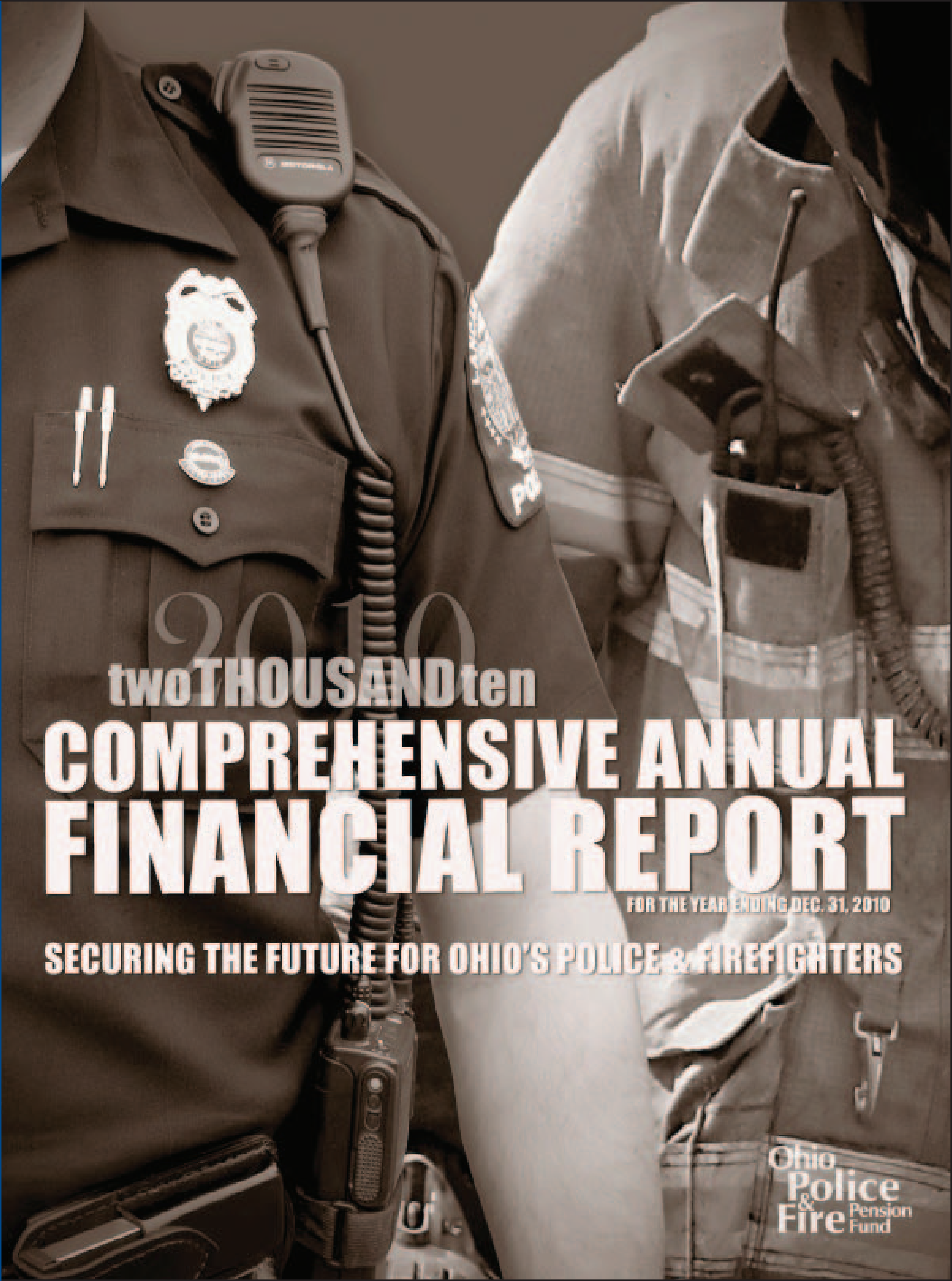

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDING DEC. 31, 2010

SECURING THE FUTURE FOR OHIO'S POLICE & FIREFIGHTERS

Ohio Police & Fire Pension Fund

Comprehensive Annual Financial Report

For the year ending Dec. 31, 2010

Prepared through the combined efforts of OP&F staff.

Ohio Police & Fire Pension Fund
140 East Town Street • Columbus, Ohio 43215
www.op–f.org • 800–860–9599

Table of Contents

Board of Trustees

About The Board Of Trustees

Ohio law provides for the Ohio Police & Fire Pension Fund Board of Trustees to be comprised of nine members. There are six employee members elected to four–year terms by their respective member groups: two representatives of police departments, two representatives of fire departments, one retired firefighter and one retired police officer. The Board also includes three statutory members, which have changed with the enactment of Senate Bill 133 in September 2004. Each statutory member—one appointed by the Governor, one by the Ohio Treasurer of State, and one appointed jointly by the Senate President and Speaker of the House—must have professional investment expertise.

Board of Trustee Members

Seated left to right
Kathy Harrell, Cincinnati Police, term began on June 4, 2007, expires on June 5, 2011
William D. Gallagher, Retired, Cleveland Police, term began on June 2, 2008, expires on June 3, 2012
Robert H. Baker, Investment Member, appointed by the Governor, term began on Jan. 13, 2009, expires on Sept. 28, 2012

Standing Left to Right
J. David Heller, Investment Member, appointed by the Ohio Senate and Ohio House of Representatives, term began on Dec. 16, 2008, expires on Dec. 4, 2012
William E. Deighton, Retired, Cleveland Fire, term began on June 4, 2007, expires on June 5, 2011
David A. Witner, Cuyahoga Falls Fire, term began June 7, 2010, expires on June 2, 2014
David J. Owsiany, Investment Expert Member appointed by Ohio Treasurer of State, term began Jan. 6, 2011, expires on Jan. 6, 2015
Lawrence G. Petrick, Jr., Chair-Elect, Shaker Heights Fire, term began on June 2, 2008, expires on June 3, 2012
Edward L. Montgomery, Chair, Columbus Police, term began on June 2, 2008, expires on June 3, 2012

Administrative Staff

Executive Staff

Seated left to right

William J. Estabrook
Executive Director

J. Keith Byrd
Deputy Executive Director

Standing left to right

N. Kay Penn
Member Services Director

Scott K. Miller
Financial Services Director

Mark A. Jordan
Internal Auditor

Theodore G. Hall
Chief Investment Officer

Mary Beth Foley
General Counsel

Professional Consultants

Not pictured

Actuary
Buck Consultants

Independent Accountants
Clark Schaefer Hackett

Legal Counsel
Ohio Attorney General
The Honorable Mike Dewine

Investment Consultants & Money Managers
See page 42

Certificate of Achievement for Excellence in Financial Reporting

Distinguished Budget Presentation Award

Making Your Tax Dollars Count Award

Public Pension Standards Award for Administration 2010

Letter of Transmittal

Ohio Police & Fire Pension Fund
140 East Town Street / Columbus, Ohio 43215–5164 / Tel. (614) 228–2975 / www.op–f.org

June 10, 2011

Dear Chair and Members of the Board of Trustees:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Ohio Police and Fire Pension Fund (OP&F) for the year ending Dec. 31, 2010. This CAFR was prepared to aid interested parties in assessing OP&F's financial status on Dec. 31, 2010, and its results for the year then ended.

Accounting System and Internal Controls

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental units, including the pronouncements of the Governmental Accounting Standards Board (GASB). Additional information on OP&F's significant accounting policies is contained in the Notes to Basic Financial Statements in the Financial Section.

Management is responsible for establishing and maintaining an effective internal control structure designed to ensure that the assets of OP&F are protected from loss, theft, or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of Basic Financial Statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

(1) the cost of a control should not exceed the benefits likely to be derived; and
(2) the valuation of costs and benefits requires estimates and judgments by management.

Management believes its internal control structure meets these objectives.

Plan History and Overview

OP&F is a cost sharing multiple–employer public employee retirement system and was created by the Ohio General Assembly in 1965, replacing 454 separate local police and firefighter relief and pension funds in Ohio. OP&F began operating as a statewide Retirement Fund on Jan. 1, 1967. On that date, the local pension funds transferred their assets and liabilities to OP&F. Assets transferred to OP&F totaled approximately $75 million, while OP&F's actuary computed the liabilities accrued up to 1966 at approximately $490 million. Employers are paying the remaining unfunded accrued liability over a 67–year period, which began in 1969 and totaled nearly $32.1 million as of Dec. 31, 2010.

OP&F provides pension and disability benefits to qualified participants, survivors, and death benefits and provides access to health care coverage for qualified participants, spouses, children and dependent parents. Please refer to the Plan Summary in the Actuarial Section for further information on plan benefits.
Membership in OP&F is mandatory under Ohio law for all full–time police officers employed by Ohio municipalities. Full–time fire fighters employed by townships, municipalities, township joint fire districts or other political subdivisions must become members of OP&F if they are required to satisfactorily complete or have satisfactorily completed a firefighter training course approved under former Section 3303.07, Section 4765.55, or conducted under Section 3737.33 of the Ohio Revised Code. The table below is a tabulation of current participating employers at Dec. 31, 2010:

Participating Employers

	Police	Fire	Total
Municipalities	252	229	481
Townships	–	123	123
Villages	284	33	317
Total	**536**	**385**	**921**

Financial Overview

OP&F receives virtually all of its funds from the following sources: employer contributions, member contributions, benefit recipient health care premiums, state subsidies and reimbursements, and investment earnings. Additions to net assets were $2.3 billion in 2010 as a direct result of strong returns on investments.

Statutory contribution rates for 2010 were 10 percent for members, 19.5 percent for police employers and 24 percent for fire employers, and remained unchanged from the prior year.

Additions to Plan Net Assets (dollars in thousands)	2010 Amount	2010 Percent	2009 Amount	2009 Percent
Net Investment Income	$1,651,772	71%	$1,894,886	74%
Contributions	649,120	28%	632,670	25%
Interest on Local Funds Receivable	1,380	0%	1,412	0%
Other	23,777	1%	22,090	1%
TOTAL ADDITIONS	**$2,326,049**	**100%**	**$2,551,058**	**100%**

Deductions to Plan Net Assets (dollars in thousands)	2010 Amount	2010 Percent	2009 Amount	2009 Percent
Benefits	$1,132,151	97%	$1,084,980	97%
Refund of Member Contributions	15,789	2%	15,720	1%
Administrative Expenses	15,072	1%	16,453	2%
TOTAL DEDUCTIONS	**$1,163,012**	**100%**	**$1,117,153**	**100%**

Benefit payments represent the largest usage of plan net assets. In 2010, the number of benefits paid into the Deferred Retirement Option Plan (DROP) accrual accounts continued to increase due to a high participation rate and maturity of the program causing a double digit increase of 11.9 percent over the last year. Retirement and survivor benefits increased at normal levels of 4.9 and 4.5 percent respectfully. This increase is mainly due to new retirees. There was a 5.2 percent decrease in the amount of health care benefit payments.

Administrative expenses are down this year by 7.7 percent. This decrease is the direct result of the Executive Director's continued costs saving efforts. Refunds of member contributions are slightly higher than the prior year due to an increased amount of withdrawals. Other deductions to Plan Net Assets returned to normal levels in 2010 and represent only a minor amount.

Please refer to the Management's Discussion and Analysis for additional financial details.

Funding Practices and Actuarial Overview

Funds are derived from the excess of additions over deductions and are accumulated by OP&F in order to meet current and future benefit obligations to retirees and other beneficiaries. OP&F actually experienced a $1.2 billion increase in plan net assets in 2010 due to investment return experiences. Health care currently operates on a pay–as–you–go basis with a minimal amount of reserves being set aside to operate the program.

The OP&F investment portfolio achieved an estimated return of 15.8 percent in 2010. By adhering to the sound principles and strategies that are in place, OP&F was in an advantageous position for the continued market rebound of 2010. As of Dec. 31, 2010 the net asset value of the total investment portfolio stood at $11.8 billion.

Despite the gains of 2009 & 2010, the negative investment returns of 2008 continued to hamper OP&F's efforts to comply with the state's 30-year funding requirement. In September 2009 and again in February 2011, OP&F presented recommendations to the Ohio Retirement Study Council (ORSC) on how to comply with the 30-year requirement. OP&F's comprehensive plan recommended increases in member contributions along with changes to the minimum retirement age, modifications to cost-of-living adjustments, changes in the interest rate and minimum enrollment period for DROP, changing the formula to calculate final average salary and continued alterations to the sponsored health care plan for retirees.

The recommendations were presented with the hopes and expectations that legislation would be drafted to address the long-term funding concerns created by the 30-year requirement.

While we do not meet the 30-year funding requirement for pensions, the annual actuarial valuation completed by Buck Consultants, shows that our pension funding ratio as of Jan. 1, 2010 was 72.8 percent based on the actuarial value of assets. The report confirms that we continue to be able to meet our current and future pension obligations. As of the same date, our health care funding ratio was 17.74 percent with a solvency period until the year 2040, or 30 more years, which currently exceeds the target of at least 15 years.

A report by Evaluation Associates on returns as of June 30, 2010, which was presented to ORSC in November, showed that over longer periods, OP&F's investment performance ranked among the best of Ohio's retirement systems. The three year numbers showed that OP&F bested its policy benchmark by 41 basis points, tops among Ohio systems. For the five-year period, three of the five systems outpaced their respective policy benchmarks with OP&F outperforming its benchmark by 22 basis points. For the 10-year period, four of the five systems out-performed their individual benchmarks, led by OP&F with 3.57 percent, outpacing its benchmark by 41 basis points.

It should be noted that this report was for returns through June 30, 2010 and investment returns for the second half of the year are significantly higher.

Please see the notes to the basic financial statements, the "Statistical Section" and the "Required Supplementary Information (RSI) Sections" of this report for more detailed information.

Investment Policy

OP&F invests all available funds in order to maximize both current income and long–term appreciation. The primary objective of OP&F's investment policy is to assure that OP&F meets its responsibilities for providing retirement and other benefits. The portfolio is diversified to provide adequate cash flow and to provide the highest possible total return for OP&F's assets while maintaining an acceptable level to risk. Over the past two years, OP&F's total rate of return on its investment portfolio was favorable with a gain of 15.8 percent in 2010 and a gain of 20.7 percent in 2009.

Details of portfolio composition, rates of return, analysis of significant economic conditions, and additional information concerning OP&F's investment policy are provided in the "Investment Section" of this report.

Material Plan Amendments

There were no material plan amendments in 2010. See the "Actuarial Section" for the assumptions used within this report.

Independent Audit

Clark Schaefer Hackett, independent certified public accountants, audited the financial statements of OP&F for the year ended Dec. 31, 2010, and their opinion thereon is included in the "Financial Section."

Notes to Basic Financial Statements

The notes to basic financial statements, which follow the "Basic Financial Statements", contain additional information and are an integral part of such statements.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to OP&F for its CAFR for the fiscal year ended Dec. 31, 2009. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation and contents of this report reflects the combined efforts of OP&F's staff under the direction of the Board of Trustees and are the responsibility of OP&F's management staff. It is intended to provide complete and reliable information as a basis for making management decisions, to disclose compliance with legal provisions, and as a means of demonstrating responsible stewardship for the assets contributed by the members and their employers.

The cooperation of OP&F's employers is vital to our success and is greatly appreciated.

Respectfully submitted,

William J. Estabrook
Executive Director

Scott K. Miller, CIA
Financial Services Director

The 2010 Comprehensive Annual Financial Report

Financial Section

The Ohio Police & Fire Pension Fund

Ohio Police & Fire Pension Fund
140 East Town Street • Columbus, Ohio 43215
www.op–f.org • 800–860–9599

Independent Auditor's Report

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

To the Board of Trustees
Ohio Police and Fire Pension Fund
Columbus, Ohio

We have audited the accompanying statements of fiduciary net assets of the Ohio Police and Fire Pension Fund (the Fund) as of December 31 , 2010 and 2009, and the related statements of changes in fiduciary net assets for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets of the Ohio Police and Fire Pension Fund, as of December 31, 2010 and 2009, and the respective changes in fiduciary net assets, thereof for the years 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 our report dated June 10, 2011 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4 through 7 and 29 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The introductory section, the schedule of administrative expenses, the schedule of investment expenses, the combining statement of changes in assets and liabilities -Public Safety Officers' Death Benefit Fund, investment section, actuarial section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of administrative expenses, the schedule of investment expenses and the combining statement of changes in assets and liabilities Public Safety Officers' Death Benefit Fund have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, investment section, actuarial section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 10, 2011

2525 north limestone street, ste. 103

springfield, oh 45503

www.cshco.com

p. 937.399.2000

f. 937.399.5433

cincinnati | columbus | dayton | middletown | springfield

Management's Discussion and Analysis (Unaudited)

This Management Discussion and Analysis (MD&A) of OP&F's financial performance provides a narrative overview of financial activities for the fiscal year ended Dec. 31, 2010. The MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts. OP&F encourages you to read it in conjunction with "Basic Financial Statements," "Notes to Basic Financial Statements," and the "Letter of Transmittal" included in the "Introduction Section" of OP&F's CAFR.

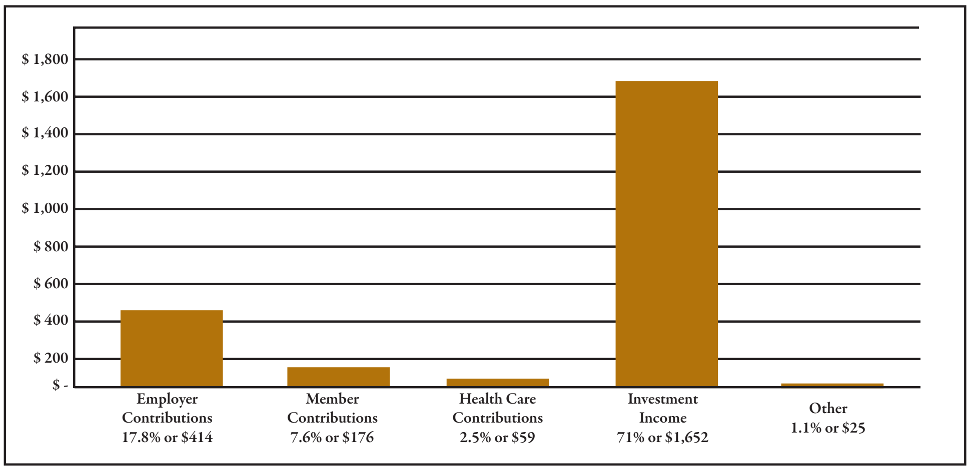
FINANCIAL HIGHLIGHTS

Plan additions are received primarily from investment income, employer and member pension contributions. For fiscal year 2010, these additions totaled $2,326.0 million and were $2,551.1 million in 2009, which is a 8.8 percent decrease. This amount fluctuates because it includes realized and unrealized investment gains and losses based on performance of global capital markets.

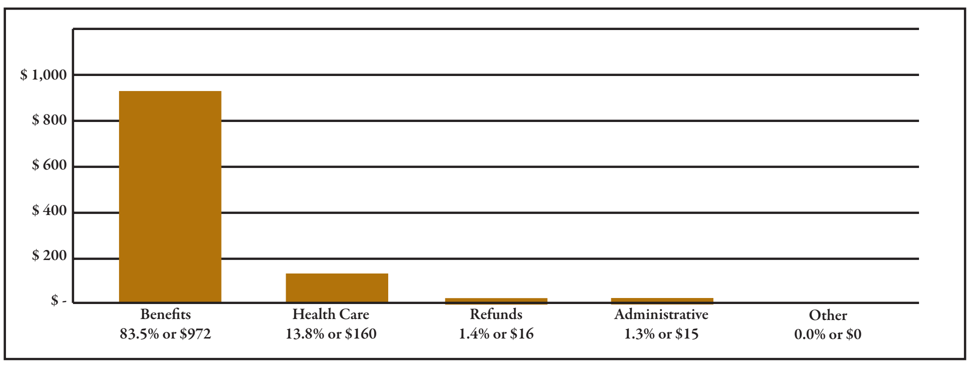
The employer and member contribution rates during 2010 remained unchanged from the prior year. Member contributions are 10 percent for all members, while employer contributions are 19.5 percent and 24 percent for police and fire employers, respectively.

Plan deductions are incurred primarily for the purpose for which OP&F was created, the payment of pension, disability, and survivor benefits. Included in the deductions from plan net assets for 2010 were benefits for retirement, deferred retirement option plan (DROP), disability, health care, and survivor benefits. Also included were contribution refunds, administrative and other expenses. Pension benefits are funded through a combination of member and employer contributions, and investment income. Health care expenses are funded on a pay–as–you–go–basis through a portion of employer contributions, health care premiums, and investment income. Deductions totaled $1,163.0 million in 2010 and were $1,117.1 million in 2009, which is a 4.1 percent increase over 2009. Normal increases in benefit payments, health care and continued high levels of participation in OP&F's DROP program created an increase of 4.3 percent in benefit expenditures for the 2010 year.

2010 Plan Additions (dollars in millions) $2,326



2010 Plan Deductions (dollars in millions) $1,163



OVERVIEW OF FINANCIAL STATEMENTS

Following the MD&A are the Statements of Fiduciary Net Assets and the Statements of Changes in Fiduciary Net Assets. OP&F's financial statements are prepared using the accrual basis of accounting and are in compliance with applicable Governmental Accounting Standards Board Statements.

The Statements of Fiduciary Net Assets provide a snap–shot view at year–end for the amount the plan has accumulated in assets to pay for benefits. The Statements of Changes in Fiduciary Net Assets show what has happened to the plan assets during the fiscal year. If net assets increased, then additions were greater than the deductions. If net assets decreased, then additions to the plan were less than the deductions from the plan.

In addition to the "Basic Financial Statements" and accompanying "Notes to Basic Financial Statements", certain "Required Supplementary Information" (RSI) is provided. The "Schedule of Funding Progress" shows on an actuarial basis whether OP&F's ability to pay for benefits is improving or deteriorating over time. Also included in the RSI is a "Schedule of Contributions from Employers and Other Contributing Entities" and "Notes to the RSI." Both schedules provide data over the past ten years. Following the RSI are "Schedules of Administrative Expenses" and "Schedule of Investment Expenses."

A condensed version of our financial information is being provided as part of this discussion.

Condensed Fiduciary Net Asset Information (dollars in millions)

				2010 Change		2009 Change	
	2010	2009	2008	Amount	Percent	Amount	Percent
Cash and Short-term Investments	$618.4	$410.2	$454.8	$208.2	50.8%	$(44.6)	(9.8)%
Receivables	240.8	267.7	262.9	(26.9)	(10.0)%	4.8	1.8%
Investments, at Fair Value	13,357.3	11,562.9	9,505.8	1,794.4	15.5%	2,057.1	21.6%
Capital Assets, Net of Depreciation	22.4	23.4	25.0	(1.0)	(4.3)%	(1.6)	(6.4)%
Other Assets	0.2	2.2	0.5	(2.0)	(90.9)%	1.7	340.0%
Total Assets	**14,239.1**	**12,266.4**	**10,249.0**	**1,972.7**	**16.1%**	**2,017.4**	**19.7%**
Benefits and Accounts Payable	1,232.0	1,032.6	818.0	199.4	19.3%	214.6	26.2%
Investments Payable	2,213.9	1,603.6	1,234.8	610.3	38.1%	368.8	29.9%
Total Liabilities	**3,445.9**	**2,636.2**	**2,052.8**	**809.7**	**30.7%**	**583.4**	**28.4%**
Net Assets Available	**$10,793.2**	**$9,630.2**	**$8,196.2**	**$1,163.0**	**12.1%**	**$1,434.0**	**17.5%**

Condensed Changes In Fiduciary Net Asset Information (dollars in millions)

				2010 Change		2009 Change	
	2010	2009	2008	Amount	Percent	Amount	Percent
Contributions	$649.1	$632.7	$636.2	$16.4	2.6%	$(3.5)	(0.6)%
Net Investment Gain/(Loss)	1,651.8	1,894.9	(3,832.9)	(243.1)	(12.8)%	5,727.8	149.4%
Other Additions	25.1	23.5	25.2	1.6	6.8%	(1.7)	(6.7)%
Total Additions	**2,326.0**	**2,551.1**	**(3,171.5)**	**(225.1)**	**(8.8)%**	**5,722.6**	**180.4%**
Benefits	1,132.2	1,085.0	1,021.0	47.2	4.4%	64.0	6.3%
Refunds	15.8	15.7	17.7	0.1	0.6%	(2.0)	(11.3)%
Administration Expenses and Other	15.0	16.4	16.1	(1.4)	(8.5)%	0.3	1.9%
Total Deductions	**1,163.0**	**1,117.1**	**1,054.8**	**45.9**	**4.1%**	**62.3**	**5.9%**
Net Increase/(Decrease)	**1,163.0**	**1,434.0**	**(4,226.3)**	**(271.0)**	**(18.9)%**	**5,660.3**	**133.9%**
Net Assets, Beginning Of Year	**9,630.2**	**8,196.2**	**12,422.5**	**1,434.0**	**17.5%**	**(4,226.3)**	**(34.0)%**
Net Assets, End Of Year	**$10,793.2**	**$9,630.2**	**$8,196.2**	**$1,163.0**	**12.1%**	**$1,434.0**	**17.5%**

FINANCIAL ANALYSIS

Fiduciary Net Assets

Net assets available for benefits and expenses in 2010 were $10,793.2 million versus $9,630.2 million in 2009, which represents a 12.1 percent overall net increase. In 2009, net assets increased by 17.5 percent over 2008. The overall net increase can be primarily attributed to net appreciation on the fair value of investments, and a slight increase in employer contributions received. Refund payments to members were up slightly in 2010. Please refer to the Investment Section for additional information on OP&F's investment activities in 2010.

