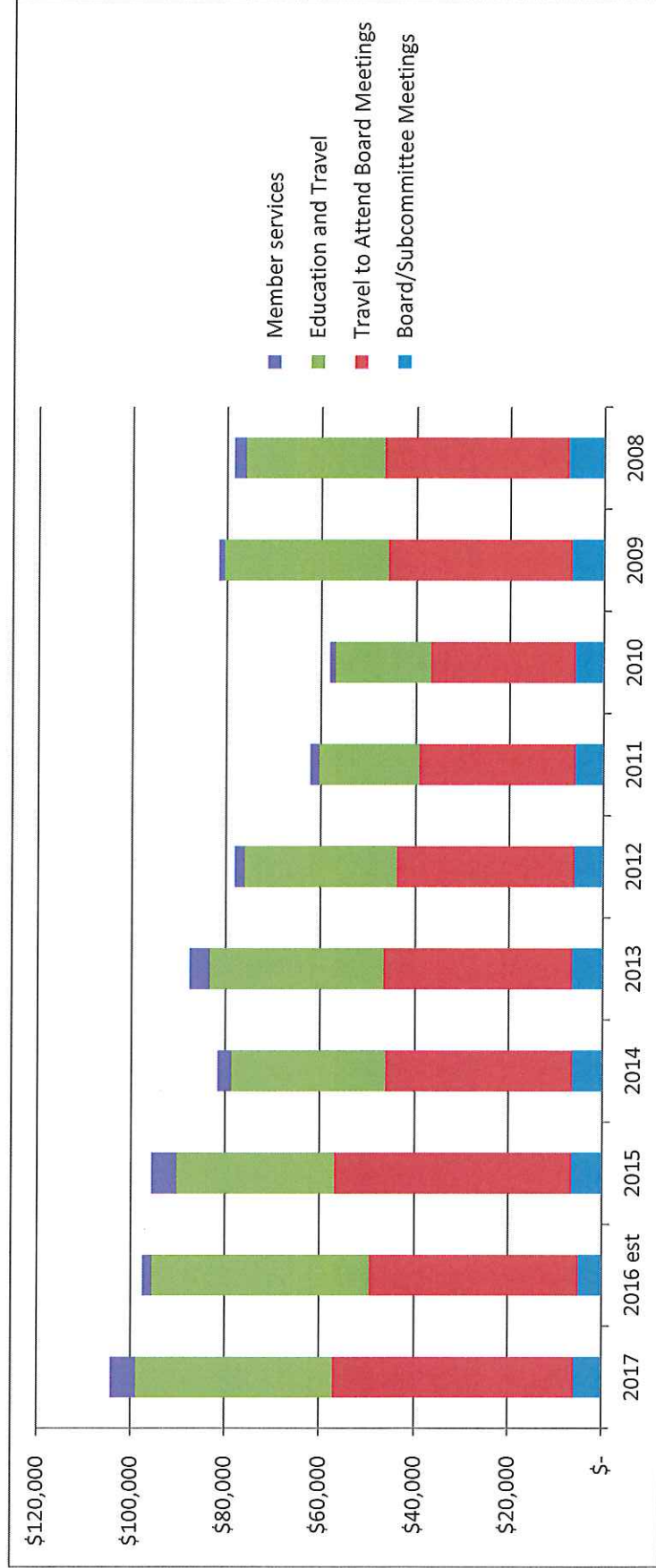
* OP&F Capital Budget is a rolling three year budget (2017-2019 and 2016-2018)

Investment Expenses

	2015 Actual	2014 Actual	Percent Change (2014 to 2015)
Total Investment Assets	\$ 13,853,261,247	\$ 14,432,245,337	-4.01%
Total Internally Managed Assets	1,365,494,791	1,017,367,791	34.22%
Total Externally Managed Assets	12,487,766,456	13,414,877,546	-6.91%
Total Investment Expenses	\$ 47,413,237	\$ 51,129,200	-7.27%
Total Internal Investment Expenses	3,151,438	3,018,510	4.40%
Total External Investment Expenses	39,620,919	42,123,017	-5.94%
Investment Consulting	1,420,241	1,361,198	4.34%
Brokerage/Commissions-Internal	-	-	N/A
Brokerage/Commissions-External	2,575,272	3,935,196	-34.56%
Custodian Fees	645,367	691,279	-6.64%
Total Investment Expenses as a % of Total Investment Assets	0.34%	0.35%	-0.01%
Expenses as % of Internally Managed	0.23%	0.30%	-0.07%
Expenses as % of Externally Managed	0.35%	0.36%	0.00%