Revenue Additions to Fiduciary Net Assets

Overall contributions received by OP&F in 2010 increased 2.6 percent or $16.5 million. Pension contributions from employers and members increased $16.8 million, or 2.9 percent, in 2010 due to an increase in the average gross pensionable salary earned by active members. While the active member population, or contributing members, decreased by 448 to 28,479, or by 1.5 percent, the average annual salary increased by 1.4 percent. The net result for the year was that member contributions increased by $7.1 million, or 4.2 percent.

Overall contributions were down in 2009, as compared to 2008, by 0.6 percent, or $3.5 million. This was attributed to a combination of economic impacts such as furloughs, delayed or lower pay increases and reduction in hours worked. The increases seen in 2010 are a positive sign that the economy is recovering from the economic recession that was reported in OP&F's 2008 CAFR.

Contributions paid by members and beneficiaries for their share of the health care costs decreased by 0.3 percent from $59.1 million to $58.9 million in 2010. This reflects a shift of OP&F's population into the Medicare Supplement fully insured plan, which has Medicare as the primary payer and OP&F as secondary, as the mix of OP&F's population moved over age 65. This shift has helped to reduce the health care costs for which members and beneficiaries are responsible.

Health care contributions increased in 2009 over 2008 by 3.9 percent. This increase was due to an increase in the number of members and beneficiaries selecting to participate in the OP&F program.

In 2010, contributions received through the state subsidy decreased 11.4 percent, or negative $0.1 million, from $0.8 million to $0.7 million. The state subsidized contributions also declined in 2009 by 8.7 percent and declined in 2008 by 11.6 percent. This trend is due to a normal decline in the population of survivors receiving this subsidized benefit.

Investment net appreciation totaled $1,444.2 million in 2010, totaled $1,704.2 million in 2009 and depreciated in 2008 by a negative $4,089.0 million. The appreciation of 2010 and 2009 can be directly attributed to the overall positive return on OP&F investments of 15.8 percent and 20.7 percent, respectively. The 2008 depreciation can be directly attributed to the overall negative 28.1 percent return on OP&F investments. Net investment income decreased by $243.4 million, or 12.9 percent, in 2010 over 2009. Net investment income increased by $5,731.1 million, or 149.3 percent, in 2009 over 2008. The increases in the past two years is due to the U.S. and international markets rebounding strongly as global stimulus and signs of economic recovery impacted the financial markets.

Expense Deductions from Fiduciary Net Assets

Benefit deductions for retirement, deferred retirement option plan (DROP), disability and survivors increased $56.0 million, or 6.1 percent, in 2010, increased $48.6 million, or 5.6 percent in 2009, and increased $51.8 million, or 6.3 percent, in 2008. The majority of the increases over the years are due to OP&F's DROP program having better than expected participation, and an increasing scale upon which contributions are allocated to the actual accounts, which allows active members to accrue pension benefits, contributions and interest in a separate account. Also contributing are the increases in the retirees and beneficiaries rolls. These rolls increased by 395 individuals, or 1.6 percent, in 2010, increased by 439, or 1.8 percent, in 2009 and increased by 195, or 0.8 percent, in 2008. Each year, there was also a 3 percent cost of living adjustment for eligible recipients.

Health care benefits decreased by 5.2 percent in 2010. Health care benefits increased in 2009 by 10 percent and again increased in 2008 by 2.8 percent. Gross health care payments totaled $159.9 million in 2010 and represented nearly 13.7 percent of all plan deductions. The savings experienced in 2010 can be directly attributed to a shift of the OP&F population into the Medicare Supplement fully insured plan, which has Medicare as the primary payer and OP&F as secondary, as the mix of OP&F's population moved over age 65. This shift has helped to reduce the health care costs for which members and beneficiaries are responsible.

Refunds to members increased by 0.4 percent in 2010, decreased by 11 percent in 2009 and increased by 17 percent in 2008. Refunds to members include actual refunds of pension contributions and liabilities incurred for inactive members who are non–vested and who have accumulated contributions on deposit with OP&F.

Statement of Fiduciary Net Assets as of Dec. 31, 2010

	Pensions	Post-employment Health Care	2010 Total	Death Benefit Fund
Assets:				
Cash and Short-term Investments	$581,653,124	$36,732,774	$618,385,898	$238,235
Receivables:				
Employers' Contributions	65,868,265	29,927,900	95,796,165	-
Members' Contributions	15,703,434	-	15,703,434	-
Accrued Investment Income	39,868,731	2,517,805	42,386,536	-
Investment Sales Proceeds	51,497,093	3,252,164	54,749,257	-
Local Funds Receivable	32,145,606	-	32,145,606	-
Total Receivables	**205,083,129**	**35,697,869**	**240,780,998**	**-**
Investments, at fair value:				
Bonds	1,940,447,418	122,543,856	2,062,991,274	-
Mortgage and Asset-Backed Securities	624,872,125	39,462,157	664,334,282	-
Stocks	4,317,174,066	272,639,780	4,589,813,846	-
Real Estate	749,691,587	47,344,802	797,036,389	-
Commercial Mortgage Funds	39,678,565	2,505,796	42,184,361	-
Private Equity	386,805,179	24,427,664	411,232,843	-
International Securities	3,326,570,776	210,080,833	3,536,651,609	-
Total Investments	**11,385,239,716**	**719,004,888**	**12,104,244,604**	**-**
Collateral on Loaned Securities	1,178,659,623	74,435,150	1,253,094,773	**-**
Capital Assets, net of accumulated depreciation, where applicable:				
Land	3,200,000	-	3,200,000	-
Building and Improvements	15,101,348	-	15,101,348	-
Furniture and Equipment	194,448	-	194,448	-
Computer Software and Hardware	3,949,288	-	3,949,288	-
Total Capital Assets, Net	22,445,084	-	22,445,084	-
Prepaid Expenses and Other	207,426	-	207,426	-
Total Assets	**13,373,288,102**	**865,870,681**	**14,239,158,783**	**238,235**
Liabilities:				
Health Care Payable	-	16,633,929	16,633,929	-
Investment Commitments Payable	164,662,109	10,398,803	175,060,912	-
Accrued Administrative Expenses	11,367,996	-	11,367,996	-
Other Liabilities	16,960,098	-	16,960,098	-
Due to State of Ohio	-	-	-	238,235
DROP Liabilities	1,187,086,728	-	1,187,086,728	-
Obligations Under Repurchase Agreements	739,051,544	46,672,858	785,724,402	-
Obligations Under Securities Lending	1,178,659,623	74,435,150	1,253,094,773	-
Total Liabilities	**3,297,788,098**	**148,140,740**	**3,445,928,838**	**238,235**
NET ASSETS HELD IN TRUST FOR PENSION AND POST-EMPLOYMENT HEALTH CARE BENEFITS	**$10,075,500,004**	**$717,729,941**	**$10,793,229,945**	**$ -**

See Notes to Basic Financial Statements.

Statement of Fiduciary Net Assets as of Dec. 31, 2009

	Pensions	Post-employment Health Care	2009 Total	Death Benefit Fund
Assets:				
Cash and Short-Term Investments	$388,253,048	$21,911,959	$410,165,007	$241,308
Receivables:				
Employers' Contributions	74,728,731	34,094,091	108,822,822	-
Members' Contributions	15,308,042	-	15,308,042	-
Accrued Investment Income	32,641,816	1,842,216	34,484,032	-
Investment Sales Proceeds	72,040,376	4,065,765	76,106,141	-
Local Funds Receivable	32,965,580	-	32,965,580	-
Total Receivables	**227,684,545**	**40,002,072**	**267,686,617**	**-**
Investments, At Fair Value:				
Bonds	1,377,321,061	77,732,300	1,455,053,361	-
Mortgage and Asset-Backed Securities	519,272,041	29,306,319	548,578,360	-
Stocks	3,981,331,706	224,695,664	4,206,027,370	-
Real Estate	602,723,350	34,016,086	636,739,436	-
Commercial Mortgage Funds	42,347,653	2,389,988	44,737,641	-
Private Equity	336,947,662	19,016,421	355,964,083	-
International Securities	2,737,808,621	154,514,562	2,892,323,183	-
Total Investments	**9,597,752,094**	**541,671,340**	**10,139,423,434**	**-**
Collateral on Loaned Securities	1,347,445,007	76,046,176	1,423,491,183	-
Capital Assets, net of accumulated depreciation, where applicable:				
Land	3,200,000	-	3,200,000	-
Building and Improvements	15,598,390	-	15,598,390	-
Furniture and Equipment	293,017	-	293,017	-
Computer Software and Hardware	4,266,298	-	4,266,298	-
Total Capital Assets, Net	23,357,705	-	23,357,705	-
Prepaid Expenses and Other	2,213,651	-	2,213,651	-
Total Assets	**11,586,706,050**	**679,631,547**	**12,266,337,597**	**241,308**
Liabilities:				
Health Care Payable	-	20,562,725	20,562,725	-
Investment Commitments Payable	82,272,188	9,623,492	91,895,680	-
Accrued Administrative Expenses	8,957,160	-	8,957,160	-
Other Liabilities	16,667,125	-	16,667,125	-
Due to State of Ohio	-	-	-	241,308
DROP Liabilities	986,326,684	-	986,326,684	-
Obligations Under Repurchase Agreements	88,244,298	-	88,244,298	-
Obligations Under Securities Lending	1,347,445,007	76,046,176	1,423,491,183	-
Total Liabilities	**2,529,912,462**	**106,232,393**	**2,636,144,855**	**241,308**
NET ASSETS HELD IN TRUST FOR PENSION AND POST-EMPLOYMENT HEALTH CARE BENEFITS	**$9,056,793,588**	**$573,399,154**	**$9,630,192,742**	**$ -**

See Notes to Basic Financial Statements.

Statement of Changes in Fiduciary Net Assets Year Ended Dec. 31, 2010

	Pensions	Post-employment Health Care	2010 Total
Additions:			
From Contributions:			
Employers'	$285,251,945	$128,774,894	$414,026,839
Members'	175,477,342	-	175,477,342
State of Ohio - Subsidies	692,634	-	692,634
Health Care	-	58,923,329	58,923,329
Total Contributions	**461,421,921**	**187,698,223**	**649,120,144**
From Investment Income:			
Net Appreciation			
Value of Investments	1,356,328,808	87,893,487	1,444,222,295
Bond Interest	118,770,460	7,696,622	126,467,082
Dividends	83,783,590	5,429,385	89,212,975
Allocated Income	19,077,061	1,236,241	20,313,302
Foreign Securities	(59,856)	(3,879)	(63,735)
Other Investment Income	1,657,198	107,391	1,764,589
Less Investment Expenses	(31,337,256)	(2,030,732)	(33,367,988)
Net Investment Income	**1,548,220,005**	**100,328,515**	**1,648,548,520**
From Securities Lending Activities:			
Securities Lending Income	5,994,781	388,477	6,383,258
Security Lending Expense	(2,967,025)	(192,271)	(3,159,296)
Net Income from Securities Lending	**3,027,756**	**196,206**	**3,223,962**
Interest on Local Funds Receivable	1,379,830	-	1,379,830
Other Income	7,066,937	16,709,612	23,776,549
Total Additions	**2,021,116,449**	**304,932,556**	**2,326,049,005**
Deductions:			
Retirement Benefits	444,386,040	-	444,386,040
DROP Benefits	240,954,818	-	240,954,818
Disability Benefits	217,843,414	-	217,843,414
Health Care Benefits	-	159,913,915	159,913,915
Survivor Benefits	69,052,597	-	69,052,597
Contribution Refunds	15,789,397	-	15,789,397
Administrative Expenses	14,361,380	687,854	15,049,234
Other Expenses	22,387	-	22,387
Total Deductions	**1,002,410,033**	**160,601,769**	**1,163,011,802**
Net Increase	1,018,706,416	144,330,787	1,163,037,203
Net assets held in trust for pension and post-employment health care benefits:			
Balance, Beginning of year	**9,056,793,588**	**573,399,154**	**9,630,192,742**
BALANCE, END OF YEAR	**$10,075,500,004**	**$717,729,941**	**$10,793,229,945**

See Notes to Basic Financial Statements.

Statement of Changes in Fiduciary Net Assets Year Ended Dec. 31, 2009

	Pensions	Post-employment Health Care	2009 Total
Additions:			
From Contributions:			
Employers'	$277,684,445	$126,649,859	$404,334,304
Members'	168,404,393	-	168,404,393
State of Ohio - Subsidies	782,060	-	782,060
Health Care	-	59,148,831	59,148,831
Total Contributions	**446,870,898**	**185,798,690**	**632,669,588**
From Investment Income:			
Net Appreciation			
Value of Investments	1,611,034,647	93,176,163	1,704,210,810
Bond Interest	106,940,002	6,185,006	113,125,008
Dividends	82,966,453	4,798,466	87,764,919
Allocated Income	8,220,286	475,430	8,695,716
Foreign Securities	315,428	18,243	333,671
Other Investment Income	4,559,803	263,722	4,823,525
Less Investment Expenses	(25,487,334)	(1,474,091)	(26,961,425)
Net Investment Income	**1,788,549,285**	**103,442,939**	**1,891,992,224**
From Securities Lending Activities:			
Securities Lending Income	7,234,458	418,414	7,652,872
Securities Lending Expenses	(4,498,155)	(260,156)	(4,758,311)
Net Income from Securities Lending	**2,736,303**	**158,258**	**2,894,561**
Interest on Local Funds Receivable	1,411,682	-	1,411,682
Other Income	7,314,036	14,775,646	22,089,682
Total Additions	**2,246,882,204**	**304,175,533**	**2,551,057,737**
Deductions:			
Retirement Benefits	423,682,229	-	423,682,229
DROP Benefits	215,411,730	-	215,411,730
Disability Benefits	211,061,116	-	211,061,116
Health Care Benefits	-	168,744,032	168,744,032
Survivor Benefits	66,080,624	-	66,080,624
Contribution Refunds	15,720,010	-	15,720,010
Administrative Expenses	15,620,575	690,478	16,311,053
Other Expenses	142,584	-	142,584
Total Deductions	**947,718,868**	**169,434,510**	**1,117,153,378**
Net Increase	1,299,163,336	134,741,023	1,433,904,359
Net assets held in trust for pension and post-employment health care benefits:			
Balance, Beginning of year	**7,757,630,252**	**438,658,131**	**8,196,288,383**
BALANCE, END OF YEAR	**$9,056,793,588**	**$573,399,154**	**$9,630,192,742**

See Notes to Basic Financial Statements.

Notes to Basic Financial Statements Dec. 31, 2010 and 2009

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies followed by the Ohio Police & Fire Pension Fund (OP&F).

Basis of Accounting

OP&F's financial statements have been prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred. Contributions are earned based on statutory requirements under Chapter 742 of the Ohio Revised Code (ORC).

New Accounting Pronouncement

During the year ended Dec. 31, 2010, OP&F adopted the provisions of GASB Statement No. 53 Accounting and Financial Reporting for Derivative Instruments. The objective of this pronouncement is to enhance the usefulness and comparability of derivative information reported in the financial statements.

During the year ended Dec. 31, 2009, OP&F adopted the provisions of GASB Statement No. 56 Codification of Accounting and Financial Reporting Guidance Contained in the American Institute of Certified Public Accountants (AICPA) Statements on Auditing Standards.

Management Use of Estimates

The preparation of the financial statements requires management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to estimates and assumptions include the market value of certain investments, carrying amount of capital assets, and assets and obligations related to employee and member benefits. Actual results could differ from those estimates.

Reclassifications

Any reclassifications are done on a comparative basis for each year displayed.

Investments

Investment purchases and sales are recorded on a trade date basis. Dividend income is recognized on the ex-dividend date, while interest and rental income are recognized when earned.

Investments are reported at fair market value. Securities traded on a national or international exchange are valued at the last reported sales price at then current exchange rates. Mortgages are valued on the basis of future principal payments discounted at prevailing interest rates for similar instruments. The fair value of real estate is based on independent appraisals and internal valuations. Investments that do not have an established market are reported at estimated fair market value. Private equity limited partnership interest is based on values established by each partnership's valuation committee.

Net appreciation is determined by calculating the change in the fair value of investments between the end of the year and the beginning of the year, less the cost of investments purchased, plus proceeds from sales of investments at fair value. Investment expense consists of administrative expenses directly related to OP&F's investment operations and a proportional amount of all other administrative expenses allocated based on the ratio of OP&F's investment staff to total OP&F staff.

Federal Income Tax Status

OP&F was determined to be a trust under section 401(a) of the Internal Revenue Code that is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code.

Administrative Costs

The cost of administering the plan is financed by investment income.

Contributions, Benefits, and Refunds

Employer and member contributions are recognized when due or in the period the related member salaries are earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The range of estimated useful lives is as follows:

Buildings and improvements:	40 years
Furniture and equipment:	3 to 10 years
Computer software and hardware:	2 to 10 years

	Jan. 1, 2010	Increase	Decreases	Dec. 31, 2010
Non–depreciable Capital Assets				
Land	$3,200,000	$ -	$ -	$3,200,000
Depreciable Capital Assets				
Building and Improvements	21,309,583	15,146	(7,574)	21,317,155
Furniture and Equipment	4,347,643	15,389	(6,560)	4,356,472
Computer Software and Hardware	11,995,831	1,924,348	(967,533)	12,952,646
Depreciable Capital Assets	**37,653,057**	**1,954,883**	**(981,667)**	**38,626,273**
Accumulated Depreciation				
Building and Improvements	5,711,193	504,614	0	6,215,807
Furniture and Equipment	4,054,626	107,398	0	4,162,024
Computer Software and Hardware	7,729,534	1,273,824	0	9,003,358
Total Accumulated Depreciation	**17,495,353**	**1,885,836**	**0**	**19,381,189**
TOTAL DEPRECIABLE CAPITAL ASSETS, NET	**$20,157,704**	**$69,047**	**$(981,667)**	**$19,245,084**

2 – DESCRIPTION OF THE SYSTEM

Organization

OP&F is a cost–sharing, multiple–employer public employee retirement system established by Chapter 742 of the Ohio Revised Code (ORC) in 1965 to consolidate the various individual local police and firefighter's relief and pension funds into one statewide plan. OP&F is administered by a nine member Board of Trustees, consisting of four active police and fire members, two retired police and fire members, and three statutory members, which have changed with the enactment of Senate Bill 133 in September 2004. Each statutory member—one appointed by the Governor, one by the Ohio Treasurer of State, and one appointed jointly by the Senate President and Speaker of the House—must have professional investment expertise. OP&F administers pension, disability and health care benefits to qualified participants. In addition, OP&F administers survivor benefits, death benefits and sponsors health care programs for eligible retirees, survivors, spouses, children and dependent parents. OP&F is a separate financial reporting entity in accordance with criteria established by Governmental Accounting Standards Board Statement No.14. Because OP&F is legally separate, a voting majority of the governing board is not appointed by the State and it is fiscally independent of other state and local governments. OP&F also has a variety of professional consultants and money managers as listed on page iii and page 42.

Plan Membership

Employer and member data as of Jan. 1, 2010 and 2009, based on the most recent actuarial valuation, is as follows:

	2010			2009		
Employee Members	Police	Fire	Total	Police	Fire	Total
Retirees and Beneficiaries						
Currently receiving benefits	14,797	10,915	25,712	14,567	10,750	25,317
Terminated employees entitled to benefits but not yet receiving them	94	47	141	82	40	122
TOTAL BENEFIT MEMBERS	**14,891**	**10,962**	**25,853**	**14,649**	**10,790**	**25,439**
Current Members						
Vested	7,180	6,170	13,350	6,891	6,018	12,909
Non-vested	8,401	6,868	15,269	8,998	7,155	16,153
Total Current Members	15,581	13,038	28,619	15,889	13,173	29,062
TOTAL EMPLOYEE MEMBERS	**30,472**	**24,000**	**54,472**	**30,538**	**23,963**	**54,501**
Employer Members						
Municipalities	252	229	481	252	229	481
Townships	0	123	123	0	121	121
Villages	284	33	317	287	32	319
TOTAL EMPLOYER MEMBERS	**536**	**385**	**921**	**539**	**382**	**921**

Benefits

Plan benefits are established under ORC Chapter 742. Members are eligible for normal retirement benefits at age 48 with 25 years of service credit. The normal retirement benefit is equal to 2.5 percent of annual earnings for each of the first 20 years of service, 2.0 percent for each of the next 5 years of service and 1.5 percent for each year of service thereafter. However, this normal retirement benefit is not to exceed 72 percent of the member's "average annual salary" or "recalculated average salary" as the case may be, for the three 12 consecutive months during which the total "salary" was greatest. With 15 years of service credit, retirement with reduced benefits is available upon reaching age 48, and 25 years have elapsed from the date the member became a qualified employee in a police or fire department, whichever date is later. An age/service commuted benefit is available to members, age 62 with at least 15 years of service. This benefit is equal to 1.5 percent of average annual salary.

In addition to retirement benefits, OP&F also provides disability, survivor, and Death Fund benefits. Disability benefits are available to all members and vary by length of service and type of disability. Statutory survivor benefits are specified dollar amounts paid to eligible survivors, children and dependent parents upon the death of an active member or retiree. A one-time lump sum death benefit of $1,000 is payable to the surviving spouse, designated beneficiary, or estate of each deceased retired member.

OP&F also administers the Ohio Public Safety Officers Death Benefit Fund, which is funded by the state of Ohio and provides special benefits to eligible survivors of public safety officers who are killed in the line of duty or who die from injuries or disease incurred in the performance of official duties. These eligible survivors are entitled to receive the member's full monthly salary, which will be reduced at the member's retirement eligibility date. These death benefit payments are in addition to any optional payment plan benefits elected by the member.

Deferred Retirement Option Plan (DROP)

Effective January 2003, the Deferred Retirement Option Plan (DROP) is an optional benefit that allows eligible police officers and firefighters to accumulate a lump sum of money for retirement, subject to the member meeting certain criteria.

OP&F members who are eligible for a normal service retirement (48 years of age or older with 25 years or more of service credit) can enter the DROP program by delaying retirement and continuing to work as police officers or firefighters. Upon the DROP effective date, a member's pension is calculated as if that were the date of retirement. While the member continues to work and draw their normal salary, the amount they would have received in retirement benefits, plus annual 3 percent cost–of–living adjustments (COLAs), accumulate tax–deferred at OP&F on their behalf. As the DROP participant continues to work, a portion of their OP&F member contribution, plus 5 percent interest, also accumulates into DROP.

To receive the benefit of DROP, without penalty, members must work at least three more years in an OP&F–covered position and they must terminate employment and retire within eight years of their DROP effective date. When members end their active employment and retire within the required period, which terminates their DROP participation, they begin to receive their monthly pension that was determined on their DROP effective date (plus COLAs) and will be eligible for health care benefits based on the eligibility guidelines in place at the time of their retirement. Members who have terminated employment can begin to withdraw funds from their DROP accrual in a lump–sum payment or installments, as long as three full years have elapsed from their DROP effective date.

Health Care

OP&F sponsors a comprehensive health care program for eligible benefit recipients and their eligible dependents. This program is not guaranteed and the benefits are administered by third party providers and are subject to change at any time upon action of the Board of Trustees. The program includes prescription drugs and reimbursement of Medicare Part B premiums. Benefit recipients pay a portion of the health care cost through a monthly contribution.

Under Ohio law, health care costs paid from the funds of the plan are included in the employer contribution rates, which are currently 19.5 percent and 24 percent of salaries for police and fire employers, respectively. The Board of Trustees allocated employer contributions equal to 6.75 percent of annual covered payroll to the Health Care Stabilization Fund, which was part of the Pension Reserve Fund for 2010 and allocated 6.75 percent in 2009.

OP&F maintains funds for health care in two separate accounts. One for health care benefits and one for Medicare Part B reimbursements. An Internal Revenue Service (IRS) Code Section 401 (h) is maintained for Medicare Plan B and a separate trust accrual account is maintained for health care benefits under an IRS Code Section 115 trust.

Refunds

Upon termination of employment, members may withdraw their accumulated employee contributions to OP&F. Acceptance of a refund cancels the member's rights and benefits in OP&F. Employer contributions to OP&F are not refundable.

Funded Status and Funding Progress – OPEB Plans

In April 2004, the GASB issued Statement No. 43, Financial Reporting for Post Employment Benefits Plans Other Than Pension Plans. This Statement establishes uniform financial reporting standards for post employment benefits other than pension plans and supersedes the interim guidance included on Statement No. 26 Financial Reporting for Post Employment Healthcare Plans Administered by Defined Benefit Plans. The disclosures below are required by this Standard.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarial calculations of the OPEB plan reflect a long-term perspective and are under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point.

Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the basic financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for these benefits.

Additional information as of the latest actuarial valuation follows:

Defined Benefit Plan – Pension Trust

Valuation date: Jan. 1, 2010
Actuarial cost method: Entry Age
Amortization method: Level percent of Payroll, open
Remaining amortization period: 30 years (Infinite, on an actual basis)
Funding Ratio: 72.8%
Asset valuation method: 5–year adjusted market value with a corridor of 20% of the market value

Actuarial assumptions:

Investment rate of return 8.25%
Projected salary increases 5.0–11.0%
Payroll Increases 4%
Cost–of–living adjustments 3.0% simple
Inflation 3.25%

Retiree Health Care Benefits – Health Care Trust

Valuation date: Jan. 1, 2010
Actuarial cost method: Entry Age
Amortization method: Level percent of Payroll, open
Remaining amortization period: 30 years
Asset valuation method: Fair Market Value

Actuarial assumptions:

Investment rate of return 6.00%
Projected salary increases 5.0–11.0%
Payroll Increases 4.00%
Inflation 3.25%

Health Care Cost Trends	Initial Rate	Ultimate Rate	Ultimate Year
Non-Medicare	8.00%	5.00%	2017
Non-AARP	8.00%	5.00%	2017
AARP	6.75%	5.00%	2018
Rx Drug	8.50%	5.00%	2018
Medicare Part B	5.80%	5.00%	2019

Schedule of Funding Progress

For the year ending Dec. 31, 2009

Pension Trust (dollars in millions)

Valuation Year (Dec. 31)	Valuation Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Ratio of Assets to AAL	Active Member Payroll	UAAL as Percentage of Active Member Payroll
2009	$10,794	$14,831	$4,037	72.8%	$1,895	213.0%

The amounts reported in this schedule do not include assets or liabilities for post-employment health care benefits.

Retiree Health Care Trust (dollars in millions)

Valuation Year (Dec. 31)	Valuation Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Ratio of Assets to AAL	Active Member Payroll	UAAL as Percentage of Active Member Payroll
2009	$573	$3,232	$2,659	17.7%	$1,895	140.3%

3 - CONTRIBUTIONS AND RESERVES

Contributions

Chapter 742 of the Ohio Revised Code (ORC) requires contributions by active members and their employers. Contribution rates are subject to annual review by the Ohio Retirement Study Council (ORSC). Additionally, an actuary is used to determine the actuarial implications of the requirement. The adequacy of contribution rates is determined annually using the entry age normal actuarial cost method. Rates are at the statutory maximums and the maximum rates have been taken into consideration in the projection of pension benefits for financial accounting measurement purposes.

Rates established by the ORC at Dec. 31, 2010 and 2009:

(% of active member payroll)	Police	Fire
Employer	19.50	24.00
Member	10.00	10.00
TOTAL STATUTORY RATE	**29.50**	**34.00**

The ORC establishes the length of the amortization period for unfunded pension liability as the primary measure of OP&F's financial status, with a period of 30 years or less being considered satisfactory. This 30–year target was to be attained by Dec. 31, 2006 and maintained thereafter. As of Jan. 1, 2010, the amortization period under the current statutory rates is infinite. OP&F has submitted to ORSC another approved funding plan, which reduced the amortization period to 30 years, and is currently working in conjunction with ORSC staff to answer questions and provide additional information as requested.

Combined employer and member contributions as a percentage of the total active member payroll required and made for 2010 and 2009 represented 29.5 percent for police and 34 percent for firefighters. Employer and member contributions were $199,166,277 and $94,384,559 respectively, for police and $214,860,562 and $81,092,783, respectively, for firefighters for the year ended Dec. 31, 2010. Employer and member contributions were $196,210,437 and $90,391,754, respectively, for police and $208,123,867 and $78,012,639, respectively, for firefighters for the year ended Dec. 31, 2009. These contribution represent 100% of the statutorily required employer and member contributions for both police and firefighters for the years ended Dec. 31. 2010 and 2009.

In accordance with the ORC, the State of Ohio is required to contribute additional amounts to finance the cost of certain state-legislated benefit improvements. The total amount contributed by the State of Ohio was $692,634 and $782,060 for the years ended Dec. 31, 2010 and 2009, respectively.

Local Funds Receivable

Local governments are required by state statute to pay the unfunded portion of the actuarially determined liability of the local police and firefighter's relief and pension funds that were merged to form OP&F in 1967. The ORC designates this obligation of the local governments the "Employers' Accrued Liability." Interest on the outstanding balance is being accrued at the rate of 4.25 percent, compounded semi-annually. Local governments began repayment in 1969 and payments are required to be made until 2035. Between 1969 and 1973, payments of principal and interest were received at incremental semi-annual rates ranging from 2 percent to 4 percent of the original receivable balance. Between 1973 and 2035, semi-annual payments of principal and interest are required to be made by the local governments at a rate of 5 percent of the original receivable balance. The underpaid balance due at Dec. 31, 2010 and 2009, respectively, includes $95,737 and $97,697 due from local governments, which had previously underpaid their semi-annual payment and from local governments that joined OP&F subsequent to 1967 according to a 20-year payment plan.

The following is a summary of the amounts due on the local funds receivable:

Year ending December 2011	$2,133,830
Year ending December 2012	2,132,840
Year ending December 2013	2,132,840
Year ending December 2014	2,132,751
Year ending December 2015	2,130,617
Thereafter	40,925,436
Total projected payments	**51,588,314**
Less interest portion	(19,442,708)
BALANCE AT DEC. 31, 2010	**$32,145,606**

Reserves

As required by the ORC, the following accounts have been established for the reserves held for current and future benefits and are separated between police and fire:

The Police Officers' and Firefighters' Contribution Fund accumulates the contributions deducted from the salaries of members. Upon retirement, a member's accumulated contributions are transferred to the Police Officers' or Firefighters' Pension Reserve Fund.

The Police Officers' and Firefighters' Employers' Contribution Fund is the depository for employer contributions. Based on actuarial valuations, amounts are transferred from this account to the Police Officers' and Firefighters' Pension Reserve Fund.

The Police Officers' and Firefighters' Pension Reserve Fund is the account from which all retirement, disability, health care and survivor benefits are paid. Included in this Fund is the Health Care Stabilization Fund from which payments for the health care benefits are made. Amounts are transferred into the Pension Reserve Fund from the Contribution Funds and the Guarantee Fund.

The Guarantee Fund records all investment earnings of OP&F. In addition, contributions from the State of Ohio, exclusive of death benefit contributions, are recorded in this fund. Annually, investment earnings are transferred to the Pension Reserve Fund and the Expense Fund, as defined below.

Any deficit occurring in any other fund that will not be covered by payments to that fund, as otherwise provided by sections 742.01 to 742.61 of the ORC, shall be paid by transfers of amounts from the Guarantee Fund to such funds or funds. Should the amount in the Guarantee Fund be insufficient at any time to meet that amounts payable there from, the amount of such deficiency, with regular interest, shall be paid by an additional employer rate of current contributions as determined by the actuary and shall be approved by the Board of Trustees of OP&F, and the amount of such additional employer contribution shall be credited to the Guarantee Fund.

The Expense Fund is used to record all expenses for the administration and management of OP&F. Annually funds are transferred from the Guarantee Fund to cover expenses incurred.

Net assets available for benefits for the various funds were as follows:

	2010	2009
Members' Contribution	$2,056,809,570	$1,983,242,188
Employers' Contribution	1,515,934,375	674,594,554
Pension Reserve	7,220,486,000	6,972,356,000
TOTAL	**$10,793,229,945**	**$9,630,192,742**

4 – CASH AND INVESTMENTS

Cash and Investments

A summary of cash and short-term securities and investments held at Dec. 31, 2010 and 2009 is as follows:

Category	2010 Fair Value	2009 Fair Value
Cash and Cash Equivalent*	$617,029,526	$402,224,300
U.S. Government Bonds	664,726,505	392,657,883
U.S. Government Agencies	6,143,521	12,471,896
U.S. Government Treasury STRIPS	69,182,610	54,081,896
Municipal Bond Obligations	5,258,827	255,465
Corporate Bonds and Obligations	1,317,679,811	995,586,221
Mortgage and Asset-Backed Obligations	664,334,282	548,578,360
Domestic Stocks	1,478,832,777	2,128,498,905
Domestic Pooled Stocks	3,110,981,069	2,077,528,465
International Securities	3,536,651,609	2,892,323,183
Real Estate	797,036,389	636,739,436
Commercial Mortgage Funds	42,184,361	44,737,641
Private Equity	411,232,843	355,964,083
GRAND TOTAL	**$12,721,274,130**	**$10,541,647,734**

The investment type classification is based on the characteristics of the individual securities.
*Cash and cash equivalents are included in cash and short-term investments on the Statement of Fiduciary Net Assets.

Custodial Credit Risk

The custodial credit risk for **deposits** is the risk that, in the event of the failure of a depository financial institution, an organization will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for **investments** is the risk that, in the failure of the counterparty to a transaction, an organization will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

In accordance with Ohio Revised Code (ORC) 135.18, the Treasurer of State of Ohio, the statutory custodian for OP&F, requires that the amount in any demand deposit account not covered by federal deposit insurance be collateralized with securities permitted under ORC 135.18 at 102 percent of the value of the cash. Collateral is held in the Treasurer of State's name by a third party trustee for the benefit of OP&F. All of OP&F's depository-eligible securities are held in the custodial bank or its agent's nominee, for the benefit of OP&F. Any physical securities are held in the vaults of the custodial bank, or its agent. The custodial bank provides book entry accounting for OP&F's real estate and private equity assets. The custody agreement between the custodial bank and the Treasurer of State has historically restricted the right of the custodial bank or its agents from putting any right, charge, security interest, lien or claim of any kind on the securities they hold. Despite OP&F objections, the Treasurer of State, for the first time we are aware of, allowed language in the custody agreement that grants a security interest in OP&F assets. The cash held in foreign local banks for immediate settlement of pending trade transactions are not collateralized.

Deposits exposed to Custodial Credit Risk as of Dec. 31, 2010

Uninsured deposits collateralized with securities held by the pledging financial institution	$841,042
Uninsured and uncollateralized deposits	$1,565,821

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating institution. OP&F's risk management policy over credit risk includes a 15 percent target allocation of the total investment portfolio to high yield bonds. As with all asset class targets, OP&F allows a range around the targeted percentage. In the case of high yield bonds, the policy allows plus or minus 2.5 percent around the 15 percent target.

Core Fixed Income

OP&F's three core fixed income portfolios, all managed externally, contain government, mortgage and asset-backed securities, U.S. Agency and corporate bonds. These external managers invest in securities based on guidelines provided by the OP&F Board of Trustees. It is the policy of OP&F that a security in the core fixed income portfolio shall be rated BBB- or better by two standard rating services at the time of purchase. OP&F allows some of its investment managers to purchase securities that are "not rated" as long as they deem these securities to be at least equivalent to the minimum ratings at the time of purchase.

- Government instruments include those issued by the U.S. Treasury as well as fixed income instruments, other than mortgage-backed securities, of an agency or instrumentality of the United States government.
- Mortgage-backed instruments include collateralized mortgage obligations and real estate mortgage investment conduits (REMIC's), whose payment of principal and interest is insured by the full faith and credit of the United States government, or an agency or instrumentality thereof. Also included in this category are Government National Mortgage Association (GNMA) project loans, pools and participation certificates, Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC).
- U.S. Agency debt instruments include those obligations issued by agencies which are explicitly guaranteed by the full, faith and credit of the U.S. government. For the purpose of this presentation, they exclude mortgage-backed instruments issued by agencies and government sponsored enterprises; these are classified as mortgage-backed securities.
- Corporate bonds consist of debt instruments issued by domestic corporations or U.S. dollar-denominated debt issued by foreign entities and managed by a U.S. based investment manager.

High Yield Fixed Income

OP&F has three high yield fixed income portfolios, all managed externally. The high yield bond asset class consists of the portion of the U.S. corporate bond market that is rated below BBB- by Standard and Poor's 500 (S&P) or below Baa3 by Moody's. Accordingly, credit risks associated with these bonds are greater than with core fixed income bonds. OP&F's policy is to invest in high yield bonds issued by U.S. Corporations with a minimum credit rating of CCC or equivalent. OP&F allows some of its investment managers to purchase securities that are "not rated" as long as they deem these securities to be at least equivalent to the minimum ratings at the time of purchase. It is possible after purchase that the security is downgraded. In the event of an investment guideline violation and in the event of a security downgrade, such that the ratings (Moody's, S&P, or Fitch Investor's Service) are below the allowable minimum security quality, the Manager will inform OP&F in writing within five business days of such violation. Such notice will include the action the Manager intends to take with regard to the violation and over what time period that action will be taken. Both the method and timing of the violation resolution must be agreeable to OP&F.

The following tables show ratings by asset class in OP&F's fixed income portfolio as of Dec. 31, 2010 and 2009:

Ratings By Asset Class – 2010

Moody's Ratings	A3 and Above	Baa3 to A3	B3 to Baa3	C to B3	Full Faith and Credit	Not Rated	
S&P Ratings	**A- and Above**	**BBB-to A-**	**B- to BBB-**	**C to B-**	**Full Faith and Credit**	**Not Rated**	**GRAND TOTAL**
Corporate Bond Obligations	$261,736,636	$150,864,913	$713,490,789	$179,528,245	$ -	$12,059,228	$1,317,679,811
Mortgage and Asset-Backed Securities	504,960,286	4,226,260	34,472,159	77,093,121	42,583,722	998,734	664,334,282
Municipal Bond Obligations	5,258,827	-	-	-	-	-	5,258,827
Non-U.S. Government Bonds	758,745,021	-	-	-	-	-	758,745,021
U.S. Government Agencies	6,143,521	-	-	-	-	-	6,143,521
U.S. Government Treasury STRIPS	-	-	-	-	69,182,610	-	69,182,610
U.S. Government Treasury Notes	195,196,342	-	-	-	469,530,163	-	664,726,505
GRAND TOTAL	**$1,732,040,633**	**$155,091,173**	**$747,962,948**	**$256,621,366**	**$581,296,495**	**$13,057,962**	**$3,486,070,577**

Ratings By Asset Class – 2009

Moody's Ratings	A3 and Above	Baa3 to A3	B3 to Baa3	C to B3	Full Faith and Credit	Not Rated	
S&P Ratings	**A- and Above**	**BBB-to A-**	**B- to BBB-**	**C to B-**	**Full Faith and Credit**	**Not Rated**	**GRAND TOTAL**
Corporate Bond Obligations	$225,583,200	$142,742,993	$510,457,564	$100,198,397	$ -	$16,604,067	$995,586,221
Mortgage and Asset-Backed Securities	423,630,242	17,978,250	30,479,417	45,756,287	30,734,164	-	548,578,360
Municipal Bond Obligations	-	255,465	-	-	-	-	255,465
Non-U.S. Government Bonds	454,556,061	-	-	-	-	-	454,556,061
U.S. Government Agencies	12,471,896	-	-	-	-	-	12,471,896
U.S. Government Treasury STRIPS	1,437,341	-	-	-	52,644,555	-	54,081,896
U.S. Government Treasury Notes	-	-	-	-	392,657,883	-	392,657,883
GRAND TOTAL	**$1,117,678,740**	**$160,976,708**	**$540,936,981**	**$145,954,684**	**$476,036,602**	**$16,604,067**	**$2,458,187,782**

Short-Term Investments

The short-term investment portfolio consists mainly of commercial paper. OP&F's policy is that, at the time of purchase, the short-term instrument must be rated within the two highest classifications established by two standard rating services. However, it is possible that after the purchase the ratings could change. The following table lists the commercial paper ratings as of Dec. 31, 2010 and 2009:

S&P/Moody's Rating	Fair Value 2010	% 2010	Fair Value 2009	% 2009
A-1/P-1	$229,385,568	48.12%	$72,542,221	20.85%
A-1/P-2	62,595,811	13.13%	-	-
A-2/P-1	29,994,875	6.29%	-	-
A-2/P-2	154,756,887	32.46%	275,333,447	79.15%
GRAND TOTAL	**$476,733,141**	**100.00 %**	**$347,875,668**	**100.00%**

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income investments. OP&F primarily uses the measurement of effective duration to mitigate the interest rate risk of the core fixed income portfolio. Each investment manager is required to monitor and report the effective duration on a monthly basis. The effective duration of the portfolio is required to be +/- a certain percentage of the benchmark's duration. The benchmark for the U.S. fixed income portfolio (the Barclays Capital U.S. Aggregate Bond Index) had a duration of 4.98 years and 4.57 years modified adjusted duration as of Dec. 31, 2010 and 2009, respectively. The benchmark for the Non-U.S. fixed income portfolio (which is a custom weighted-average mix of the Barclays country indexes within the Global Inflation-Linked Bond Index) had a duration of 11.75 years and 6.69 years modified adjusted duration as of Dec. 31, 2010 and 2009, respectfully.

Duration is a measure of a fixed income security's cash flows using present values, weighted for cash flows as a percentage of the investment's full price. The duration measurement used is "effective duration" and is provided for each core fixed income portfolio and for the composite of all portfolios. All core fixed income managers are given a range of permissible durations around the duration of their benchmark index. Since portfolio level duration is the best measure of interest rate risk, OP&F does not require its managers to measure or report on the duration of each security sector. OP&F does not measure the duration of our high yield portfolios because interest rate risk is a very small part of the total risk of high yield securities. The major risks for high yield bonds are credit risk and interest rate spread risk. The table at the bottom of the page lists the effective duration for OP&F's fixed income portfolio as of Dec. 31, 2010 and 2009.

Collateralized Mortgage Obligations

In general, mortgage-backed securities entitle their holders to receive both principal and interest payments from the payments made by the borrowers of the underlying mortgages over the lives of those loans. The life of the mortgage that underlies a mortgage-backed security can be shortened by several economic events, including borrower refinancing. When interest rates fall and remain very low, a growing number of borrowers will refinance their existing loans causing mortgage-backed security holders to be repaid more quickly than anticipated. This early repayment is a form of market risk assumed by OP&F and other owners of mortgage-backed securities.

To the contrary, when interest rates begin to rise, the refinancing of existing mortgages begins to slow. If the rates remain high for long periods of time, fewer borrowers refinance their mortgages. This causes mortgage-backed security holders to be repaid over longer periods of time. This prolonged repayment is known as extension risk and is another form of market risk assumed by OP&F and other owners of mortgage-backed securities.

Investment Type	Fair Value 2010	Effective Duration 2010	Fair Value 2009	Effective Duration 2009
U.S. Government Obligations	$664,726,505	7.73	$392,657,883	4.72
U.S. Government STRIPS	69,182,610	6.83	54,081,896	7.14
U.S. Government Agencies	6,143,521	9.32	12,471,896	8.31
Mortgage and Asset-Backed Securities	664,334,282	2.56	548,578,360	3.20
Municipal Bond Obligations	5,258,827	4.64	255,465	11.24
Corporate Bonds Obligations	384,110,340	4.05	341,012,979	4.27
U.S. FIXED INCOME EFFECTIVE DURATION	**$1,793,756,085**	**3.51**	**$1,349,058,479**	**4.11**
Non-U.S. Government Bonds	758,745,021	11.25	454,556,061	6.70
TOTAL FIXED INCOME EFFECTIVE DURATION	**$2,552,501,106**	**6.85**	**$1,803,614,540**	**4.77**

These securities are based on cash flows from interest payments on underlying loans. Therefore, they are sensitive to prepayments by the debtor, which may result from a decline in interest rates.

Variable Rate Securities

OP&F's core fixed income and high yield managers are permitted to hold variable-rate coupons whose rates may vary directly or inversely with changes in a related interest rate. As of Dec. 31, 2010 and 2009, OP&F did not hold any security with a variable-rate coupon that had a multiplier greater than one or any security with an inverse variable rate.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. OP&F does not permit more than 10 percent of the core fixed income portfolio to be invested in the securities of any one issuer, and no more than 5 percent in any one issue on a dollar duration basis, with the exception of United States Government or Agency securities. For the high yield portfolio, no more than 10 percent of the entire portfolio at market shall be invested in securities of a single issue or issuer, unless otherwise approved by the Board of Trustees. At Dec. 31, 2010 and 2009, OP&F did not hold investments in any one issuer that represented 5 percent or more of the plan net assets.

Securities Lending

OP&F participates in domestic and international securities lending programs, as authorized by the Board of Trustees. Securities are loaned to investment broker/dealers (borrower). Securities loaned are collateralized by the borrower at 102 percent of the domestic and 105 percent of the international loaned securities' fair value. OP&F has minimized its exposure to credit risk due to borrower default by having the lending agent bank determine daily that required collateral meets the specified collateral requirements. There are no restrictions on the amount of the securities that can be loaned. Contracts with lending agents require them to indemnify OP&F if the borrowers fail to return the securities or fail to pay OP&F for income distributions by the securities' issuer while the securities are on loan. All securities loans can be terminated on demand and the maturities of the investments made with an acceptable form of the collateral generally matches the maturities of the securities loans.

OP&F has not experienced any losses due to credit or market risk on securities lending activity since implementation of the program. OP&F does have the ability to pledge or sell collateral securities in case of a borrower default.

The following represents the balances relating to the securities lending transactions at Dec. 31, 2010 and 2009:

Securities Lent as of Dec. 31, 2010

Securities Lent	Underlying Security	Collateral Received	Collateral Fair Value	Type of Collateral
U.S. Government and Treasuries	$226,764,017	$230,484,557	$230,484,557	Cash
Domestic Corporate Fixed Income	452,935,816	462,572,298	462,572,298	Cash
Domestic Equities	321,709,857	336,006,771	336,006,771	Cash
International Equities	210,071,021	221,357,350	221,357,350	Cash
International Equities	2,534,504	2,673,797	2,673,797	Securities
TOTAL SECURITIES LENT	**$1,214,015,215**	**$1,253,094,773**	**$1,253,094,773**	

Securities Lent as of Dec. 31, 2009

Securities Lent	Underlying Security	Collateral Received	Collateral Fair Value	Type of Collateral
U.S. Government and Treasuries	$373,162,486	$380,950,593	$380,950,593	Cash
Domestic Corporate Fixed Income	260,842,115	266,671,363	266,671,363	Cash
Domestic Equities	693,716,885	729,473,731	729,473,731	Cash
International Equities	44,660,544	46,395,496	46,395,496	Cash
TOTAL SECURITIES LENT	**$1,372,382,030**	**$1,423,491,183**	**$1,423,491,183**	

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. OP&F's target allocation for international equity is 21.7 percent of the total investment assets. While OP&F has no specific policy regarding the international custodial credit risk, OP&F limits its international investment managers to hold 5 percent or less of their total portfolio in cash. Apart from cash needed for immediate settlement of pending trade transactions, any excess cash received in OP&F's trust accounts is invested in a U.S. Dollar denominated Short Term Investment Fund (STIF). For the years ending Dec. 31, 2010 and 2009, OP&F's exposure to foreign currency risk is as follows:

2010 Exposure To Foreign Currency Risk

Currency	Fair Value (Cash Deposits)	Fair Value (Currency Contracts)	Fair Value (Equities)	Fair Value (Bonds)	Fair Value (Private Equities)	Fair Value (Repurchase Agreements)	Total Fair Value (Cash Deposits and Securities)
Australian Dollar	$ 53,248	$ 758,815	$ 98,893,256	$ -	$ -	$ -	$ 99,705,319
Brazilian Real	75,690	(252)	34,356,554	-	-	-	34,431,992
British Pound	302,847	1,840,761	385,685,527	191,835,647	-	(118,794,655)	460,870,127
Canadian Dollar	136,292	(2,229,408)	141,832,856	128,173,266	-	-	267,913,006
Chilean Peso	647	-	346,971	-	-	-	347,618
Czech Koruna	76,253	-	2,252,804	-	-	-	2,329,057
Danish Kroner	338,347	-	40,674,957	-	-	-	41,013,304
Euro	1,038,845	(2,468,333)	674,368,472	376,235,009	36,488,456	(287,666,704)	797,995,745
Hong Kong Dollar	180,463	-	133,718,119	-	-	-	133,898,582
Hungarian Forint	1,614	-	4,115,389	-	-	-	4,117,003
Indian Rupee	35,809	-	8,288,954	-	-	-	8,324,763
Indonesian Rupiah	49,850	-	6,687,977	-	-	-	6,737,827
Israeli Shekel	554,454	-	4,977,499	-	-	-	5,531,953
Japanese Yen	2,309,200	202,525	417,631,988	-	-	-	420,143,713
Malaysian Ringgit	859,714	-	17,452,664	-	-	-	18,312,378
Mexican Peso	176,889	(299,227)	22,310,892	-	-	-	22,188,554
New Turkish Lira	2	-	22,810,619	-	-	-	22,810,621
New Zealand Dollar	2,500	189	-	-	-	-	2,689
Norwegian Krone	119,095	(286,543)	24,405,590	-	-	-	24,238,142
Pakistan Rupee	11,454	-	671,418	-	-		682,872
Philippian Peso	5,567	-	1,124,824	-	-	-	1,130,391
Polish Zloty	710,815	-	16,523,674	-	-	-	17,234,489
Singapore Dollar	174,841	-	17,423,848	-	-	-	17,598,689
South African Rand	214,833	-	9,142,543	-	-	-	9,357,376
South Korean Won	764,191	-	82,581,904	-	-	-	83,346,095
Swedish Krona	155,684	(1,025,688)	51,767,511	62,501,099	-	-	113,398,606
Swiss Franc	4,582	337,298	151,416,881	-	-	-	151,758,761
Taiwanese New Dollar	14,909	-	69,723,002	-	-	-	69,737,911
Thailand Baht	-	-	17,600,741	-	-	-	17,600,741
GRAND TOTAL	**$ 8,368,635**	**$ (3,169,863)**	**$ 2,458,787,434**	**$ 758,745,021**	**$ 36,488,456**	**$ (406,461,359)**	**$ 2,852,758,324**

2009 Exposure To Foreign Currency Risk

Currency	Fair Value (Cash Deposits)	Fair Value (Currency Contracts)	Fair Value (Equities)	Fair Value (Bonds)	Fair Value (Private Equities)	Total Fair Value (Cash Deposits and Securities)
Australian Dollar	$ 366,081	$ (29,501)	$ 77,432,730	$ -	$ -	$ 77,769,310
Brazilian Real	512,125	(318,489)	34,279,826	-	-	34,473,462
British Pound	936,422	2,544,766	332,991,363	109,792,418	-	446,264,969
Canadian Dollar	950,696	(626,510)	121,026,223	76,284,126	-	197,634,535
Czech Koruna	1,750	-	1,174,177	-	-	1,175,927
Danish Krone	940,433	-	33,801,107	-	-	34,741,540
Euro	753,625	10,825,272	635,338,221	235,019,652	29,515,346	911,452,116
Hong Kong Dollar	602,534	-	107,317,273	-	-	107,919,807
Hungarian Forint	498	-	5,253,762	-	-	5,254,260
Indian Rupee	31,045	-	6,950,856	-	-	6,981,901
Indonesian Rupiah	6,979	-	3,617,004	-	-	3,623,983
Israeli Shekel	2,615	-	10,414,285	-	-	10,416,900
Japanese Yen	608,540	(444,976)	319,105,278	-	-	319,268,842
Malaysian Ringgit	316,582	-	13,616,039	-	-	13,932,621
Mexican Peso	231,193	(192,865)	29,087,651	-	-	29,125,979
New Turkish Lira	139,874	-	26,987,829	-	-	27,127,703
New Zealand Dollar	2,328	186,928	-	-	-	189,256
Norwegian Krone	833,882	43,449	25,247,042	-	-	26,124,373
Pakistan Rupee	-	-	751,793	-	-	751,793
Philippian Peso	189	-	176,401	-	-	176,590
Polish Zloty	227,393	-	6,989,563	-	-	7,216,956
Singapore Dollar	965,628	-	18,677,540	-	-	19,643,168
South African Rand	257,578	-	7,892,120	-	-	8,149,698
South Korean Won	-	-	60,033,895	-	-	60,033,895
Swedish Krona	2,727	785,334	42,068,254	33,459,864	-	76,316,179
Swiss Franc	293,212	(82,644)	151,295,456	-	-	151,506,024
Taiwanese New Dollar	461,662	-	48,323,805	-	-	48,785,467
Thailand Baht	-	-	16,010,574	-	-	16,010,574
GRAND TOTAL	**$ 9,445,591**	**$ 12,690,764**	**$ 2,135,860,067**	**$ 454,556,060**	**$ 29,515,346**	**$ 2,642,067,828**

Derivatives

Derivatives are generally defined as investment instruments whose value depends on, or is derived from, the value of an underlying asset, reference rate, or index.

OP&F has classified the following as derivatives:

- Mortgage and Asset-Backed Securities: OP&F invested in Planned Amortization Class and Sequential Pay Real Estate Mortgage Investment Conduit bonds issued by GNMA, FHLMC, and FNMA. Planned Amortization Class bonds are retired according to a payment schedule so as to have a stable average life and yield even if expected prepayments rates change within a specified broad range of prepayment possibilities. Sequential Pay bonds begin to pay principal when classes with an earlier priority have paid to a zero balance. Such bonds enjoy uninterrupted payment of principal until paid to a zero balance. In terms of credit risk, the United States government explicitly backs GNMA mortgage securities programs and is viewed by the market as implicitly backing FHLMC and FNMA mortgage securities programs.
- Futures Contracts: Futures contracts are contracts to buy or sell units of an index or financial instrument on a specified future date at a price agreed upon when the contract is originated. OP&F invested in the State Street Global Advisors (SSGA) Russell 1000 Stock Index Fund. This fund, to a minor extent, utilized stock index futures contracts to equitize cash balances, and beginning on December, OP&F used Russell Implementation services to equitize $100 million to maintain equity exposure while providing a liquid source of funds for expected DROP retirement in early 2011. In addition, OP&F through its portable alpha program, used six external investment managers who utilize futures to gain market exposure. OP&F had $501 million and $442 million notional value exposure in future contracts as of Dec. 31, 2010 and 2009 respectively. These amounts represented 4.2 percent of the total portfolio in both years.
- Forward-Currency Contracts: Forward currency contracts are legal agreements between two parties to purchase and sell a foreign currency, for a price specified at the contract date, with delivery and settlement in the future. OP&F, through its external investment managers, enters into forward currency contracts to hedge underlying foreign currency exposure in its non-U.S. equity portfolios back to the U.S. dollar or to provide the quantity of foreign currency needed to settle trades. In addition, OP&F employs two external currency managers, in its portable alpha program, to manage assets in an active currency strategy that attempts to add alpha and does not function merely as a hedging vehicle. This strategy seeks to add value by entering into long and short positions in both developed and emerging markets currencies. The risks associated with such contracts include changes in the value of foreign currency relative to the U.S. dollar and the risk of default by the counterparty. To manage counterparty risk, investment managers utilize various financially sound counterparties.

  All the contracts are valued at the spot foreign exchange rate at Dec. 31, 2010 and 2009. The changes in the value of the open contracts are recognized as unrealized appreciation/depreciation. A realized gain or loss is recorded at the time of the delivery/closing of the contract. The realized gain or loss is the difference between the value of the original contract and the closing/delivery value of such contracts. Both realized and unrealized gains and losses are included in the Statement of Changes in Fiduciary Net Assets as net appreciation/depreciation. The following table represents the balances of the outstanding currency transactions as of Dec. 31, 2010 and 2009:

Open Currency Contracts as of Dec. 31, 2010

Purpose	Fair Value (Outstanding Purchases)	Fair Value (Outstanding Sales)	Unrealized Appreciation/ (Depreciation)
Trade Settlement	$ 31,201,144	$ 31,423,653	$ (222,509)
Position Hedging	916,982,579	921,618,390	(4,635,811)
Currency Management	167,215,530	165,527,073	1,688,457
GRAND TOTAL	**$ 1,115,399,253**	**$ 1,118,569,116**	**$ (3,169,863)**

Open Currency Contracts as of Dec. 31, 2009

Purpose	Fair Value (Outstanding Purchases)	Fair Value (Outstanding Sales)	Unrealized Appreciation/ (Depreciation)
Trade Settlement	$ 5,106,453	$ 5,110,348	$(3,895)
Position Hedging	520,263,571	507,386,701	12,876,870
Currency Management	119,593,331	119,775,541	(182,210)
GRAND TOTAL	**$ 644,963,355**	**$ 632,272,590**	**$ 12,690,765**

In 2010 and 2009, OP&F realized gains / (losses) of $54,998,481 and $(68,408,471), respectively, on delivered/closed contracts.

- Options: An option is the right, but not the obligation, to buy or sell a specific amount of a given stock or commodity at a specified price during a specified period of time. OP&F invests in options as part of its portable alpha program. OP&F's exposure represented less than one percent of the total portfolio fair value at year-end.

OP&F has not violated any legal, regulatory, or contractual provisions by its participation in these types of derivative instruments and there is no known undue credit, market, or legal risk. These instruments were purchased in order to enhance OP&F's overall rate of return.

5 – DEFINED BENEFIT PENSION PLAN

OP&F contributes to the Ohio Public Employees Retirement System (OPERS), a cost-sharing, multiple-employer plan for all staff. OPERS administers three separate pension plans, provides retirement, disability, and survivor benefits to qualified plan members and beneficiaries. Benefit provisions and contribution requirements are established by the Ohio legislature and are codified in Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 14 percent. OP&F's contributions to OPERS for the years ending Dec. 31, 2010, 2009, and 2008, were $1,197,016, $1,237,357, and $1,157,212, respectively, equal to the required contributions for each year.

6 – OTHER POST-EMPLOYMENT BENEFITS

OP&F contributes to OPERS, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the OPERS. OPERS provides medical benefits to retired public employees of public employers who are subject to coverage under Chapter 145 of the Ohio Revised Code (ORC). Chapter 145 of the ORC assigns the authority to establish and amend benefit provisions to the OPERS Board of Trustees. OPERS issues a publicly available financial report that includes financial statements and required supplementary information for OPERS. That report may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Chapter 145 of the ORC provides that contribution requirements of the participating employers and of plan members to the OPERS (defined benefit pension plan) are established and may be amended by the OPERS Board of Trustees. Participating employers and active pension plan members are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 14 percent and 10 percent of payroll, respectively. Chapter 145 of the ORC states that the employer contribution rate may not exceed 14 percent of payroll and that the employee contribution rate may not exceed 10 percent.

The retiree health plan was established and is administered as an Internal Revenue Code Section 401(h) account within the defined benefit pension plan, under the authority granted by the state of Ohio to the OPERS Board of Trustees. The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended Dec. 31, 2010, the employer contribution allocated to the retiree healthcare plan was 5.5 percent from Jan. 1, 2010 through Feb. 28, 2010 and 5 percent from March 1, 2010 through Dec. 31, 2010 of employer contributions. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The Board of Trustees is also authorized to establish requirements for contributions to the retiree healthcare plan by retirees or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

OP&F's contributions to OPERS for the years Dec. 31, 2010, 2009 and 2008 were $1,197,016, $1,237,357, and $1,157,212, respectively, of which $433,769, $519,772 and $578,606, respectively, was allocated to the healthcare plan. These contributions represent 100% of the statutory required contributions for the years ended Dec. 31, 2010, 2009 and 2008.

7 – COMMITMENTS AND CONTINGENCIES

OP&F is a defendant in a number of lawsuits pertaining to matters that are incidental to performing routine business functions. OP&F management is of the opinion that ultimate resolution of such claims will not result in a material, adverse effect on OP&F's financial position as of Dec. 31, 2010.

OP&F is committed to making additional capital contributions of $362,135,955 and €46,801,250 toward our private equity program. Our private equity program had $411,232,843 and $355,964,083 in fair value at Dec. 31, 2010, and 2009, respectively.

8 – STATE OF OHIO PUBLIC SAFETY OFFICERS DEATH BENEFIT FUND

Pursuant to ORC Section 742.62, the Board of Trustees of the Ohio Police & Fire Pension Fund administers the State of Ohio Public Safety Officers Death Benefit Fund. This program was established by the State of Ohio to provide monthly benefit payments to eligible surviving family members of Ohio public safety officers who have been killed in the line of duty or die of a duty – related injury or illness. Funds are disbursed to OP&F on a quarterly basis each state fiscal year (July 1-June 30) and are paid monthly by OP&F to eligible recipients. The unused balance at June 30 is returned to the State. The Public Safety Officer's Death Benefit Fund is considered to be an agency fund administered by the Ohio Police & Fire Pension Fund and, accordingly, its assets of $238,235 and $241,308 and the related liability for unpaid benefits are included in the accompanying financial statements as of Dec. 31, 2010 and 2009, respectively.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Description of Schedule of Funding Progress

Each time a new benefit is added which applies to service already rendered, an unfunded accrued liability is created. Laws governing OP&F require that these unfunded accrued liabilities be financed systematically over a period of future years. Also, if actual financial experiences are less favorable than assumed financial experiences, the difference is added to unfunded accrued liabilities.

The Schedule of Funding Progress includes two ratios that provide information about whether the financial strength of OP&F is improving or deteriorating over time. An improvement is indicated when the funded ratio (assets expressed as a percentage of the actuarial accrued liability) is increasing and the ratio of the unfunded actuarial liability to payroll is decreasing.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated.

Additional information as of the latest actuarial valuation follows.

Required Supplementary Information (Unaudited)

Schedule of Funding Progress

For the year ending Dec. 31, 2009

Pension Trust (dollars in millions)

Valuation Year (Dec. 31)	Valuation Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Ratio of Assets to AAL	Active Member Payroll	UAAL as Percentage of Active Member Payroll
2009	$10,794	$14,831	$4,037	72.8%	$1,895	213.0%
2008	9,309	14,307	4,998	65.1%	1,901	262.9%
2007	11,213	13,728	2,515	81.7%	1,831	137.3%
2006	10,158	12,988	2,830	78.2%	1,783	158.7%
2005	9,551	12,190	2,639	78.3%	1,756	150.3%
2004	9,337	11,545	2,208	80.9%	1,684	131.1%
2003	9,337	10,798	1,461	86.5%	1,644	88.9%
2002	8,683	10,508	1,825	82.6%	1,606	113.7%
2001	9,076	9,786	710	92.8%	1,534	46.3%
2000	8,498	9,507	1,009	89.4%	1,408	71.7%

The amounts reported in this schedule do not include assets or liabilities for post-employment health care benefits.

Retiree Health Care Trust (dollars in millions)

Valuation Year (Dec. 31)	Valuation Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Ratio of Assets to AAL	Active Member Payroll	UAAL as Percentage of Active Member Payroll
2009	$573	$3,232	$2,659	17.7%	$1,895	140.3%
2008	439	3,164	2,725	13.8%	1,901	143.3%
2007	527	3,623	3,096	14.5%	1,831	169.1%
2006	437	3,274	2,837	13.3%	1,783	159.1%
2005	343	3,335	2,992	10.3%	1,756	170.4%

Schedule of Contributions From Employers and Other Contributing Entities (dollars in thousands)

Pension Trust

	Annual Required Contributions*	Percentage Contributed
Year ended Dec. 31, 2009	$506,496	55%
Year ended Dec. 31, 2008	370,765	75%
Year ended Dec. 31, 2007	363,661	77%
Year ended Dec. 31, 2006	321,712	73%
Year ended Dec. 31, 2005	292,455	79%
Year ended Dec. 31, 2004	257,851	88%
Year ended Dec. 31, 2003	277,725	79%
Year ended Dec. 31, 2002	205,993	100%
Year ended Dec. 31, 2001	205,980	100%
Year ended Dec. 31, 2000	206,797	100%

*The amounts reported in this schedule do not include contributions for post-employment health care coverage. The Government Accounting Standards Board (GASB) required disclosure of the Annual Required Contributions (ARC) using a maximum amortization period of 30 years. Years 2003-2006 were based on 40 years. Amounts shown as the ARC for each year may be different from the contributions required by state statue. The information here was determined as part of the actuarial valuations for the date indicated. Additional information as of the latest actuarial valuations is shown in the table that follows.

Retiree Health Care Trust (dollars in thousands)

	Annual Required Contributions**	Percentage Contributed
Year ended Dec. 31, 2009	$256,297	52.1%
Year ended Dec. 31, 2008	285,844	48.8%
Year ended Dec. 31, 2007	250,163	51.6%
Year ended Dec. 31, 2006	264,137	52.6%

** The ARC for 2010 as a percentage of payroll is 13.01 percent. The expected contribution is 6.75 percent of payroll, or about 51.88 percent of the ARC rate. The ARC amount (dollars) is equal to the ARC rate times the 2010 payroll. The ARC amount and the actual percentage contributed will be determined after 2010 has ended and will be reported in the Jan. 1, 2011 valuation report.

Schedule of Administrative Expenses *

For the year ended Dec. 31	2010	2009
Personnel Services		
Salaries and wages	$8,313,934	$8,660,213
OPERS contributions	1,197,016	1,237,357
Insurance	1,974,152	2,152,422
Fringe benefits/employee recognition	25,035	22,368
Tuition reimbursement	20,942	24,040
Total Personnel Services	**11,531,079**	**12,096,400**
Professional Services		
Actuarial	244,645	495,183
Audit	92,254	90,170
Custodial Banking Fees	1,439,647	1,506,028
Investment Fees and Consulting	29,104,729	22,609,108
Other Consulting (Disability, Software, Legal, and Health Care)	1,079,606	981,663
Banking Expense	59,570	64,216
Total Professional Services	**32,020,451**	**25,746,368**
Communications Expense		
Printing and Postage	233,582	233,786
Telephone	106,582	91,223
Member/Employer Education	8,541	9,073
Other Communications	80,400	80,400
Total Communications Expense	**429,105**	**414,482**
Other Operating Expense		
Conferences and Education	121,092	144,125
Travel	83,311	132,433
Computer Technology	698,241	652,117
Other Operating	432,638	540,850
Warrant Clearing	1,206	1,136
ORSC Expense	38,887	28,612
Depreciation Expense - Capital	1,881,981	2,269,986
Total Other Operating Expenses	**3,257,356**	**3,769,259**
Net Building Expense (includes rent)	**1,179,231**	**1,245,969**
Total Operating Expenses	**48,417,222**	**43,272,478**
Investment Expenses	**(33,367,988)**	**(26,961,425)**
NET ADMINISTRATIVE EXPENSES	**$15,049,234**	**$16,311,053**

* Includes investment related administrative expenses

Schedule of Investment Expenses**

Category	2010	2009
Investment Manager Services	$27,812,308	$21,312,650
Custodial Banking Fees	1,439,647	1,506,028
Other Professional Services	1,292,421	1,296,457
Other Direct Investment Expenses	1,533,448	1,601,472
Allocation of Other Administrative Expenses	1,290,164	1,244,818
INVESTMENT EXPENSES	**$33,367,988**	**$26,961,425**

** A portion of the non-Investment Department administrative expenses is allocated to Investment Expense based on the ratio of investment staff to Total OP&F staff.

Combining Statement of Changes in Assets and Liabilities - Public Safety Officers' Death Benefit Fund

Public Safety Officers Death Benefit Fund For the year ending Dec. 31, 2010

	Balance Dec. 31, 2009	Additions	Subtractions	Balance Dec. 31, 2010
Assets:				
Cash and Short-term Investments	$241,308	$20,000,000	$20,003,073	$238,235
Total Assets	**241,308**	**20,000,000**	**20,003,073**	**238,235**
Liabilities:				
Due to State of Ohio	241,308	20,000,000	20,003,073	238,235
Total Liabilities	**$241,308**	**$20,000,000**	**$ 20,003,073**	**$238,235**

Public Safety Officers Death Benefit Fund For the year ending Dec. 31, 2009

	Balance Dec. 31, 2008	Additions	Subtractions	Balance Dec. 31, 2009
Assets:				
Cash and Short-term Investments	$87,499	$20,000,000	$19,846,191	$241,308
Total Assets	**87,499**	**20,000,000**	**19,846,191**	**241,308**
Liabilities:				
Due to State of Ohio	87,499	20,000,000	19,846,191	241,308
Total Liabilities	**$87,499**	**$20,000,000**	**$ 19,846,191**	**$241,308**

The 2010 Comprehensive Annual Financial Report

Investment Section

The Ohio Police & Fire Pension Fund

Ohio Police & Fire Pension Fund

140 East Town Street • Columbus, Ohio 43215
www.op–f.org • 800–860–9599

Investment Report Prepared through a combined effort of the Investment Department.

INTRODUCTION

The investment authority of the Ohio Police & Fire Pension Fund ("OP&F") is specified in Section 742 of the Ohio Revised Code (ORC). Importantly, the ORC requires that the Board and other fiduciaries discharge their duties solely in the interest of the participants and beneficiaries, for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering OP&F. Within the guidelines of the ORC, OP&F has developed an internal Investment Policy that provides for appropriate diversification of assets, and an acceptable expected return on investments after consideration of investment risks. Investment performance returns are prepared by Wilshire Associates. Investment activities are presented on a trade date basis and measurements are calculated using time weighted rates of return consistent with investment industry standards.

SIGNIFICANT DEVELOPMENTS IN 2010

At the beginning of the year, most of OP&F's efforts were focused on completing the asset liability valuation study. In February 2010, OP&F concluded the study with the Board's adoption of a new long-term asset allocation policy that incorporates the "risk parity" concept with the goal of reducing total portfolio risk while maintaining an acceptable expected return. From a notional portfolio perspective, when fully implemented, OP&F's total portfolio will be levered at 1.2 times through the use of leverage in two fixed income strategies. The Board selected a 1.2 times levered long-term asset allocation policy because it: (i) increases the total portfolio's Sharpe Ratio relative to the former unlevered asset allocation policy; (ii) reduces the expected benefits funding cost relative to the former unlevered asset allocation policy; (iii) reduces the worst case benefits funding cost relative to the former unlevered asset allocation policy; (iv) reduces equity exposure and increases fixed income and alternatives exposure, which reduces overall expected risk without sacrificing expected return; (v) creates a more risk-balanced portfolio by reducing the total portfolio's risk contribution from equities and significantly increases the risk contribution from fixed income and alternatives; and (vi) allocates risk based on the relationships between asset classes and economic environments. After adoption of the new long-term asset allocation policy, OP&F's efforts over the rest of the year were focused on investment structure, implementation analysis and investment manager selection. With respect to investment structure analysis, the Board adopted new investment structures for U.S. and Non-U.S. equity portfolios in June and August of last year, respectively. The new asset mix and certain structure work called for investment manager searches for high yield and international small cap, and the Board approved minimum criteria for both searches. In connection with the asset liability valuation study and the new long-term asset allocation policy, OP&F spent a great deal of time in 2010 analyzing and approving risk-based implementation plans and adopting interim total fund policy benchmarks. In addition to the significant amount of work contributed to all aspects of the asset liability valuation study in 2010, other noteworthy investment accomplishments and issues addressed last year included the following:

- Completed Asset Liability Valuation Study resulting in the following Long-Term Asset Allocation Policy:
  - U.S. Equity........21.7%
  - Non-U.S. Equity........21.7%
  - Long Duration Bonds........23.7%
  - Global Inflation Protected Securities........12.9%
  - High Yield Bonds........15.0%
  - Real Estate........12.0%
  - Private Markets........7.0%
  - Timber........3.0%
  - Commodities........3.0%
- Implemented the following portable alpha initiative:
  - Market Neutral:
    - Grosvenor Capital Management, L.P. commenced trading.
- Implemented the Derivative Overlay Investment Manager:
  - Beta Overlay Services:
    - Russell Implementation Services Inc. commenced trading.
- Worked toward target allocation in private markets:
  - Made commitments to Adams Street Partnership Fund Program 2011, Francisco Partners III, L.P, GTCR Fund X, L.P., and Park Street Capital Private Equity Fund X, L.P.

- Worked toward target allocation in real estate:
  - Made commitments to Fortress Japan Opportunity Fund, Savanna Real Estate Fund II, L.P. and UBS Trumbull Property Fund.
  - Rescinded one fund redemption request temporarily and deferred another.
- Revised high yield manager guidelines to allow for a higher maximum percentage in Rule 144A securities.
- Revised global inflation protected securities manager guidelines to allow for leverage in keeping with the Board's new long-term asset allocation policy.
- Evaluated OP&F's options regarding what to do with profit distributions from Bridgewater's Pure Alpha fund, which OP&F uses as an alpha source in the global inflation protected securities and global macro mandates.
- Adopted investment guidelines for Russell Implementation Services Inc. with respect to policy implementation and transition management services.
- Amended the Real Estate Strategic Plan.
- Approved the 2011 Real Estate Investment Plan.
- Amended and adopted the Private Markets Investment Policy.
- Approved the 2010 Private Markets Investment Plan.
- Amended the Proxy Voting Policy.
- Adopted a Timberland Investment Policy.
- Allocated away from overweight asset classes to underweight asset classes.