Board Member Expenses

	2017	2016 est	2015	2014	2013	2012	2011	2010	2009	2008
Total Board Expenses	\$ 104,308	\$ 97,349	\$ 95,497	\$ 81,557	\$ 87,559	\$ 78,142	\$ 62,220	\$ 58,163	\$ 81,668	\$ 78,459
Board/Subcommittee Meetings	\$ 5,900	\$ 5,000	\$ 6,492	\$ 6,411	\$ 6,536	\$ 6,074	\$ 5,968	\$ 6,037	\$ 6,793	\$ 7,554
Travel to Attend Board Meetings	\$ 51,195	\$ 44,500	\$ 50,356	\$ 39,779	\$ 40,117	\$ 37,903	\$ 33,341	\$ 30,898	\$ 39,131	\$ 39,227
Education and Travel	\$ 41,699	\$ 45,849	\$ 33,271	\$ 32,488	\$ 36,596	\$ 32,027	\$ 21,025	\$ 20,036	\$ 34,524	\$ 29,151
Member services	\$ 5,514	\$ 2,000	\$ 5,378	\$ 2,879	\$ 4,310	\$ 2,138	\$ 1,886	\$ 1,192	\$ 1,220	\$ 2,527



Staff Training and Travel

	FY2017	FY2016	\$ Increase (Decrease)	% Increase (Decrease)
Administration	\$ 68,039	\$ 64,525	\$ 3,514	5.4%
Conferences & Seminars	\$ 58,195	\$ 50,640	\$ 7,555	14.9%
In-House Training	\$ 9,844	\$ 13,885	\$ (4,041)	-29.1%
#FTE	20	19	\$ 1	5.3%
Traning Expense per FTE	\$ 3,402	\$ 3,396	\$ 6	0.2%

	FY2017	FY2016	\$ Increase (Decrease)	% Increase (Decrease)
Finance	\$ 13,250	\$ 13,360	\$ (110)	-0.8%
Conferences & Seminars	\$ 13,250	\$ 13,360	\$ (110)	-0.8%
In-House Training	\$ -	\$ -	\$ -	\$ -
#FTE	21	21	\$ -	0.0%
Traning Expense per FTE	\$ 631	\$ 636	\$ (5)	-0.8%

	FY2017	FY2016	\$ Increase (Decrease)	% Increase (Decrease)
Investments	\$ 39,912	\$ 36,978	\$ 2,934	7.9%
Conferences & Seminars	\$ 39,912	\$ 36,978	\$ 2,934	7.9%
In-House Training	\$ -	\$ -	\$ -	\$ -
#FTE	16	15	\$ 1	6.7%
Traning Expense per FTE	\$ 2,495	\$ 2,465	\$ 29	1.2%

	FY2017	FY2016	\$ Increase (Decrease)	% Increase (Decrease)
Information Services	\$ 65,719	\$ 62,414	\$ 3,305	5.3%
Conferences & Seminars	\$ 65,719	\$ 62,414	\$ 3,305	5.3%
In-House Training	\$ -	\$ -	\$ -	\$ -
#FTE	45	44	\$ 1	2.3%
Traning Expense per FTE	\$ 1,460	\$ 1,419	\$ 42	3.0%

	FY2017	FY2016	\$ Increase (Decrease)	% Increase (Decrease)
Member Services	\$ 13,640	\$ 15,255	\$ (1,615)	-10.6%
Conferences & Seminars	\$ 13,640	\$ 15,255	\$ (1,615)	-10.6%
In-House Training	\$ -	\$ -	\$ -	\$ -
#FTE	46	46	\$ -	0.0%
Traning Expense per FTE	\$ 297	\$ 332	\$ (35)	-10.6%

Supplementary Statistical Information

	2017*	2016*	2015*	2014	2013
Active Members	27,602	27,602	27,602	27,602	27,451
Inactive Members	3,187	3,187	3,187	3,187	2,947
Benefit Recipient (Age, Dis., Survivor)	27,963	27,963	27,963	27,963	27,561
Re-employed Retirees	167	167	167	167	154
Total Membership	58,919	58,919	58,919	58,919	58,113
Members Per FTE	398	406	412	415	412

* Estimated