ECONOMIC ENVIRONMENT

As OP&F entered 2010, the economic and financial markets outlooks were considerably brighter than they were a year earlier, which is not saying much given the dismal state of the economic and market landscape of early 2009. With positive growth returning in the second half of 2009, the U.S. economy grew at a moderate pace in the first half of 2010. Almost coincident with the end of the Fed's first quantitative easing program, QE1, the economy hit a speed bump in the spring of 2010. The European sovereign debt crisis exploded causing ripple effects in global credit markets. Impacting the economy, markets and overall psychology were other negative news such as the Gulf oil spill, geopolitical tensions driven by North Korea, health care reform legislation, financial sector regulation, and a potential tax hike from the approaching expiration of the Bush tax cuts. The economy managed to grow at 3.7 percent as measured by quarterly real gross domestic product (GDP) in the first quarter of 2010. While growth continued for the rest of the year, the pace clearly slowed in the second and third quarters with growth rates of 1.7 percent, 2.6 percent, respectively, before recovering somewhat to a 3.1 percent rate in the fourth quarter. For all of 2010, real GDP rose 2.9 percent, versus a decline of negative 2.6 percent the prior year. Underlying this was a moderating trend of job losses coming into 2010 that finally turned into job gains in March with additional gains through May until temporarily stumbling back into negative territory from June through September. Positive job growth reemerged through the fourth quarter and into early 2011 with the most recent reading at 216,000. Meanwhile, the unemployment rate, after peaking at 10.1 percent in October 2009, slowly, unevenly crept lower through 2010 to end the year at 9.4 percent. The previously mentioned reemergence of job growth has helped bring the latest reading in March 2011 to 8.8 percent. Not surprisingly, consumer confidence responded to the slowly improving jobs market and the continuing rally in stocks, but also not surprisingly, confidence remains at depressed levels partly in response to continued weakness in home prices and rising energy prices. On the inflation front, the Consumer Price Index (CPI), on a year over year basis, started out at its high point for the year of 2.6 percent and proceeded to decline to its low of 1.1 percent in June. From there, the needle barely budged until a slight uptick to close out the calendar year at 1.5 percent rate for all of 2010.

The Federal Reserve maintained its federal funds rate target at a range of 0 percent to 0.25 percent for all of 2010 and to date in 2011 and continued to signal that it expected economic conditions to remain such that it would keep rates at very low levels for an extended period. Still, thanks to better financial market and liquidity conditions, by the middle of 2010, the Federal Reserve had closed the numerous financial support facilities it had created in recent years to aid the markets. Yet, after the economy hit a soft spot in the spring through summer, the Federal Reserve decided in the second half of the year to goose monetary stimulus further by reinvesting principal payments from its holdings of agency debt into Treasury securities and by announcing what quickly became known as QE2, the purchase of another $600 billion of Treasuries through the end of the second quarter of 2010.

Early in 2010, aided by a rebound in world trade and improving business sentiment, the economies of foreign developed markets countries gathered momentum coming out of the prior year's recession. Japan benefited from rising exports to emerging Asian economies, but in the euro area and the U.K., declines in consumer spending restrained economic growth. Growing concerns about sovereign debt and banking systems in the so-called "PIIGS" countries (Portugal, Italy, Ireland, Greece and Spain) affected financial markets, but seemed to have little effect on other major advanced foreign economies. As the year progressed, however, economic growth slowed as the effects of earlier fiscal stimulus and the rebound in global trade began to fade. Also, in Europe, the recovery was further dampened by growing concerns about the debt levels of the "PIIGS" countries and their fragile banking sectors. The major central banks in the advanced economies generally maintained easy monetary policies, but some began to remove their earlier policy accommodation. Meanwhile, the emerging market economies, which led the recovery out of the global financial crisis, continued their strong growth in early 2010. China's rapid import growth boosted other Asian economies and commodity exporting countries. However, economic activity in emerging market economies declined in the third quarter before rebounding in the fourth. Still, over those two quarters, real GDP in the emerging economies easily outpaced growth in the advanced economies. As growth began to push some emerging economies up against capacity constraints, governments and monetary authorities began to remove some of the stimulus that had been in place since the crisis. These moves were also driven by a pickup in inflation, which was reflected in rising commodity prices. Real GDP growth in China rebounded in the second half of the year bringing along with it a pickup in inflation, which led Chinese authorities to further tighten monetary policy through increased bank reserve requirements and higher bank lending rates.

Significant recent events that must be mentioned include the political uprisings in the Middle East that have led to the toppling of long-standing governments in countries such as Tunisia and Egypt. Libya finds itself in an all out war for control of the country and unrest continues in other countries such as Syria and Yemen. There remains a strong undercurrent of concern for Saudi Arabia given its prominent role in world energy production. Largely as a result of these events, oil prices have soared. In Japan, the devastation from a major earthquake and resulting tsunami left tens of thousands dead or missing and led to a still developing environmental catastrophe caused by the meltdown at a nuclear power plant. It is difficult not to dwell on a tragedy of such monumental proportions, but the broader markets have nevertheless already recovered the ground they lost as the tragedy was unfolding. Also, Portugal became the third of the European "PIIGS" countries to need a bailout joining Greece and Ireland, with markets closely watching Spain.

Looking ahead, the U.S. corporate sector appears in good shape with many large companies continuing to benefit from exposure to the faster growing emerging markets economies. Still, investors are concerned about the potential effects on interest rates, the stock market and the economy when the Federal Reserve's QE2 Treasury buying program ends. Some expect rates to rise further, while others think the impact is already priced into the market. Many investors think the stock market's rise and the economic recovery have been driven in large part by these massive injections of liquidity by the Federal Reserve. If that turns out to be true, when QE2 does end, there is likely to be a good deal of volatility in both the fixed income and equity markets. In the meantime, a healthy debate remains about the direction of inflation as some believe the massive monetary and fiscal stimulus programs will eventually drive prices higher while others point to the stubbornly high unemployment rate and meager wage pressures that suggest inflation should remain in check.

TOTAL FUND

Very good absolute and relative returns in U.S. and international equities, another year of strong high yield bond returns, a great manager-driven return for OP&F's global inflation protected bond portfolio, very good absolute and relative returns in core bonds and a return to the black for both real estate and private markets (both returns lagged by one quarter) all contributed to OP&F's total portfolio registering surprisingly good absolute and relative returns in 2010. Most of the credit for OP&F's 2010 success goes to OP&F's managers as, in several of the asset classes mentioned above, they provided unusually large margins of outperformance relative to their benchmarks. OP&F's total portfolio, on a trade date basis, was valued at $10.44 billion at the start of the year and ended the year at $11.82 billion. This increase led to a very healthy 2010 investment return of 15.83 percent gross of fees compared to a policy index return of 12.61 percent. This result brought OP&F's 3-year annualized gross of fees return to 0.20 percent and OP&F's 5-year annualized gross of fees return to 5.24 percent. OP&F's 2010 outperformance gap exceeded the negative performance gap OP&F experienced in 2009 versus OP&F's policy index and pulled OP&F's 3-year relative return back above the policy index return of negative 0.32 percent for the same period, while OP&F's 5-year return comfortably beat the policy return of 4.61 percent. While another strong absolute return last year and unusually large outperformance versus OP&F's policy index were quite helpful to the cause, looking ahead, a third year of returns of this magnitude is likely to be difficult to achieve.

OP&F believes that a well-diversified portfolio will serve OP&F well over the long-term. As the Board's adoption of risk parity in 2010 should demonstrate, OP&F's approach to creating a well-diversified portfolio has changed over the past two years. A combination of lower long-term equity targets inherent in risk parity and a steadily rising stock market kept OP&F's equity portfolio near the upper end of its allocation band; thus, making it easy to select a source of funds as OP&F diversifies into greater fixed income and alternatives exposures. Lower market volatility and ongoing diversification efforts have kept us from any forced rebalancing efforts over the past year, but OP&F is closely monitoring it's portfolio status relative to asset class allocation ranges. In addition to forcing us to sell high and buy low, a disciplined rebalancing policy removes human emotion from the decision making process. As evident in the Board's recent asset allocation and structural decisions, OP&F has and will continue to evaluate non-correlated, non-traditional strategies and asset classes in its search for optimal risk-adjusted returns.

EQUITIES

Most of the world's major stock and bond indices finished 2010 higher as the global economy continued its recovery from the worst recession in the post World War II era. The MSCI All Country World Index, a proxy for global stock market performance, has delivered two consecutive years of double digit returns, outperforming the broad U.S. and global bond markets by a wide margin. While the global recovery continued to solidify, the process has not been trouble free. The European debt crisis still hovers. Inflation has been picking up in emerging markets. Unemployment and housing remain major drags for growth not only in the US, but across many countries. Still, the improving economic outlook has been aided by powerful fiscal and monetary policy responses, including additional purchases of U.S. Treasuries by the Federal Reserve (aka QE2), aimed to support the recovery. Improving economic indicators helped diffuse widespread concerns of a double-dip recession that had prevailed in the summer. In addition, by keeping interest rates low and pledging to stimulate growth through quantitative easing, the Federal Reserve underscored two points: the viability of a sustainable recovery and the commitment by policy makers to ensure that this happens.

The broad U.S equity market, as measured by the Russell 3000 rose 16.93 percent, while the S&P 500 also finished the year up 15.06 percent. Meanwhile, the Russell 2000 small cap index turned in a 26.85 percent return last year. OP&F's 2010 U.S. equity composite return was 22.43 percent gross of fees compared to the Wilshire 5000 return of 17.16 percent giving OP&F's U.S. equity managers a whopping 527 basis points edge over their benchmark. A large part of this advantage came from the 26.01 percent return of OP&F's portable alpha structure, which resides within the U.S. equity portfolio.

International stock markets ended the year on a strong note, posting very good returns over the second half of the year. The combination of abundant liquidity, growing optimism concerning the outlook for global economic growth, and the implementation of quantitative easing by central banks created a positive environment for equities worldwide and outweighed concerns about the European sovereign debt crisis and tightening monetary policy in China. Emerging markets equities outpaced developed markets equities as shown by the MSCI Emerging Markets Index return of 18.87 percent outpacing the MSCI EAFE return of 7.75 percent for the year. OP&F's international equity benchmark, the MSCI All Country World ex-U.S. Index (Net), representing both developed and emerging international markets, posted an 11.15 percent increase in 2010. OP&F's international equity managers in total posted a 15.11 percent return gross of fees besting OP&F's international equity benchmark by 396 basis points.

FIXED INCOME

Bond markets also turned in mostly positive results for the year. The Barclay's Global Aggregate Bond Index, a broad measure of global bond market returns, gained 5.54 percent in U.S. dollar terms. In the U.S., the Federal Reserve maintained its exceptionally easy monetary policy, keeping the overnight rate effectively at zero. In addition, in the fourth quarter it embarked on a second round of quantitative easing, essentially printing money to buy bonds, in an effort to keep market rates low and stave off deflationary pressures. The 10-year U.S. Treasury note began the year at 3.84 percent. By October, that yield had fallen to a low of 2.38 percent in response to fears of a double-dip recession and a possible bout of deflation. However, those fears receded toward year-end, pushing the yield back to 3.30 percent. Shorter rates took a similar path. The two-year Treasury note began the year yielding 1.14 percent, and fell to 0.33 percent in early November before ending the year at 0.60 percent. Overall, the Barclay's U.S. Government Credit Bond Index produced a total return of 6.59 percent. Corporate bonds fared even better as the expanding economy resulted in rising confidence in the credit quality of corporate bonds.

OP&F's core fixed income composite returned 9.72 percent gross of fees versus the Barclays Aggregate Index return of 6.54 percent for all of 2010, an impressive advantage of 318 basis points. The Inflation Linked Policy return was 5.88 percent for the year, while OP&F's Global Inflation Protected Securities (GIPS) manager's return was far better at 15.28 percent gross of fees, or an incredible 940 basis points of outperformance. Of course, this mandate is run in a portable alpha format and the alpha engine produced this outstanding excess return.

HIGH YIELD

The high yield market, as measured by the Credit Suisse High Yield Index, returned 14.39 percent for all of 2010. The high yield market's spread over Treasuries tightened 71 basis points during the fourth quarter to 571 basis points, with the yield falling to 7.45 percent. According to J.P. Morgan, the fourth quarter of 2010 was the most active quarter of high yield new issuance on record at $91.3 billion. Total 2010 primary issuance of $302 billion easily topped 2009's previous annual record of $180.5 billion. Investor demand for high yield remained extremely strong. High yield mutual funds experienced positive net inflows of approximately $2.9 billion in the fourth quarter and $12.2 billion in 2010 according to Lipper/AMG data. High yield easily outperformed core fixed income and was very competitive with U.S. equity returns in 2010.

OP&F's composite high yield return was 15.02 percent gross of fees in 2010, while OP&F's benchmark, the CSFB Developed Countries High Yield Index, had a return of 14.39 percent, giving OP&F's composite an advantage of 63 basis points.

REAL ESTATE

Following a dramatic real estate and economic downturn, private real estate markets began to recover in 2010. OP&F's real estate portfolio delivered a net return of 15.5 percent for the year, one of the strongest calendar years in the program's history, and well in excess of the benchmark return of 13.7 percent. Returns over the three-year and five-year periods currently lag the benchmark, largely because the downturn had a larger impact on diversified real-world portfolios than it did on OP&F's lower-risk, core-only benchmark.

Throughout the year, low-risk, high-quality core assets attracted substantial amounts of capital resulting in a dramatic recovery in valuations. To take advantage of this recovery, the Board approved several actions in the first half of the year that were designed to maintain or increase OP&F's exposure to these lower-risk investments. These actions included temporarily rescinding a $31 million redemption request, deferral of another planned redemption request and $133 million in new commitments to core-oriented funds. Throughout the year, the real estate portfolio was overweight to the kinds of lower-risk assets that led the recovery.

By the second half of 2010, a consensus had grown that the U.S. economy was in the midst of a steady recovery. In spite of this fact, real estate investors as a group remain relatively unwilling to assume substantial amounts of risk. As a result, investors can obtain dramatic risk premiums if they are willing to assume leasing risk, are able to access deal flow and are able to operate assets efficiently. By the end of the year, and heading into 2011, OP&F began positioning itself to make new commitments that are designed to capture this risk premium. In general, these investments will focus on core-quality assets that have current vacancy or some other attribute that deters many risk-averse investors. In this vein, OP&F also made two tactical investments during the year, consisting of small commitments to a debt-focused fund in Japan and another focused on assets in the central business districts of major markets in the northeast and mid-Atlantic corridor of the U.S.

OP&F's total real estate exposure increased during the year from 6.1 percent to 6.8 percent due to appreciation and new commitments, and in spite of a rising total plan size. If unfunded commitments are added, the total exposure at the end of the year increases to 9.1 percent. This compares to a target for real estate of 12 percent and a range of 10 percent to 14 percent.

PRIVATE MARKETS

For the year ended Sept. 30, 2010 (private market returns are lagged by one quarter), OP&F's private markets allocation provided a return of 12.57 percent versus its public markets-based benchmark, the Wilshire 5000 + 3%, return of 14.41 percent. As for the two most prominent private markets subclasses, U.S. venture capital returned 8.2 percent for the one-year ended Sept. 30, 2010, according to Cambridge Associates U.S. Venture Capital Index, the performance benchmark of the National Venture Capital Association, while U.S. private equity returned 17.7 percent, per the Cambridge Associates LLC U.S. Private Equity Index. In addition to performance, to assess the state of private markets, one should look at the following four metrics: fundraising, investment levels, valuation (pricing) and divestments (also referred to as liquidity or exit environment).

The venture capital subclass is experiencing positive momentum after a difficult decade. For one, fundraising continues to decline as 2010 marked the fourth consecutive year of declines and the lowest amount of capital raised since 2003. This lower amount of capital should bode well for the future of venture capital as few dollars should temper competition for deals and keep entry prices from overheating. Second, the level of investment activity rose in 2010 for the first time since 2007. As long as investment levels are greater than the amount of capital raised, this should prevent an overhang of capital from forming, further temper competition and pricing, and lead to positive performance. Third, pre-money valuations remain attractive for early-stage venture capital deals. However, late-stage deals are experiencing some frothiness. One such example is Facebook. Finally, after a decade of near dormancy, venture capital exit activity rebounded strongly in 2010 as the subclass experienced record breaking Mergers and Acquisitions (M&A) activity and the largest number of initial public offerings since 2007.

The private equity subclass, in particular the buyout industry, is rebounding from the financial crisis in 2008 and subsequent global recession. However, saying that, with respect to fundraising, the buyout industry remains weak. There continues to be a large overhang of capital that needs to be invested before any new capital is raised. In looking at the level of investments, the buyout industry is experiencing a rebound due to improved debt markets, low interest rates and a stabilizing global economy. Valuations are firming as competition increases among buyout funds looking to invest their capital before their investment periods expire. Finally, the exit environment for private equity-backed companies surged in 2010 and is expected to remain healthy into 2011.

OP&F continues to work prudently toward OP&F's 7 percent target allocation to private markets. On an invested basis, private markets comprised 3.4 percent of OP&F's assets as of year-end. The total committed capital since inception of OP&F's private markets program through Dec. 31, 2010 was $983.8 million, of which $362.1 million has yet to be called. In addition, OP&F has €80.5 million in Euro commitments, of which €46.8 million has yet to be called. Distributions since the inception of the program have totaled $431.1 million and €16.6 million.

In the future, OP&F will continue to work toward OP&F's 7 percent target by reviewing existing relationships for further investment and by looking at a number of new managers. As always, OP&F will continue to look for ways to diversify OP&F's private markets program in order to achieve the highest risk-adjusted return as well as to maintain the private markets portfolio's compliance with its policy objectives and constraints.

2011 DEVELOPMENTS AND CHALLENGES AHEAD

With the Board's adoption of a new long-term asset allocation policy last year, a considerable number of challenges remain to shift OP&F's existing exposures to the new asset class target weights. Much time has already been spent this year analyzing how and when to begin implementing certain exposures such as long duration fixed income and increased high yield. Given current market conditions and the prevailing outlook, OP&F expects these discussions to continue. In connection with the new long-term asset allocation policy, the Board adopted new asset class target ranges earlier this year to assist in cost effective rebalancing and to use as a guide for maintaining asset allocation policy targets. As mentioned earlier, the Board approved minimum criteria for both a high yield and international small cap search last year and both searches are underway via public Request for Proposal (RFP) processes. OP&F staff expects the Board to hire investment managers in the coming months and then staff will work to implement the respective hires. While it is still early in the year, OP&F is off to a good start in OP&F's efforts to evaluate and implement ways to provide prudent and competitive returns for OP&F's membership. Below are some of the other items already addressed in 2011 and a number that still lie ahead:

- Amended OP&F's Investment Policy and Guidelines.
- Amended OP&F's Proxy Voting Policy.
- Approved the 2011 Private Markets Investment Plan.
- Worked toward target allocation in private markets:
  - Made a commitment to Linsalata Capital Partners VI, L.P.
- Worked toward target allocation in real estate:
  - Increased commitment to Morgan Stanley Prime Property Fund.
- Revised OP&F's global inflation protected securities investment guidelines to modify the tracking error target given the new levered mandate.
- Manage to the Board's risk-based implementation plan and total fund policy benchmark targets, both interim and final:
  - U.S. Equity:
    - Transition beta management portion of several portable alpha mandates to Russell Implementation Services.
    - Manage to the new U.S. equity investment structure.
  - Non-U.S. Equity:
    - Manage to the new Non-U.S. equity investment structure.
    - Complete search for international small cap managers and implement those managers hired by the Board.
  - Fixed Income:
    - Continue discussion concerning implementation of the long duration mandate and possible complementary bond strategies.
    - Continue discussion of possible transition of OP&F's current core bond managers into long duration and/or complementory bond strategies.
    - Conduct search for investment managers in long duration and/or complementary bond strategies.
    - Transition former derivatives based enhanced index strategy to long duration and/or complementary bond strategies.
  - High Yield:
    - Contribute additional assets to existing high yield managers to increase exposure toward long-term allocation target.
    - Complete search for additional high yield manager and implement the manager hired by the Board.
  - Private Markets:
    - Implement 2011 Private Markets. Investment Plan.
  - Real Estate:
    - Implement 2011 Real Estate Investment Plan.
  - Commodities:
    - Adopt a commodity investment policy.
    - Conduct search for investment managers.
  - Timber:
    - Continue due diligence on timberland investment management organizations and implement any Board approved investment managers and/or investments in commingled vehicles.
- Enhance Risk Management Capabilities:
  - Explore risk management systems.
  - Assess current qualitative efforts.

As detailed above, OP&F expects to spend a significant amount of time the rest of the year managing to the Board's risk-based implementation plan and total fund policy benchmark targets, both interim and final. Finally, from an operational standpoint, OP&F continues to look for ways to improve the efficiency of and reduce the costs of OP&F's operations.

Investment Portfolio Summary

Investment Portfolio Summary

Investment Type	% of Fair Value	Fair Value
Cash and Cash Equivalents	4.85%	$ 617,029,526
U.S. Government Bonds	5.23%	664,726,505
U.S. Government STRIPS	0.54%	69,182,610
U.S. Government Agencies	0.05%	6,143,521
Municipal Bond Obligations	0.04%	5,258,827
Corporate Bonds and Obligations	10.36%	1,317,679,811
Mortgage and Asset-Backed Obligations	5.22%	664,334,282
Domestic Stocks	11.62%	1,478,832,777
Domestic Pooled Stocks	24.46%	3,110,981,069
International Securities	27.80%	3,536,651,609
Real Estate	6.27%	797,036,389
Commercial Mortgage Funds	0.33%	42,184,361
Private Equity	3.23%	411,232,843
Total Fair Value - Cash and Securities	**100.00%**	**$ 12,721,274,130**
Reverse Repurchase Agreements		(785,724,402)
Net Investments Commitments Receivable/(Payable)		(120,311,655)
Total Portfolio Net Asset Value		**$ 11,815,238,073**

Ten Largest Common Stocks (by Fair Value)

Stock	Shares	Fair Value
BNP Paribas	557,590	$ 35,613,961
Novartis AG-Reg Shs	553,600	32,636,327
Toyota Motor Corp.	758,827	30,126,662
Siemens AG	236,199	29,374,123
Novo Nordisk A/S-B	247,977	28,079,522
Komatsu Ltd	876,147	26,542,052
Volkswagen AG Pfd	162,969	26,541,826
Rio Tinto PLC-Reg	376,646	26,456,717
British American Tobacco PLC	685,600	26,443,461
Nestle SA-Registered	449,204	26,385,494

Ten Largest Bonds and Obligations (by Fair Value)

Description	Coupon	Maturity Date	Par Value	Fair Value
France (Government Of)	2.500	July 25, 2013	$ 30,050,000	$ 49,443,231
France (Government Of)	2.250	July 25, 2020	28,250,000	47,082,343
France (Government Of)	1.000	July 25, 2017	28,550,000	42,345,394
U. S. Treasury Note	2.250	Nov. 30, 2017	36,140,000	35,143,259
U.S. Treasury Inflation Index	1.875	July 15, 2013	27,600,000	35,045,204
Deutschland Inflationary Linked	1.500	April 15, 2016	21,200,000	32,912,743
France (Government Of)	1.600	July 25, 2015	19,800,000	31,415,584
U. S. Treasury Note	2.625	Nov. 15, 2020	31,145,000	29,378,456
FNMA TBA	6.000	Jan. 01, 2041	27,000,000	29,343,600
Canada-Government Real Return	4.000	Dec. 01, 2031	14,550,000	29,037,876

Ten Largest Real Estate Holdings (by Fair Value)

Description	Fair Value
Invesco Core R.E.	$ 205,296,896
JP Morgan Strategic Property Fund	108,188,268
Heitman Core Property Fund	86,970,394
Prudential PRISA	64,270,105
Morgan Stanley Prime Property Fund	38,674,312
RREEF America REIT II	35,357,315
Blackstone Real Estate Partner V	23,126,525
Heitman Value Partners	16,842,862
Blackstone Real Estate Partner VI	16,760,877
TA Realty Associates Fund VIII	16,422,168

A complete listing of portfolio holdings can be obtained by calling 614-228-2975.

Schedule of Investment Results For the Year Ended Dec. 31, 2010

	Annualized Rates of Return		
	1-Year	3-Year	5-Year
U.S. Equity			
OP&F	**22.43%**	**0.26%**	**4.04%**
DJ Wilshire 5000	17.16%	(1.92)%	2.90%
Int'l Equity			
OP&F	**15.11%**	**(4.45)%**	**6.17%**
MSCI ACWI ex-U.S. (Net)	11.15%	(5.03)%	4.82%
Fixed Income			
OP&F - Core	**9.72%**	**7.16%**	**6.51%**
Barclays Aggregate	6.54%	5.91%	5.80%
OP&F - High Yield	**15.02%**	**10.52%**	**8.89%**
CSFB Developed Countries HY	14.39%	9.27%	8.39%
OP&F - GIPS	**15.28%**	**8.92%**	**8.25%**
Barclays Global Inflation Linked Bond Index	5.88%	5.40%	5.36%
OP&F - Commercial Mortgages *	**16.63%**	**5.28%**	**4.64%**
Barclays Mortgage Index *	5.70%	7.51%	6.41%
Real Estate *			
OP&F	**4.86%**	**(12.44)%**	**0.50%**
NCREIF	5.83%	(4.62)%	3.67%
Private Equity *			
OP&F	**12.57%**	**(0.95)%**	**8.52%**
Wilshire 5000 + 3%	14.41%	(3.63)%	4.46%
Total Portfolio			
OP&F	**15.83%**	**0.20%**	**5.24%**
** Policy Index	12.61%	(0.32)%	4.61%

* One quarter in arrears.
** Interim Policy Index: 36.9 percent Wilshire 5000, 23 percent MSCI ACWI ex-U.S. (N), 10 percent Barclays Aggregate, 9.67 percent CSFB Dev. Countries HY, 6.45 percent Global TIPS Custom, 10 percent NCREIF Property Index Lagged, 4 percent Wilshire 5000 + 3% Lagged.

- Long Term Policy: 21.7 percent Wilshire 5000, 21.7 percent MSCI ACWI ex-U.S. (N), 23.7 percent Barclays Long Govt/Credit, 15 percent CSFB Dev. Countries HY, 12.9 percent Global TIPS Custom, 12 percent NCREIF Property Index Lagged, 7 percent Wilshire 5000 +3% Lagged, 3 percent Timber, 3 percent Commodities (adds to 120 percent as "Risk Parity" approach uses levered Long Duration and levered Global Inflation-Protected Securities).

Time Weighted methodology, based upon market values, is used when calculating performance.

Investment Consultants and Money Managers

For the Year Ended Dec. 31, 2010

Investment Consultants

Wilshire Associates
The Townsend Group

Investment Managers – Private Equity

Abbott Capital Management, LLC
Adams Street Partners
Athenian Venture Partners
Blue Chip Venture Partners, LP
Blue Point Capital Partners, LP
Brantley Venture Partners
Harbourvest Partners, LLC
Horsley Bridge Partners, LLC
Kirtland Capital Partners
Landmark Equity Partners
Lexington Capital Partners
Linsalata Capital Partners
MV Economic Development, Ltd.
Montauk TriGuard Management, Inc.
Morgenthaler Venture Partners
Northgate Capital Group
Park Street Capital
Peppertree Partners, LLC
Primus Venture Partners
Riverside Capital Associates
TA Associates, LP
Wilshire Private Markets, LLC

Investment Managers – Fixed Income

Bridgewater Associates LP
JPMorgan Investment Advisors Inc.
Neuberger Berman
Loomis Sayles & Company, LP
MacKay Shields, LLC
Prima Capital Advisors, LLC
Quadrant Real Estate Advisors, LLC
Western Asset Management

Other Professional Consultants

(see page iii)

Investment Managers – U.S. Equity

AQR Capital Management
Bridgewater Associates LP
Chicago Equity Partners, LLC
Columbia Asset Management
Earnest Partners, LLC
Grosvenor Capital Management LP
INTECH Investment Management, LLC
FX Concepts, LLC
Mellon Capital Management
N.A. Investcorp, LLC
Russell Implementation Services Inc.
State Street Global Advisors
Western Asset Management

Investment Managers – Real Estate

AEW Capital Management
The Blackstone Group
CB Richard Ellis Investors, LLC
Colony Capital, LLC
DLJ Real Estate Capital Partners, Inc.
Fortress Japan Opportunity Management LLC
Fremont Realty Capital, LP
Heitman Capital Management, LLC
INVESCO Realty Advisors
JP Morgan Investment Management, Inc.
LaSalle Investment Management
Lone Star Funds
Lubert-Adler Management Co., LLC
Morgan Stanley Real Estate Advisors, Inc.
Prudential Investment Management, Inc.
RREEF America, LLC
Starwood Capital Group
Stockbridge Real Estate Fund
TA Realty Associates
TRECAP Commercial Realty Partners LP
Tricon Capital Group, Inc.
Walton Street Capital, LLC
Westbrook Partners, LLC

Investment Managers–International Equity

Acadian Asset Management Inc.
Causeway Capital Management LLC
Pyramis Global Advisors
Thornburg Investment Management Inc.

Schedule of Brokers' Fees Paid For the Year Dec. 31, 2010

Broker Name	Fees Paid	Units Traded	Average Cost Per Unit
Credit Suisse	$719,249	106,636,195	$ 0.0067
Goldman Sachs & Co.	249,573	22,484,408	0.0111
UBS	239,249	23,673,999	0.0101
Merrill Lynch	230,133	43,202,757	0.0053
Morgan Stanley & Co. Inc.	208,158	20,322,022	0.0102
Citigroup Global Markets	193,163	53,409,826	0.0036
JP Morgan Securities LLC	156,396	10,679,934	0.0146
Nomura Securities Co. Ltd.	152,950	55,533,859	0.0028
Deutsche Bank	131,612	23,510,866	0.0056
Jefferies & Co., Inc.	128,667	8,144,502	0.0158
Barclays Capital	97,392	11,147,024	0.0087
Instinet	95,318	11,044,199	0.0086
Weeden & Co. LP	93,494	5,857,036	0.0160
RBS Securities Inc.	69,318	15,790,187	0.0044
Knight Capital Americas LP	62,717	3,047,195	0.0206
Rosenblatt Securities Inc.	58,586	4,164,000	0.0141
Macquarie Capital Markets Ltd	58,401	4,069,876	0.0143
BNY Convergex	55,752	2,892,400	0.0193
Bloomberg Tradebook	51,965	10,105,192	0.0051
Liquidnet Inc	51,933	2,967,086	0.0175
RBC Capital Markets LLC	46,393	1,452,549	0.0319
Investment Technology Group	45,400	5,284,676	0.0086
Credit Agricole	44,122	3,273,618	0.0135
Guzman & Company	38,591	2,560,000	0.0151
Societe Generale	38,168	2,959,652	0.0129
HSBC Securities Inc.	36,282	6,042,542	0.0060
Capital Institutional Services	35,201	1,429,000	0.0246
Sanford C. Bernstein & Co. LLC	31,606	2,059,748	0.0153
Jonestrading Institutional Services LLC	29,457	1,089,400	0.0270
Daiwa Securities Group	23,806	1,836,526	0.0130
CIBC World Markets Corp	22,109	714,600	0.0309
G-Trade Services LLC	21,222	4,977,050	0.0043
CLSA	20,704	1,737,847	0.0119
Brokers Less Than $20,000	396,525	25,364,794	0.0156
Total	**$3,933,612**	**499,464,565**	**$ 0.0079**

Minor formatting edits have been made to the Board approved investment policy and guidelines in order to provide style consistency throughout the CAFR.

Investment Policy and Guidelines

I. INTRODUCTION

The purpose of this Investment Policy and Guidelines (“Policy” or “Statement”) is to define the framework for investing the assets (“Total Portfolio”) of the Ohio Police & Fire Pension Fund (“OP&F” or “Plan”). This Statement is intended to provide general principles for establishing the goals of OP&F, the allocation of assets and the employment of outside asset management. The statutory investment authority of the Investment Committee/Board of Trustees (the “Board of Trustees” or the “Board”) is set forth in Sections 742.11 to 742.113 and Sections 742.114, 742.116 of the Ohio Revised Code (“ORC”), as amended from time to time.

The objectives of OP&F have been established in conjunction with a comprehensive review of the current and projected financial requirements. These objectives are:

- To have the ability to pay all benefit and expense obligations when due.
- To maintain the purchasing power of the current assets and all future contributions by maximizing the rate of return on OP&F’s assets at a reasonable level of risk.
- To achieve and maintain a fully funded status with regard to the accumulated benefit obligation over a 30-year amortization period.
- To control the costs of administering OP&F and managing the investments.

The investment objectives of the Total Portfolio are:

- Long-term returns on Plan investments, in addition to contributions received from members and employers, should satisfy any current funding obligations of the Plan when and as prescribed by law and, once the Plan is fully funded, should keep pace with the growth of Plan liabilities.
- The investment performance goal for the Total Portfolio is to meet or exceed the return of the Total Portfolio policy benchmark over a full market cycle, generally measured over three- to five-years, without taking on additional risk as measured by standard deviation of returns. The Total Portfolio policy benchmark is a weighted average, based on the allocation target defined in Section III below, of each asset class benchmark.

In order to achieve these objectives, the Board of Trustees will conduct itself in accordance with ORC Section 742.11, which provides “The Board and other Fiduciaries shall discharge their duties with respect to OP&F solely in the interest of the participants and beneficiaries.” These duties shall also be carried out “with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and like aims”, as referenced in ORC Section 742.11. All aspects of this statement should be interpreted in a manner consistent with OP&F’s objectives. At least annually, the Board shall review and adopt policies, objectives or criteria for the operation of the investment program and make such changes as appropriate.

Investment policies and Investment Manager(s) guidelines referenced in this document are separate policies governing specific aspects of managing the Total Portfolio and are not reproduced in this Statement, but are incorporated by reference as governing documents of the Plan.

II. DEFINITION OF RESPONSIBILITIES

A. Investment Committee/Board of Trustees

The statutory investment authority of the Board with regard to the Plan is set forth in Chapter 742, as described above, provides that in its capacity as a fiduciary, the Investment Committee/Board of Trustees must discharge its duties in a prudent manner and for the exclusive benefit of the participants and beneficiaries of the Plan.

In discharging its duties, the responsibilities of the Investment Committee/Board of Trustees pursuant to this Policy include the following:

- Establish the strategic investment policy (“Asset Allocation Policy”) for OP&F in accordance with the above goals, and periodically review Asset Allocation Policy in light of any changes in actuarial variables and/or market conditions.
- Approve the investment structure for applicable asset classes identified in the Asset Allocation Policy.

- Select qualified Investment Consultant(s) and Investment Manager(s) to advise on and manage OP&F's assets recognizing the goals set forth in ORC Sections 742.11 and 742.116.
- Monitor and review the performance of selected Investment Manager(s) to determine achievement of goals and compliance with policy guidelines.
- Monitor the costs of the investment operations at least annually.
- Review, at least annually, the current investment policies of OP&F and make such changes as appropriate.
- Review applicable annual investment plan(s) prepared by the staff and/or Investment Consultant(s). As conditions warrant, revise the annual investment plan(s) as the year progresses.
- Review and approve or disapprove real estate transactions when required by Board policy.
- Monitor investment activity for compliance with Board policies and adherence by Investment Manager(s) to strategy and direction.
- Review the overall investment performance to determine whether it meets established benchmarks.
- Evaluate and assign all Investment Manager(s) to a rating category as outlined in OP&F's Investment Manager Monitoring and Evaluation Policy.
- Review suggested changes or additions to the functions and operations regarding the investment operations of similar institutional investors.
- Review the proposed investment department annual operating budget and report its recommendations to the Finance Committee.
- Fulfill any other responsibilities as provided in the ORC and Investment Committee Charter.

The Investment Committee/Board of Trustees may authorize others such as OP&F staff, and may utilize the services of external advisors, such as actuaries, auditors, consultants and legal counsel, to implement decisions made by the Board.

B. Staff

Staff will be the primary liaison between the Investment Committee/Board of Trustees and the Investment Consultant(s), the Investment Manager(s), and the custodial bank(s). In doing so, the staff will:

- Manage OP&F assets under its care and/or control in accordance with this Policy's objectives and guidelines set forth herein.
- Implement Board decisions regarding asset allocation, investment structure, Investment Manager(s) selection, and portfolio rebalancing procedures.
- Coordinate the Investment Manager(s) selection, evaluation, and retention decisions for the Plan's investments, consistent with OP&F's Investment Manager Search Policy.
- Monitor both internally and externally managed assets to ensure compliance with guidelines set forth in this Policy.
- Establish a process to promptly vote all proxies and related actions in a manner consistent with OP&F's long-term interests and objectives set forth herein and OP&F's Proxy Voting Policy. Maintain detailed records of said voting of proxies and related actions and comply with all regulatory objectives related thereto.
- Manage the overall liquidity in the Total Portfolio to ensure timely payment of member benefit payments and Plan expenses and the investment of contributions consistent with established asset allocation and portfolio rebalancing policies.
- Report to the Board at least quarterly regarding the status of the Total Portfolio and its performance for various time periods. Meet with the Board at least annually to report on their performance and compliance with goals and objectives.
- Acknowledge and agree in writing to their fiduciary responsibility to fully comply with this Policy set forth herein, and as modified in the future.

C. Investment Consultants

The Investment Committee/Board of Trustees may retain an investment consulting organization or organizations (the "Investment Consultant(s)") to assist in the overall strategic investment direction of the Total Portfolio and its implementation. Each such Investment Consultant(s), in recognition of its role as a fiduciary of the Plan, will assume specific duties. These duties shall generally include the following:

- Provide independent and unbiased information.
- Assist in the development of this Policy.
- Monitor compliance with this Policy.

- Assist in the development and recommendation of strategic asset allocation targets, investment structure, and rebalancing procedures.
- Assist in development of performance measurement standards.
- Assist in the Investment Manager(s) search and selection process consistent with OP&F's Investment Manager Search Policy.
- Monitor, evaluate and report to the Board on Total Portfolio and Investment Manager (s) performance on an ongoing basis.
- Conduct due diligence when an Investment Manager(s) fails to meet a standard.
- Establish a procedural due diligence search process.

D. Investment Managers

The Investment Committee/Board of Trustees may, from time to time, cause the Plan to retain one or more qualified investment managers ("Investment Manager(s)") to manage a portion of the Plan assets. When applicable, the Investment Committee/Board of Trustees shall approve each Investment Manager(s) guidelines, which may set forth the purpose, Investment Manager(s) philosophy and approach, authorized investments, prohibitions, typical portfolio characteristics, performance objectives and evaluation, and Investment Manager(s) communications. The Investment Manager(s) have certain responsibilities that include the following:

- Manage OP&F assets under its care, custody, where applicable, and/or control in accordance with this Policy's objectives and guidelines set forth herein and its governing agreement with OP&F.
- Exercise full investment discretion over the assets in their care within the guidelines set forth in this Policy and, where applicable, the specific guidelines established for the Investment Manager(s) in the governing agreements with OP&F.
- Constructing a portfolio of securities that reflects the execution of a specific investment strategy.
- Promptly inform the Board and staff in writing regarding all changes of a material nature pertaining to the firm's organization and professional staff.
- If directed, promptly vote all proxies and related actions in a manner consistent with OP&F's long-term interests and objectives set forth herein and OP&F's Proxy Voting Policy. Each Investment Manager(s) designated to vote shall keep detailed records of said voting of proxies and related actions and will comply with all regulatory obligations related thereto.
- Provide reporting to the Board or staff or Investment Consultant(s) quarterly regarding the status of the portion of the Total Portfolio managed by the Investment Manager(s) and its performance for various time periods. Meet with the Board or staff or Investment Consultant(s) annually or as needed to report on their performance and compliance with goals and objectives.
- Acknowledge and agree in writing to their fiduciary responsibility to fully comply with this Policy set forth herein, and as modified in the future.

E. Office of the Ohio Treasurer/Board of Deposit/Custodian(s)

Per Section 742.11 of the ORC, the Treasurer of the State of Ohio (the "Treasurer of State") is designated as custodian of investment assets. As custodian, the Treasurer of State or its designee (as described below) will be responsible for holding and safekeeping Plan assets, settling purchases and sales of securities; and identifying and collecting income which becomes due and payable on assets held. The Treasurer of State may engage a qualified bank or trust company, as authorized agent of the Treasurer of State, to perform certain services on behalf of the Treasurer of State to fulfill its responsibilities as custodian.

III. ASSET ALLOCATION AND REBALANCING

It is the responsibility of the Board to determine the allocation of assets among distinct capital and private markets. The allocation will be completed in a manner consistent with commonly recognized financial principles. Application of these principles is expected to lead to a portfolio with the highest level of return consistent with the risk tolerance of OP&F.

The procedure for determining the allocation will consider the relevant characteristics of the liabilities and potential assets of OP&F. The liability considerations shall include, but not be limited to, current and expected future values of the benefits, contributions and total assets. These factors are important for identifying the investment horizon of OP&F and its cash flow requirements. The asset characteristics considered shall include, but not be limited to, the potential return relative to the potential risk, and diversification characteristics.

The asset allocation must be consistent with the investment standards specified in ORC Section 742.11.

The risk/return characteristics of OP&F shall be reviewed on a periodic basis (no less than every five years) through a comprehensive asset liability valuation study. The goal of the study shall be to formulate an Asset Allocation Policy which maximizes return while minimizing overall risk through the most efficient combination of acceptable asset classes under the prudent person standard.

Based on an asset liability valuation study, which analyzed the expected returns, risk and correlations of various asset classes, projected liabilities and the risks associated with alternative asset mix strategies, the Board has established the following Asset Allocation Policy:

Asset Class	Long Term Target Allocation National Exposure	Range
Domestic Equity	21.7%	±3%
Non-U.S. Equity	21.7%	±3%
Total Equity	**43.4%**	**±5%**
Long Duration Fixed Income	23.7%	±4%
Global Inflation Protected Securities	12.9%	±2%
High Yield	15.0%	±2.5%
Total Fixed Income	**51.6%**	**±7%**
Real Estate	12.0%	±2%
Private Markets	7.0%	±1%
Timber	3.0%	±1%
Commodities	3.0%	±1%
Total Alternatives	**25.0%**	**±5%**
Cash Equivalents	0.0%	+0.5%
TOTAL	**120%**	

Asset Class	Long-Term Target Allocation Market Value
Domestic Equity	21.7%
Non-U.S. Equity	21.7%
Long Duration Fixed Income	10.1%
Global Inflation Protected Securities	6.5%
High Yield	15.0%
Real Estate	12.0%
Private Markets	7.0%
Timber	3.0%
Commodities	3.0%
Cash Equivalents	0.0%
TOTAL	**100%**

The most recent study has shown that this is a favorable asset mix for meeting longer-term goals under multiple market conditions. In addition, this study incorporates the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing Total Portfolio risk. From the notional portfolio perspective above, the Total Portfolio shall be levered at 1.2 times due to the application of leverage to certain fixed income asset classes. The Board selected a 1.2 times levered Asset Allocation Policy for the reasons listed below:

- Increases the Total Portfolio's Sharpe Ratio relative to the former unlevered asset allocation policy;
- Reduces the expected benefits funding cost relative to the former unlevered asset allocation policy;
- Reduces the worst case benefits funding cost relative to the former unlevered asset allocation policy;
- Allows a reduction in equity risk exposure and an increase in fixed income and alternatives exposure, which reduces overall expected risk without sacrificing return;
- Creates a more risk-balanced portfolio by reducing the Total Portfolio's risk contribution from equities and significantly increasing the risk contribution from fixed income and alternatives; and
- Allocates risk based on the relationship between asset classes and economic environments.

The Asset Allocation Policy represents a long-term strategy and thus, the Total Portfolio should strategically meet its performance objectives in the long-term but not necessarily every year.

Short term market shifts may cause the asset mix to drift from the allocation targets. Should the target percentage fall out of the indicated range for a particular asset class, the staff shall direct rebalancing transactions to reallocate assets from the over-allocated asset class to the under-allocated asset class. This rebalancing discipline is intended to encourage "buying low" and "selling high" and to keep the Total Portfolio invested at an appropriate overall risk level. Except when there is a perceived extraordinary downside risk in a particular asset class, movement outside the normal ranges should be avoided. Investments in private markets and private real assets (real estate and timber) are generally less liquid than investments in public markets securities and are typically implemented via periodic commitments to funds with limited partnership structures. As a result, actual allocations to these asset classes may deviate from their strategic targets for extended periods. Actual vs. target deviations for these asset classes shall not be considered in violation of the Asset Allocation Policy. Under/overweights to these asset classes shall be invested in public markets securities with the most similar risk/return characteristics as a short-term proxy for the private asset classes. To assist in rebalancing, OP&F may retain a derivative overlay Investment Manager(s) which may provide several benefits including: (1) reduce OP&F's tracking error relative to our target allocations; (2) improve Total Portfolio returns; and (3) reduce the administrative burden associated with management of monthly cash flows.

The Board may adopt interim Asset Allocation Policy target allocations to reflect the transition from previous policy target allocations to new policy target allocations. The interim target allocations will reflect dollar cost averaging and/or opportunistic implementation to most prudently reach the new policy target allocations.

IV. INVESTMENT IMPLEMENTATION

The implementation of an investment portfolio designed to achieve the Total Portfolio objectives must be consistent with governing statutes as specified in Sections 742.11 to 742.113, 742.114, 742.116 and with the Ohio-Qualified Investment Manager Policy and the Ohio-Qualified Broker Policy.

Where appropriate, OP&F will invest assets through the use of qualified Investment Manager(s). The allocations to these Investment Manager(s) will be made in accordance with the results of the asset liability valuation study, investment structure analysis, and established procedures.

For a complete description of the selection of Investment Manager(s), please see OP&F's Investment Manager Search Policy.

V. ASSET CLASS OBJECTIVES, CHARACTERISTICS AND INVESTMENT STRUCTURE

Investment structure targets will be established within applicable asset classes to address risk and return factors present in the respective asset class. For example, the domestic equity composite portfolio structural targets will be established to ensure style (growth vs. value) and market capitalization neutrality relative to the overall market, and to address active versus passive implementation decisions. External Investment Manager(s) will be hired to implement the structural targets in a diversified manner and will therefore have derived target weightings within the overall investment program. These are set forth below.

A. Domestic Equity

Investment Objectives
Total return of the domestic equity composite portfolio should exceed the return of the Wilshire 5000 Index over a three-year period on an annualized basis. Total return of each Investment Manager(s) portfolio should rank above the median when compared to their peer group, if applicable, over a three-year period on an annualized basis and should exceed their benchmark return as specified in each Investment Manager(s) guidelines.

Investment Characteristics
The main focus of investing will be on companies headquartered and/or domiciled in the United States. The domestic equity composite portfolio shall have similar portfolio characteristics as that of the Wilshire 5000 Index, and should not exhibit any size (market capitalization) or style (value vs. growth) bias.

Investment Structure
The structure of the domestic equity composite portfolio will be diversified among passive and active investment strategies as follows:

1. *Passive Large Capitalization Core Exposure*
   The passive large capitalization core component has a target allocation of forty-five percent (45.0%)

of the domestic equity composite portfolio. This passive portfolio is intended to provide broad market exposure for and diversification to OP&F's domestic equity composite portfolio through holdings in large capitalization equities or futures and is to be constructed so as to match the characteristics and return of the Russell 1000 Index.

2. *Active Large Capitalization Alpha Transfer Exposure*
   The active large capitalization alpha transfer component has a target allocation of thirty percent (30.0%) of the domestic equity composite portfolio, comprised of ten percent (10.0%)to global macro strategies, ten percent (10.0)%)to market neutral strategies, and ten percent (10.0%) to active currency strategies. The overall objective is to provide risk-adjusted returns greater than the return of the Standard & Poor's 500 Index (S&P). S&P 500 market exposure, obtained through the use of derivatives and/or physicals, will be combined with strategies that represent diversified sources of alpha with a broad range of risk characteristics. For a complete description of the appropriate use of derivatives, please see OP&F's Derivatives Policy Statement.
3. *Active Small/Mid Capitalization Core Exposure*
   The active small/mid capitalization core component has a target allocation of twenty-five percent (25.0%) of the domestic equity composite portfolio, comprised of thirteen percent (13.0%) to active mid capitalization core strategies and twelve percent (12.0%) to active small capitalization core strategies.

B. Non-U.S. Equity

Investment Objectives
Total return of the Non-U.S. equity composite portfolio should exceed the return of the Morgan Stanley Capital International All Country World ex-U.S. Index (MSCI ACWI-ex U.S.) over a three-year period on an annualized basis. Total return of each Investment Manager(s) portfolio should rank above the median when compared to their peer group, if applicable, over a three-year period on an annualized basis and should exceed their benchmark return as specified in each Investment Manager(s) guidelines.

Investment Characteristics
The main focus of investing will be on companies headquartered or domiciled in the MSCI ACWI-ex U.S. countries, which includes both developed and emerging markets. The Non-U.S. Equity composite portfolio shall have similar portfolio characteristics as that of the MSCI ACWI-ex U.S.

Investment Structure
Non-U.S. equity assets will be managed soley on an active basis in order to exploit the perceived inefficiencies in the Non-U.S. equity markets. The structure of the Non-U.S. equity composite portfolio will be diversified among active all capitalization ACWI-ex U.S. strategies and dedicated ACWI-ex U.S. small capitalization strategies as follows:

1. *Active All Capitalization ACWI-ex U.S. Exposure*
   The Active All Capitalization ACWI-ex U.S. component has a target allocation of seventy-five percent (75.0%) of the Non-U.S. equity composite portfolio.

2. *Active ACWI-ex U.S. Small Capitalization Exposure*
   The dedicated Active ACWI-ex U.S. Small Capitalization component has a target allocation of twenty-five percent (25.0%) of the Non-U.S. equity composite portfolio.

C. Fixed Income

1. Long Duration

Investment Objectives
Total return of the long duration fixed income composite portfolio should exceed the return of the Barclays Long Government/Credit Index over a three-year period on an annualized basis. Total return of each Investment Manager(s) portfolio should rank above the median when compared to their peer group, if applicable, over a three-year period on an annualized basis and should exceed their benchmark return as specified in each Investment Manager(s) guidelines.

Investment Characteristics
The main focus of investing will be a diversified mix of fixed income securities which may include, but not be limited to, government, corporate, mortgage-backed, foreign, and high yield securities. The long duration fixed income composite portfolio shall have similar portfolio characteristics as that of the Barclays Long Government/Credit Index.

Investment Structure
Long duration fixed income assets will be managed solely on an active basis in order to exploit the perceived inefficiencies in this asset class. Given the long duration fixed income allocation target set forth in the Asset Allocation Policy above, the long duration fixed income composite portfolio will be levered approximately 2.3x. Implementation of the long duration fixed income composite portfolio will be consistent with OP&F's Derivatives Policy Statement, which provides a complete description of the appropriate use of derivatives in the Plan.

2. Global Inflation Protected Securities (GIPS)

Investment Objectives
Total return of the GIPS composite portfolio should exceed the return of a custom weighted-average mix of the Barclays country indexes within the Global Inflation-Linked Bond Index over a three-year period on an annualized basis. Total return of each Investment Manager(s) portfolio should exceed their benchmark return as specified in each Investment Manager(s) guidelines. In addition, there is an alpha transfer component to the GIPS composite portfolio whereas the overall objective is to provide risk-adjusted returns greater than the return of the custom weighted-average mix of the Barclays country indexes within the Global Inflation-Linked Bond Index.

Investment Characteristics
The main focus of investing will be a diversified mix of global inflation-linked securities of the Barclays country index within the Global Inflation-Linked Bond Index. The GIPS composite portfolio, as well as each Investment Manager(s) portfolio, shall have similar portfolio characteristics as that of a custom weighted-average mix of the Barclays country indexes within the Global Inflation-Linked Bond Index.

Investment Structure
GIPS assets will be managed solely on an active basis in order to exploit the perceived inefficiencies in inflation protected securities markets. Given the long GIPS allocation target set forth in the Asset Allocation Policy above, the GIPS composite portfolio will be levered approximately 2.0x. GIPS exposure, obtained through the use of derivatives and/or physicals, will be combined with a strategy that provides a diversified source of alpha with customized risk tolerances. Implementation of the GIPS composite portfolio will be consistent with OP&F's Derivatives Policy Statement, which provides a complete description of the appropriate use of derivatives in the Plan.

3. Investment Grade

The investment grade composite portfolio represents an existing portfolio that will eventually be liquidated based on the Asset Allocation & Rebalancing set forth in Section III of this Policy.

Investment Objectives
While in existence, total return of the investment grade composite portfolio should exceed the return of the Barclays Aggregate Index over a three-year period on an annualized basis. Total return for each Investment Manager(s) portfolio should rank above the median when compared to their peer group, if applicable, over a three-year period on an annualized basis and should exceed their benchmark return as specified in each Investment Manager(s) guidelines.

Investment Characteristics
While in existence, the main focus of investing will be on dollar denominated fixed income securities. The investment grade composite portfolio as well as each Investment Manager(s) portfolio shall have similar portfolio characteristics as that of the Barclays Aggregate Index.

Investment Structure
While in existence, investment grade assets will be managed solely on an active basis in order to exploit the perceived inefficiencies in the investment grade fixed income markets.

4. Commercial Mortgages

The commercial mortgage composite portfolio represents an existing portfolio that is being liquidated over time.

Investment Objectives
While in existence, total return of the commercial mortgage composite portfolio should exceed the return of the Barclays Mortgage Index, it being understood that both the returns for the commercial mortgage composite portfolio and Barclays Mortgage Index are lagged one quarter.

Investment Characteristics
While in existence, the main focus of investing will be on commercial mortgage whole loans which provide for fixed income payments derived from underlying property cash flows. Risk shall be controlled

through diversification strategies and the retention of qualified Investment Manager(s) with acceptable loan underwriting and/or commercial mortgage acquisition experience.

Investment Structure
While in existence, commercial mortgage assets will be managed solely on an active basis in order to exploit the perceived inefficiencies in the commercial mortgage market. OP&F will utilize commingled fund investments to manage its commercial mortgage allocation.

D. High Yield

Investment Objectives
Total return of the high yield fixed income composite portfolio should exceed the return of the CS First Boston High Yield Index, Developed Countries Only over a three-year period on an annualized basis. Total return of each Investment Manager(s) portfolio should rank above the median when compared to their peer group, if applicable, over a three-year period on an annualized basis and should exceed their benchmark return as specified in each Investment Manager(s) guidelines.

Investment Characteristics
The main focus of investing will be on below investment grade fixed income securities, those securities rated below BBB- or equivalent, issued by U.S. corporations. The high yield fixed income composite portfolio shall have similar portfolio characteristics as that of the CS First Boston High Yield Index, Developed Countries Only. Each Investment Manager(s) portfolio shall have similar portfolio characteristics as that of their respective benchmark.

Investment Structure
High yield fixed income assets will be managed solely on an active basis in order to exploit the perceived inefficiencies in the high yield fixed income markets and to minimize the probability of exposure to securities in default.

E. Real Estate

Investment Objectives
The primary role of real estate in the Total Portfolio is to provide: (i) an inflation hedge, (ii) a total return that has a low or negative correlation with stock and bond returns, (iii) a total return that is competitive on a risk–adjusted basis with stocks and bonds and (iv) a total return that is accretive to OP&F achieving its long-term target rate of return. The return target for the real estate composite portfolio is set forth in OP&F's Real Estate Strategic Plan.

Investment Characteristics
Investments will adhere to certain risk management and diversification criteria set forth in OP&F's Real Estate Strategic Plan.

Investment Structure
The target allocation of Total Portfolio assets to real estate will be established by OP&F's long-term Asset Allocation Policy. In order to meet this allocation target, it will generally be necessary to make commitments in excess of the target because of the contribution and distribution cash flow characteristics inherent in the underlying real estate investments.

F. Private Markets

Investment Objectives
The private markets composite portfolio is designed to provide an attractive risk-adjusted rate of return to OP&F. The performance objective for the private markets composite portfolio and for individual investments is set forth in OP&F's Private Markets Investment Policy.

Investment Characteristics
Investments will be diversified by certain criteria as set forth in OP&F's Private Markets Investment Policy.

Investment Structure
OP&F may utilize any of the following types of vehicles in implementing the private markets composite portfolio: fund-of-funds, partnerships, limited liability companies or group trusts. OP&F may also participate in secondary offerings or purchase private markets placements from other investors on the secondary market. Annual commitment targets to such investments will be established by OP&F's Private Markets Investment Plan. As stated in OP&F's Private Markets Investment Policy, in order to meet the target allocation of Total Portfolio assets to private markets investments, it will generally be necessary to make commitments in excess of the target because of the contribution and distribution cash flow characteristics inherent in the underlying individual private markets investments.

G. Timber

Investment Objectives
The primary performance objective, along with the strategic objectives, of the timber composite portfolio will be set forth in OP&F's Timberland Investment Policy.

Investment Characteristics
Investments will be diversified by certain criteria as set forth in OP&F's Timberland Investment Policy.

Investment Structure
The target allocation of Total Portfolio assets to timber will be established by OP&F's long-term Asset Allocation Policy. In order to meet this allocation target, it will generally be necessary to make commitments in excess of the target because of the contribution and distribution cash flow characteristics inherent in the individual timberland investments, with the exception of investments in timberland-focused public Real Estate Investment Trusts (REITs) or exchange traded funds.

H. Commodities

The investment objectives, characteristics and structure of this class of investments will be established per the Investment Committee/Board of Trustees adoption of a Commodities Investment Policy.

I. Cash Equivalents

Investment Objectives
Total return of the cash equivalents composite portfolio should exceed the 91-day Treasury Bill rate of return over rolling twelve-month periods. To provide effective cash management when investing cash balances, emphasis is placed on the protection of principal through the purchase of higher quality money market instruments, while at the same time attempting to achieve the highest available return.

Investment Characteristics
Authorized investments, minimum short-term credit ratings, portfolio concentration limits and maturity limits for the short-term investment fund ("STIF") shall be set forth in OP&F's Short-Term Cash Management Policy. In addition, the frequency of credit reviews of approved issuers of commercial paper will be based on the short-term credit rating of the issuer and set forth in OP&F's Short-Term Cash Management Policy.

Investment Structure
Staff is responsible for the cash management function, which is described in OP&F's Short-Term Cash Management Policy.

VI. PROXY VOTING

OP&F's Board of Trustees believes that common stock proxies are valuable and should be voted in the long-term interests and objectives of the Plan set forth herein and OP&F's Proxy Voting Policy. Common stock proxies may be executed by the Sr. Investment Officer or the Chief Investment Officer, or their designees. Staff or their designee that exercises a proxy vote shall keep detailed records of said voting of proxies and related actions and will comply with all regulatory obligations related thereto and the policies set forth in OP&F's Proxy Voting Policy. Staff shall provide a semi-annual summary report of proxy voting actions to the Investment Committee/Board of Trustees.

VII. SECURITIES LENDING

The investment objective for the securities lending program is to generate incremental income within a high quality investment program that safeguards the return of principal, maintains adequate daily liquidity, ensures diversification and tightly controls exposure to fluctuating interest rates. The program may be operated by a bank trustee or a third party lending agent. Marking to market shall be performed daily by the agent(s) and a minimum average of at least 102 percent for domestic, and 105 percent for Non-U.S. collateral shall be diligently maintained. Securities lending reports shall be provided monthly by the agent(s) to staff. Staff will present a semi-annual summary report to the Investment Committee/Board of Trustees.

VIII. INVESTMENT MANAGER MONITORING AND EVALUATION POLICY

The purpose of OP&F's Investment Manager Monitoring and Evaluation Policy is to establish the process and discipline for managing the Investment Manager(s) relationship. The policy states the process, responsibilities and important factors for consideration in the monitoring and evaluation process. For a complete description of the monitoring and evaluation process, please see OP&F's Investment Manager Monitoring and Evaluation Policy.

IX. COMMUNICATIONS

Each Investment Manager(s) will provide hard copy reports at least quarterly, including performance measurement, asset inventories, transaction summaries, market commentary or anything else deemed significant at the time of reporting. Each Investment Manager(s) is expected to meet with OP&F's Board or staff or Investment Consultant(s) annually or as needed.

X. INVESTMENT MANAGER SEARCH POLICY

When applicable, the selection of Investment Manager(s) will be conducted under a Request for Proposal (RFP) process and the search may be on a closed or open manager universe basis. For a complete description of the selection of Investment Manager(s), please see OP&F's Investment Manager Search Policy.

XI. SECURITIES LITIGATION POLICY

The Securities Litigation Policy has been adopted to ensure that OP&F takes prudent, effective, appropriate, and efficient actions to protect and increase the value of OP&F investments and to ensure that OP&F receives all money or assets which are due it as a result of the resolution of class action suits in a cost effective manner consistent with the Board's fiduciary duties. For a complete description of the policy objectives, monitoring, reporting requirements, procedures, etc., please see OP&F's Securities Litigation Policy.

XII. IRAN and SUDAN DIVESTMENT POLICY

As required by uncodified provisions of Chapter 742 of the ORC, OP&F has adopted an Iran and Sudan Divestment Policy, the purpose of which is to divest and restrict the purchase of stocks and bonds issued by a publicly traded company with scrutinized business operations in Iran and Sudan, subject to the fiduciary responsibilities of the Board of Trustees, as set forth in Chapter 742 of the ORC. For a complete description of the responsibilities, process, reporting requirements, etc., please see OP&F's Iran and Sudan Divestment Policy.

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The 2010 Comprehensive Annual Financial Report

Actuarial Section

The Ohio Police & Fire Pension Fund

140 East Town Street • Columbus, Ohio 43215
www.op–f.org • 800–860–9599

REPORT OF ACTUARY

buckconsultants
an ACS company

Sept. 30, 2010

Board of Trustees
Ohio Police & Fire Pension Fund
140 East Town Street
Columbus, Ohio 43215

Members of the Board:

Ohio Police & Fire retained Buck Consultants, LLC ("Buck") to complete this actuarial valuation of the Ohio Police & Fire Pension Fund ("OP&F"). This report presents the results of the annual actuarial valuation of the assets and liabilities of OP&F as of Jan. 1, 2010, prepared in accordance with Chapter 742 of the Ohio Revised Code. The valuation takes into account all of the promised benefits to which members are entitled, including pension and survivor benefits.

The principal results of the valuation do not take into account Medicare Part B premium reimbursements or any other health care benefits. However, at the request of the Ohio Retirement Study Council ("ORSC"), supplemental results have been prepared that do take into account Medicare Part B premium reimbursements and are presented in Table 1A in the report.

The purpose of the valuation is to determine the financial status of OP&F on an actuarial basis and to provide disclosure information in accordance with and in compliance with the parameters set forth in Governmental Accounting Standards Board Statements No. 25. (Buck prepares a separate valuation of OP&F retiree health care benefits in accordance with and in compliance with the parameters set forth in Statement No. 43.) Use of this report for any other purpose may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. No one may make any representations or warranties based on any statements or conclusions contained in this report without the written consent of Buck.

The valuation was based on the actuarial assumptions and methods that have been adopted by the Board of Trustees, including a valuation interest rate of 8¼ percent per annum compounded annually. The assumptions and methods are unchanged from the prior valuation.

Assets and Membership Data

OP&F reported to the actuary the individual data for members as of the valuation date. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the pension trust fund taken into account in the valuation was based on financial statements prepared for us by OP&F.

Funding Objectives and Progress

The actuary uses an actuarial cost method to determine the portion of OP&F's liabilities accrued by the members as of the valuation date and the portion that is attributable to future years of service. The rate of contribution necessary to systematically fund the future service liabilities, the normal cost rate, is calculated under the cost method to be a level percentage of active member payroll. The portion of the liabilities accrued as of the valuation date, the actuarial accrued liability, is compared to a market-related, actuarial value of OP&F's assets. The amount of liabilities in excess of the assets is called the unfunded actuarial accrued liability.

One North Dearborn Street, Suite 1400 • Chicago, IL 60602–4336
312.846.3000 • 312.846.3999 (fax)

The total of DROP accruals reported as of Dec. 31, 2009 was $986 million. It should be noted that the financial statements prepared by OP&F treats the balance of DROP accruals as a benefit payable, which is subtracted from (i.e., not included in) the net asset value. For consistency with this exclusion from the asset value, the actuarial accrued liability also has been reduced by the same amount. By treating the DROP accruals as a benefit payable, and excluding the accruals from both the liabilities and the assets, the unfunded actuarial accrued liability is the same as if both the assets and liabilities included the DROP accruals.

The actuary determines how many years are required by OP&F to completely amortize the unfunded actuarial accrued liability (the funding period), using the member and employer contributions reduced by the amount allocated to health care and the amount of normal cost for the year. For 2010, and each year since 2003, the funding period is infinite years, meaning the annual contribution toward the unfunded when compared to the unfunded amount is not sufficient to pay it off. The infinite funding period is attributable to an increase in the unfunded amount due to less than assumed investment performance, the level of funding (contributions to OP&F), and other adverse experience.

Section 742.16 of the Revised Code, as adopted by Senate Bill No. 82, sets forth an objective that the funding period is no more than 30 years. If the funding period exceeds 30 years, a plan shall be developed and presented by the Board of Trustees to reduce the funding period to not more than 30 years. The Board of Trustees presented such a plan to the ORSC in September, 2009, for the ORSC's consideration. This plan to reach 30-year funding has not been acted upon by the Ohio legislature as of the publication of this report and, therefore, is not reflected in this valuation.

The funded ratio (i.e., the ratio of actuarial assets to the actuarial accrued liability) determined as of Jan. 1, 2010 is 72.8 percent, compared to 65.1 percent determined as of Jan. 1, 2009. Taking into account the Medicare Part B premium reimbursements, the funded ratio would be 71.1 percent.

Financial Results and Membership Data

The valuation report shows detailed summaries of the financial results of the valuation and membership data used in preparing this valuation. The actuary prepared supporting schedules included in the Actuarial and Statistical Sections of the Ohio Police & Fire Pension Fund Comprehensive Annual Financial Report. The actuary prepared the trend data schedules included in the Financial Section of the Ohio Police & Fire Pension Fund Comprehensive Annual Financial Report.

Qualified actuaries completed the valuations in accordance with accepted actuarial procedures as prescribed by the Actuarial Standards Board. The qualified actuaries are members of the American Academy of Actuaries and are experienced in performing actuarial valuations of public employee retirement systems. To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice.

Respectfully submitted,

Paul R. Wilkinson

Larry Langer, ASA, EA, MAAA
Principal, Consulting Actuary

Paul R. Wilkinson, ASA, EA, MAAA
Director, Consulting Actuary

One North Dearborn Street, Suite 1400 • Chicago, IL 60602–4336
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Description of Actuarial Assumptions and Methods

Assumptions

Interest Rate

8.25 percent per annum, compounded annually.

Salary Increase

Assumed annual salary increases are as follows:

Years of Service	Salary Increase Rate
1 or less	11.0%
2	9.5%
3	8.5%
4	6.5%
5 or more	5.0%

Withdrawal Rates

The following sample withdrawal rates are based on age and service (for causes other than death, disability, or retirement).

Police

Age	Years of Service										
	0	1	2	3	4	5	6	7	8	9	10+
25	0.03660	0.03660	0.03713	0.03047	0.02618	0.02267	0.02130	0.02076	0.01827	0.01967	0.01967
30	0.03084	0.03084	0.03170	0.03018	0.02736	0.02412	0.02178	0.02033	0.01817	0.01752	0.01752
35	0.03464	0.03464	0.03600	0.03564	0.03237	0.02795	0.02402	0.02108	0.01845	0.01589	0.01437
40	0.04524	0.04524	0.04695	0.04563	0.04073	0.03419	0.02799	0.02298	0.01907	0.01454	0.00885
45	0.06156	0.06156	0.06306	0.05916	0.05187	0.04269	0.03371	0.02613	0.02006	0.01379	0.00467
50	0.08252	0.08252	0.08319	0.07518	0.06509	0.05315	0.04106	0.03062	0.02174	0.01436	0.00449
55	0.10733	0.10733	0.10668	0.09299	0.07983	0.06525	0.04991	0.03654	0.02432	0.01686	0.01106
60	0.13557	0.13557	0.13322	0.11220	0.09585	0.07887	0.06020	0.04397	0.02790	0.02157	0.02157

Firefighters

Age	Years of Service										
	0	1	2	3	4	5	6	7	8	9	10+
25	0.00795	0.01124	0.01296	0.01355	0.01287	0.01124	0.00911	0.00765	0.00680	0.00651	0.00651
30	0.01368	0.01323	0.01236	0.01124	0.01026	0.00948	0.00882	0.00824	0.00773	0.00725	0.00725
35	0.01718	0.01484	0.01298	0.01151	0.01071	0.01049	0.01049	0.01019	0.00947	0.00821	0.00626
40	0.01916	0.01623	0.01467	0.01397	0.01374	0.01385	0.01388	0.01340	0.01199	0.00942	0.00539
45	0.01962	0.01739	0.01742	0.01863	0.01940	0.01961	0.01905	0.01790	0.01533	0.01094	0.00468
50	0.01863	0.01827	0.02118	0.02550	0.02769	0.02777	0.02595	0.02372	0.01953	0.01275	0.00423
55	0.01623	0.01886	0.02592	0.03459	0.03863	0.03836	0.03465	0.03086	0.02460	0.01490	0.00408
60	0.01247	0.01913	0.03164	0.04590	0.05220	0.05135	0.04512	0.03935	0.03057	0.01739	0.00428

Rates Of Disability And Death Before Retirement

Rates of death are based on the RP2000 Combined Table (sex distinct) set back five years. The following sample rates apply to active members:

Police Officers

Age	Annual Rate of Death—Male	Annual Rate of Death—Female	Annual Rate of Disability
20	0.027%	0.017%	0.002%
30	0.038%	0.021%	0.177%
40	0.077%	0.048%	1.102%
50	0.151%	0.112%	2.359%
55	0.214%	0.168%	2.583%
60	0.362%	0.272%	2.513%
62	0.469%	0.348%	2.545%
65	0.675%	0.506%	—

Firefighters

Age	Annual Rate of Death—Male	Annual Rate of Death—Female	Annual Rate of Disability
20	0.027%	0.017%	0.004%
30	0.038%	0.021%	0.100%
40	0.077%	0.048%	0.494%
50	0.151%	0.112%	2.390%
55	0.214%	0.168%	3.526%
60	0.362%	0.272%	4.172%
62	0.469%	0.348%	3.964%
65	0.675%	0.506%	—

Occurrence Of Disability

On duty permanent and total	35%
On duty partial	61%
Off duty ordinary	4%

Retirement Rates

The following rates apply to members upon reaching eligibility for retirement.

Annual Rate of Retirement

Age	Police	Firefighters
48	30%	25%
49	20%	15%
50	15%	15%
51	15%	15%
52	15%	15%
53	15%	20%
54	15%	20%
55	15%	20%
56	20%	20%
57	20%	20%
58	20%	20%
59	25%	25%
60	25%	25%
61	25%	25%
62	25%	30%
63	25%	30%
64	25%	30%
65	100%	100%

DROP Retirement Rates

DROP participants are assumed to retire at the retirement rates shown above, with the following exceptions: Second and third years of DROP: 5 percent, Eighth year of DROP: 100 percent.

Retirement Age For Inactive Vested Participants

Commencement at age 48 and 25 years of service from full–time hire date, whichever is later.

Deferred Retirement Option Plan (DROP) Elections

85 percent of members who do not retire when first eligible are assumed to elect DROP.

Death After Retirement

According to the RP2000 Combined Table (male only) for pensioners with one-year set forward for police and one-year set back for firefighters. RP2000 Combined Table (female only) with one-year set forward for all beneficiaries. RP2000 Combined Table (male only) for disableds, with six-year set forward for police and four-year set forward for firefighters.

Future Expenses

The normal cost is increased by all administrative expenses budgeted, net of the state subsidy received from the State of Ohio.

Unknown Data for Members

Same as those exhibited by members with similar known characteristics.

Percent Married

85 percent of active members are assumed to be married.

Age of Spouse

Wives are assumed to be three years younger than their husbands.

Optional Form Election

20 percent of retirees are assumed to elect the 50 percent Joint and Survivor pension. If the joint annuitant predeceases the retiree, assume the retiree's benefit increases 17.65 percent.

Dependent Parents

Costs based upon allowance for mortality (same rates as for beneficiaries), but no specific allowance for change in dependency status.

Dependent Children

Each member is assumed to have two children, born when the member was age 26. Dependency is assumed to cease when the child is 22.

Medicare Part B Premium Trend Rates

The Medicare Part B premium subsidy ($96.40 per month for 2010) is assumed to increase as follows:

Year	Increase
2010	5.90%
2011	5.80%
2012	5.70%
2013	5.60%
2014	5.50%
2015	5.40%
2016	5.30%
2017	5.20%
2018	5.10%
2019 and Later	5.00%

METHODS

Actuarial Cost Method

Projected benefit method with individual level percentage entry age normal cost and actuarial accrued liability. Gains and losses are reflected in the accrued liability. To be consistent with the asset methodology employed by OP&F, DROP accruals are netted out of the liabilities.

Asset Valuation Method

A five-year moving average market value of assets that spreads the difference between the actual investment income and the expected income on the market value (based on the valuation interest rate) over a period of five years. The actuarial value shall not be less than 80 percent or more than 120 percent of market value.

Payroll Growth

Inflation rate of 3.25 percent plus productivity increase rate of 0.75 percent.

DATA

Census And Assets

The valuation was based on members of OP&F as of the valuation date and does not take into account future members. All census and asset data was supplied by OP&F.

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

The following is intended to summarize the key provisions valued in this valuation. Members of OP&F and other parties should not rely on this summary as a substitute for the legal interpretation of the laws and rules covering this retirement plan.

Eligibility for Membership

Immediate upon commencement of employment as full-time police officer or firefighter.

Member Contributions

10 percent of salary.

Normal Service Retirement

Eligibility

Age 48 with 25 years of service.

Benefit

An annual amount equal to a percentage of allowable average annual salary, where the percentage equals 2.5

percent for each of the first 20 years of service, 2 percent for each of the next five years of service, and 1.5 percent for service in excess of 25 years to a maximum of 72 percent of the allowable average annual salary. Allowable average annual salary means one-third of the total salary during the three years for which the total earnings were greatest.

Age/Service Commuted Retirement

Eligibility

Age 62 with 15 years of service.

Benefit

Same as the normal service retirement benefit.

Termination Before Retirement with 25 Years Service

Benefit

Same as the normal service retirement benefit, except benefit commences when member reaches age 48.

Termination Before Retirement with 15 Years Service

Benefit

An annual amount equal to a percentage of allowable average annual salary, where the percentage equals 1.5 percent times full years of service. Benefit commences at the later of age 48 and 25 years have elapsed from the date of full-time hire.

Termination Before Retirement with Less Than 15 Years Service

Benefit

A lump sum amount equal to the sum of the member's contributions to OP&F.

Deferred Retirement Option Plan (DROP)

Eligibility

Age 48 with 25 years of service.

Benefit

Member elects to defer retirement and must remain in DROP at least three years to receive full DROP benefits, but not more than eight years. At retirement, member (1) receives the normal service retirement benefit determined as of the date the member entered DROP, plus cost-of-living adjustments, and (2) may elect to withdraw funds from the DROP accrual provided at least three years have elapsed from DROP enrollment.

The DROP accrual is credited until retirement with the member's retirement benefit amount for the year, adjusted for cost-of-living, plus a portion of the member's contribution for the year, plus interest credited at 5 percent compounded annually. Annual member contributions are credited to the DROP accrual based on the following schedule:

Years 1 and 2	50% of member's contribution
Year 3	75% of member's contribution
Years 4–8	100% of member's contribution

If the member terminates employment in the first three years of participating in DROP, the member forfeits all interest credited to the member's DROP accrual. If the member terminates after eight years, the member forfeits all DROP benefits and receives a normal service retirement benefit determined as of the member's termination date, recalculated including service credit and allowable average salary as of the member's termination date.

If the member becomes disabled while participating in DROP and has not terminated employment, the member can choose to remain in DROP or may receive a disability benefit and forfeit all DROP benefits.

If the member dies while participating in DROP, the member's surviving spouse, designated beneficiary or estate will receive the entire DROP account balance determined at the time of death. The surviving spouse or contingent dependent beneficiary shall receive the greater of the retirement allowance made at the time of DROP entry or the Normal Retirement Benefit paid with COLA adjustments to the date of death, paid as if the member had elected a 50 percent joint and survivor option at death. All other statutory death benefits will apply.

Permanent and Total Disability (On Duty)

Eligibility

No age or service requirement.

Benefit

An annual amount equal to 72 percent of allowable average annual salary.

Partial Disability (On Duty)

Eligibility

No age or service requirement.

Benefit

If less than 25 years of service, an annual amount determined by the Board, not to exceed 60 percent of allowable average annual salary. If the member has 25 years of service, the amount will be equal to the normal service retirement amount.

Non-Service Incurred Disability (Off-Duty)

Eligibility

Any age with five years of service.

Benefit

An annual amount determined by the Board, not to exceed 60 percent of allowable average annual salary.

Pre–retirement Survivor Annuity

Eligibility

Upon death before retirement, but after satisfying eligibility for normal service retirement or age/service commuted retirement.

Benefit

Surviving spouse or contingent dependent beneficiary receives 50 percent of the benefit the member would have received had the member retired on the date of death under the 50 percent joint and survivor annuity form of benefit.

Statutory Survivor Benefit

Eligibility

Upon death of any active or retired member.

Benefit

The benefit is paid to the surviving spouse for life, and to any surviving children until they reach age 18 (22 if a full-time student) or marry, whichever occurs first, and to any surviving disabled children for life. If the deceased member leaves no surviving spouse or children, a benefit is paid to any surviving dependent parents during their lifetime until dependency ceases or until remarriage.

The benefit amount depends on the beneficiary type. The amount is increased each July 1 by 3 percent of the base benefit. The benefit amounts are shown below.

Monthly Benefit Amount

Beneficiary Type	Base	Base Plus Increases Through July 1, 2009	Next Increase Effective July 1, 2010
Spouse	$ 550	$ 710.60	$ 16.50
Child	150	193.80	4.50
Parents			
If one	200	258.40	6.00
If two	100	129.20	3.00

Note: Spouse's benefit is $410 if spouse is receiving a full death benefit under the Death Benefit Fund statute.

Lump Sum Death Benefit

Eligibility

Upon death for any retired or disabled member.

Benefit

A lump sum payment of $1,000 is paid to surviving spouse and, if no spouse, to member's designated beneficiary. If no spouse or beneficiary, benefit is payable to member's estate.

Optional Forms of Benefit

The standard form of benefit for unmarried members is a single life annuity. For married members, the standard form of benefit is an actuarially reduced benefit payable under the 50 percent joint and survivor annuity form payable to the member's spouse unless the member's spouse provides written consent for a lower survivor benefit.

Retiring members may elect to have actuarially reduced benefits payable under a life annuity certain and continuous and joint and survivor annuity forms under certain conditions. Such elections may require spousal consent. Elected options may be canceled within one year after benefits commence, with the consent of the beneficiary. See the "Plan Summary" section for more details.

COLA or Terminal Pay (Non-COLA)

Members retiring after Jan. 1, 1989, and who have 15 or more years of service as of Jan. 1, 1989, are allowed to select between (1) a pension calculated on the basis of average salary which is increased to reflect terminal pay adjustments, or (2) a pension based on average salary excluding the terminal pay adjustment, but increasing by 3 percent of the initial pension each retirement anniversary after July 1, 1988. The additive 3 percent COLA annuity without terminal pay adjustment is the automatic form for active members with less than 15 years of service as of Jan. 1, 1989.

Medicare Part B

For service and disability retirements, as well as survivors, OP&F reimburses Medicare Part B premiums up to the statutory maximum provided the retiree is not eligible for reimbursement from any other sources. By law, OP&F is required to pay monthly to each recipient of service, disability, or survivor benefits not less than ninety-six dollars and forty cents, with the exception that OP&F cannot pay an amount that exceeds the amount paid by the recipient for the coverage. Note: This benefit is not included in the principal valuation results, but is included in the retiree health care valuation results.

Gains and Losses in Accrued Liabilities

Gains and losses in accrued liabilities resulting from differences between assumed and actuarial experience as of Jan. 1, 2010 and Jan. 1, 2009

Type of Activity	2010	2009
Turnover		
If more liabilities are released by withdrawal separations from active membership than assumed, there is a gain. If smaller releases, there is a loss.	$ (5,596,505)	$(1,668,502)
Retirement	17,199,669	16,135,389
If members retire at older ages than assumed, there is a gain. If younger, there is a loss.		
Death among retired members and beneficiaries	(19,201,046)	2,827,961
If more deaths occur than assumed, there is a gain. If fewer deaths, than assumed, there is a loss.		
Disability Retirants	11,820,706	25,684,547
If disability claims are less than assumed, there is a gain. If more claims, a loss.		
Salary increase/decrease	206,925,536	47,529,758
If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.		
Return to work	(1,998,378)	(4,343,813)
If participants return to work with previous service restored, there is a loss.		
New Entrants	(5,742,679)	(7,050,576)
If new entrants join OP&F, there is a loss.		
Deaths among actives	(4,251,552)	(4,055,888)
If claims costs are less than assumed, there is a gain. If more claims, a loss.		
Investments	1,165,513,702	(2,416,367,847)
If there is greater investment return than assumed, there is a gain. If less return, a loss.		
Other Experience and Payroll Growth	(42,975,153)	51,207,826
If other experience, including less than expected payroll growth, increases the unfunded liability, there is a loss. Otherwise, there is a gain.		
TOTAL GAIN (OR LOSS) DURING THE YEAR	**$ 1,321,694,300**	**$(2,290,101,145)**

SHORT-TERM SOLVENCY TEST

A short-term solvency test is one means of checking a system's progress under its funding program. In a short-term solvency test, the plan's valuation assets are compared with: 1) Active member contributions on deposit; 2) The liabilities for future benefits to present retired lives; 3) The liabilities for service already rendered by active members. In a system that has been following the discipline of level percent of payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. Generally, if the system has been using level cost financing, the funding portion of liability 3 will increase over time. Liability 3 being fully funded is very rare.

Accrued Liabilities ($ Amounts in Thousands)

	Valuation Year	(1) Active Member Contributions	(2) Retirants and Beneficiaries	(3) Active Members (Employer Financed Portion)	Valuation Assets	Portion of Accrued Liabilities Covered by Reported Assets (1)	(2)	(3)
Police	2010	$1,067,209	$4,216,219	$2,926,199	$5,975,121	100%	100%	24%
Fire	2010	$916,033	$3,004,267	$2,700,815	$4,818,972	100%	100%	33%
Police	2009	1,026,597	4,077,113	2,832,235	5,163,648	100%	100%	2%
Fire	2009	874,756	2,895,243	2,601,180	4,145,508	100%	100%	14%
Police	2008	985,169	3,992,482	2,671,816	6,248,107	100%	100%	48%
Fire	2008	830,439	2,827,320	2,420,526	4,964,761	100%	100%	54%
Police	2007	934,517	3,850,347	2,444,583	5,654,396	100%	100%	36%
Fire	2007	796,751	2,757,852	2,297,575	4,503,573	100%	100%	43%
Police	2006	894,963	3,654,099	2,297,575	5,364,003	100%	100%	35%
Fire	2006	747,714	2,572,229	2,023,823	4,186,577	100%	100%	43%
Police	2005	840,875	3,510,610	2,152,500	5,260,325	100%	100%	42%
Fire	2005	691,252	2,497,311	1,852,502	4,077,137	100%	100%	48%
Police	2004	792,449	3,390,164	1,911,501	5,269,436	100%	100%	57%
Fire	2004	639,074	2,448,043	2,448,043	4,067,667	100%	100%	61%
Police	2003	746,520	3,299,989	1,894,086	4,905,728	100%	100%	45%
Fire	2003	593,228	2,401,021	1,573,523	3,776,976	100%	100%	50%
Police	2002	699,146	3,099,628	1,711,626	5,110,052	100%	100%	77%
Fire	2002	551,227	2,275,967	1,448,172	3,966,417	100%	100%	79%
Police	2001	644,164	2,839,294	1,914,232	4,632,337	100%	100%	60%
Fire	2001	508,155	2,089,072	1,511,366	3,865,732	100%	100%	84%

Active Member Valuation Data

Year	Number of Employers		Number of Active Members*		Average Annual Salary		Percentage of Average Annual Salary Increases		Annual Payroll (Millions)
	Police	Fire	Police	Fire	Police	Fire	Police	Fire	
2010	536	385	15,581	13,038	$64,373	$66,223	1.4%	1.7%	$1,895.2
2009	539	382	15,889	13,173	63,480	65,097	3.1%	3.3%	1,900.9
2008	538	385	15,829	13,035	61,545	62,989	1.5%	2.4%	1,831.4
2007	540	384	15,646	12,963	60,638	61,512	0.1%	(1.3)%	1,782.9
2006	536	376	15,304	12,722	60,573	62,326	3.1%	4.5%	1,756.2
2005	537	368	15,270	12,609	58,744	59,617	4.7%	3.9%	1,683.6
2004	540	363	15,746	12,695	56,081	57,367	(1.0)%	1.2%	1,644.4
2003	541	362	15,924	12,556	56,661	56,687	4.3%	4.2%	1,606.3
2002	559	354	15,877	12,451	54,335	54,402	10.6%	10.0%	1,534.3
2001	573	352	15,778	12,158	49,113	49,459	4.0%	4.3%	1,407.6

*Includes rehired retirees

Retirants and Beneficiaries Added to and Removed from Rolls (dollars in thousands)

	Added to rolls		Removed from rolls		Rolls end of year				
Year Ended Dec. 31	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Percentage Change in Allowance	Average Annual Allowances	Percentage Change in Membership
2009	1,128	$ 30,920	733	$ 14,566	25,712	$710,463	4.52%	$27.63	1.56%
2008	1,046	25,590	607	12,825	25,317	679,769	4.18%	26.85	1.76%
2007	1,128	27,877	933	14,586	24,878	652,474	3.55%	26.23	0.79%
2006	1,186	32,147	962	12,701	24,683	630,080	4.70%	25.53	0.92%
2005	916	19,803	797	12,132	24,459	601,775	3.64%	24.60	0.49%
2004	963	22,166	759	11,407	24,340	580,645	4.00%	23.86	0.85%
2003	975	23,887	762	10,722	24,136	558,305	2.82%	23.13	0.89%
2002	1,257		747		23,923	542,997	6.45%	22.70	2.18%
2001	1,174		774		23,413	510,080		21.79	1.74%
2000	1,456		832		23,013				2.79%

PLAN SUMMARY

PURPOSE

OP&F was established by the Ohio General Assembly to provide pension and disability benefits to eligible members of OP&F and eligible benefits to their surviving spouses, children and dependent parents.

ADMINISTRATION

The administration, control and management of OP&F are vested in the Ohio Police & Fire Pension Board of Trustees which is comprised of the following nine members:

- Two representatives of police departments.
- Two representatives of fire departments.
- One retired firefighter.
- One retired police officer.
- Three statutory members—one appointed by the Governor, one by the Ohio Treasurer of State, and one appointed jointly by the Senate President and Speaker of the House—must have professional investment expertise.

The representatives of police and fire departments are elected to four–year terms by the respective members, with one police and one fire position being a retired member or surviving spouse.

MEMBERSHIP

Membership in OP&F is mandatory under Ohio law for all full–time police officers employed by Ohio municipalities and appointed under the required statutory provisions. Full–time firefighters employed by townships, municipalities, joint fire districts or other political subdivisions who have satisfactorily completed or are required to satisfactorily complete a firefighter training course approved under former Section 3303.07, Section 4765.55 or conducted under Section 3737.33 of the Ohio Revised Code, are required to be OP&F members.

CONTRIBUTIONS

Contributions are established by statute. Employers of police officers pay 19.5 percent of salary; employers of firefighters pay 24 percent of salary. Members contribute 10 percent of salary.

BENEFITS

Service Retirement

Upon attaining a qualifying age with sufficient service credit, a member of OP&F may retire and receive a lifetime monthly pension benefits.

Normal Pension
Eligibility—Age 48 and 25 years of service.

Benefit—An annual pension equal to a percentage of the "average annual salary." The percentage equals 2.5 percent for each of the first 20 years of service, 2 percent for each of the next five years of service and 1.5 percent for each year of service in excess of 25 years, to a maximum of 72 percent of the "average annual salary."

Service Commuted
Eligibility—15 years of service.

Benefit—Commencing at age 48 plus 25 years from full–time hire date, whichever is later; an annual pension equal to 1.5 percent of the average annual salary multiplied by the number of full years of service.

Age/Service Commuted
Eligibility—Age 62 and 15 years of service.

Benefit—The same formula applies as for the normal service pension.

Disability Benefits

Members who become unable to perform their official duties and whose earning capacities are impaired may qualify for disability benefits.

Disability benefits are classified as either service–incurred (on–duty) or non–service–incurred (off–duty) and differ in eligibility requirements and benefit formulas. Annual medical evaluations are required for disability benefit recipients who would not have met the age and service requirements for normal service retirement, unless the Board waives this requirement based upon an OP&F physician's certification that the disability is ongoing and further evaluation would not be cost effective. OP&F further requires annual earnings statements to be submitted.

Permanent and Total Disability (On–Duty)
Eligibility—No age or service requirement.

Benefit—An annual benefit equal to 72 percent of the "average annual salary."

Partial Disability (On–Duty)
Eligibility—No age or service requirement.

Benefit—If member has less than 25 years, an annual benefit fixed by the Board of Trustees to be a certain percent of the "average annual salary" up to 60 percent. If the member has 25 or more years of service, the annual disability benefit is equal to the accrued normal service pension.

Non–service Incurred Disability (Off–Duty)
Eligibility—Any age and five years of service.

Benefit—An annual benefit is the percent awarded by the Board and may not exceed 60 percent of the "average annual salary." Service credit over 25 years cannot be used in calculating an off duty disability award.

Deferred Retirement Option Plan (DROP)

Eligibility—Normal Retirement.

Benefit—The Normal Retirement Benefit is determined at the date of DROP entry and receives annual cost–of–living adjustments (COLAs). DROP annual accrual is the sum of the Normal Retirement Benefit at DROP entry, with applicable COLA paid at DROP anniversary, member contributions credited to DROP and interest credited at a fixed rate of 5 percent compounded annually.

Member contributions are credited based on the number of years of DROP service under the following schedule:

Years 1 and 2
50 percent of member's contributions (5 percent of pay).

Year 3
75 percent of member's contributions (7.5 percent of pay).

Years 4–8
100 percent of member's contributions (10 percent of pay).

The minimum participation in DROP, without penalty, is three years and the maximum is eight years. If a member terminates within the first three years of joining DROP, then the member forfeits all of their DROP interest. If a member chooses to continue working after eight years in DROP, the member forfeits all DROP benefits and receives the Normal Retirement Benefit upon retirement, with service during the DROP period included.

At retirement, the member receives their Normal Retirement Benefit determined at the time of DROP entry, with the COLA adjustment to date of retirement when eligible and the DROP account balance as a lump sum or monthly annuity.

If the member dies while participating in DROP, the member's surviving spouse, designated beneficiary or estate will receive the entire DROP account balance determined at the time of death. The surviving spouse or contingent dependent beneficiary shall receive the greater of the retirement allowance made at the time of DROP entry or the Normal Retirement Benefit paid with COLA adjustments to the date of death, paid as if the member had elected a 50 percent joint and survivor option at death. All other statutory death benefits will apply.

If the member becomes disabled while in DROP, and has not terminated employment, the member can choose either to receive a disability benefit or stay in DROP. If the member stays in DROP, the disability benefit is forfeited. If the member chooses the disability benefit, the member forfeits all DROP benefits and receives the disability benefit, with service during the DROP period included.

Rights Upon Separation From Service

Deferred Pension—If a member meets the service credit requirement for any service retirement pension but leaves service before attaining the required age, a pension becomes payable upon attainment of the qualifying age and filing the appropriate paperwork with OP&F.

Refund of contributions—Upon termination of active service, a member can receive the contributions made to OP&F by themselves or, member contributions picked-up on their behalf by their employer. Employer contributions are not refundable.

Statutory Survivor Benefits

Eligibility—Upon death of any member of OP&F, active or retired.

Benefit—Surviving Spouse's Benefit - An annual amount equal to $6,600, plus an annual cost of living allowance of 3 percent of the original base, paid each July 1, beginning July 1, 2000.

Surviving Child - An annual amount equal to $1,800, payable until such child attains age 18 or marries, whichever occurs first. The payment can continue to an unmarried full–time student until age 22. A dependent disabled child regardless of age at time of member's death, is entitled to a benefit until death or recovery. A cost–of–living allowance of 3 percent of the original base is payable each July 1.

Dependent Parents—If there is no surviving spouse or children, an annual amount of $2,400 is payable to one dependent parent or $1,200 each to two dependent parents for life or until dependency ceases or remarriage. A cost–of–living allowance of 3 percent of the original base is payable each July 1.

Lump Sum Death Benefit

On the death of a retired or disabled member of OP&F, a lump sum payment of one thousand dollars ($1,000) is paid to the member's surviving spouse or, if no surviving spouse, to a designated beneficiary. If no spouse or beneficiary, then to the member's estate.

Annuities

Effective Feb. 28, 1980, for those members who are retiring on either service pensions or disability benefits, optional annuity plans can be chosen, subject to certain limitations. Members can elect actuarially reduced benefits under a joint and survivor annuity, life annuity certain and continuous, or multiple beneficiary annuity plan. So that a beneficiary(ies) can receive a lifetime payment upon their death. Effective April 25, 1984, Pre–retirement Survivor Annuity was added to the plan, as discussed in the following paragraphs.

Annuity Types

Pre–retirement Survivor Annuity
Eligibility—Upon death before retirement but after having satisfied the requirements for normal service retirement.

Benefit—The surviving spouse or contingent dependent beneficiary will receive the equivalent of a 50 percent joint and survivor annuity, calculated under the assumption that the decedent had retired effective the day following his/her death.

Single Life Annuity
For unmarried members, this is the standard annuity plan. Married members may elect this plan only if the spouse consents to the selection in writing. This plan pays the maximum retirement allowance that the member is entitled to receive and, upon the member's death, none of the pension or benefit is continued to any beneficiary.

Joint and Survivor Annuity
For married members, this is the standard annuity plan at the 50 percent continuation level. Any percent between 1 percent and 100 percent (if less than 50 percent, requires spouse's consent) of the member's reduced pension may be continued to the surviving designated beneficiary if not spouse, the percent continued may be limited based on the beneficiary's age (if someone other than the surviving spouse, only with the spouse's consent). This plan automatically terminates upon death of the beneficiary, to be effective the month following OP&F's receipt of notice of death, or it may be cancelled upon divorce with the consent of the member's spouse or a specific court order.

Under the multiple beneficiary annuity plan, a member may designate up to four beneficiaries at the time of retirement so that, upon death, a certain percentage of reduced monthly allowance will be continued to the member's surviving beneficiaries for their lives.

Life Annuity Certain and Continuous
The minimum guarantee is 5 years and the maximum is 20 years. 100 percent of the members' reduced pension continues to the beneficiary for the guarantee period selected.

Group Health Insurance and Medicare

Commencing Jan. 1, 1974, the Board may contract for group health insurance on the basis of part or all of the cost of the premium for the coverage to be paid by OP&F. Medical and prescription drug coverage sponsored by OP&F are not rights vested and are subject to change at any time upon action of the Board of Trustees.

Effective Jan. 1, 1977, OP&F is mandated to pay the premium for supplemental Medicare (Part B), upon obtaining the proper documentation from members of their enrollment in the medicare program.

Effective July, 1992, pensioners and survivors make monthly medical benefit contributions, which are credited to the Health Care Stabilization Fund. These contributions are reviewed on an annual basis to determine adequacy with the rising cost of health care. In 2004, a new contribution strategy was implemented. Retirees and survivors now pay a percentage of the full cost of the benefit. The percentage ranges from 25 percent to 100 percent for themselves and dependents based on the year of retirement.

Tiered Retirement Plan—COLA or Terminal Pay (Non–COLA)

Members retiring on or after July 24, 1986, who had 15 or more years of service as of Jan. 1, 1989,are allowed to select between two different pension calculation plans. Under the terminal pay method, a pension is calculated using terminal payments such as accrued sick leave and vacation compensation to increase the average annual salary, but subject to certain limitations, and these members do not receive cost of living adjustments. Under the COLA method, no terminal payments are added, but the pension is subject to annual increases equal to a 3 percent increase of the original base per year.

The COLA method is the automatic calculation method for an active member with fewer than 15 years of service as of Jan. 1, 1989. The COLA percentage equals a fixed 3 percent increase of the original base benefit per year.

Post–Retirement Cost–of–Living Allowance (COLA)

Members who retired prior to July 24, 1986 or their surviving beneficiaries under optional plans are entitled to cost–of–living increases. The annual increase is paid on July 1st of each year. The annual COLA increase is $360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

Re–employed Retirants' Defined Contribution Plan Benefit

Effective June 30, 1991, every person who is retired under an Ohio public pension plan and who is re–employed in an OP&F covered position must contribute to OP&F at the same rate as other police officers or firefighters. The employer pays the normal rate as well. If you terminate your employment before age 60, Ohio law allows you to receive a lump sum payment of your post-retirement employee contributions made during the period of reemployment, plus interest. If you wait until age 60 to receive this benefit, you can choose to receive either a lump sum payment in an amount equal to twice your contributions, plus interest, or a lifetime annuity paid monthly. If, after calculation, your lifetime monthly annuity would be less than $25, you may only select the lump sum payment option. Spousal consent may be required before payment can occur.

The 2010 Comprehensive Annual Financial Report

Statistical Section

The Ohio Police & Fire Pension Fund

Ohio Police & Fire Pension Fund
140 East Town Street • Columbus, Ohio 43215
www.op–f.org • 800–860–9599

STATISTICAL OBJECTIVES

The objectives of the statistical section are to provide additional historical perspective, context, and relevant details to assist readers in using information in the financial statements, notes to the financial statements, and required supplementary information in order to understand and assess OP&F's overall financial condition. In support of these objectives, OP&F reports information in this section in compliance with GASB Statement 44, Economic Condition Reporting: The Statistical Section. This statement establishes standardized reporting requirements relative to the supplementary information provided in this section.

The schedules that follow show financial trend information about the growth of OP&F's assets for the past 10 years. These schedules provide detailed information about the trends of key sources of additions and deductions to OP&F's assets, which assist in providing a context framing how OP&F's financial position has changed over time. The financial trend schedules presented are:

- Changes in Fiduciary Net Assets.
- Benefit Expenses by Type.
- Revenues by Source.
- Expenses by Type.
- DROP Program Accrued Liability.

The schedules beginning on page 76 show revenue capacity information, demographic and economic information, and operating information. The demographic and economic information is designed to assist in understanding the environment in which OP&F operates. The operating information is intended to provide contextual information about OP&F's operations to assist in assessing OP&F's economic condition. The revenue capacity information, the demographic and economic information and the operating information presented include:

- Active Member and Total Payroll Base Statistics.
- Active Member Data.
- Retired Membership by Type of Benefits.
- Retirees and Beneficiaries Statistics.
- Average Monthly Benefit Payments.
- Member Health Care Contributions.
- State of Ohio Subsidy Payments.
- Employer Contribution Rates.
- Member Contribution Rates.
- Actuarial Interest Rates.
- Actuarial Valuation Information.
- Historical Annual Investment Results.
- Number of Employer Units.
- Principal Participating Employers.
- OP&F Employee Budgeted Position Counts
- Personnel Salaries by Year.
- OP&F Budget.
- Other Operating Statistics.
- Death Benefit Funds.

To help readers of this CAFR, OP&F has added a Glossary of Acronyms to the end of the statistical section.

Financial Trends

Changes in Fiduciary Net Assets

Combine Trust Fund (dollars in millions)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Additions										
Employer Contributions	$415	$406	$407	$402	$374	$357	$349	$337	$322	$312
Member Contributions and Purchases	175	168	173	165	167	168	166	165	167	150
Investment Income	1,652	1,895	(3,833)	1,163	1,630	847	1,152	1,745	(870)	(443)
Health Care Contributions	59	59	57	56	59	55	56	17	13	7
Other Revenues	25	23	24	21	25	11	19	21	18	10
Total Additions	**2,326**	**2,551**	**(3,172)**	**1,807**	**2,255**	**1,438**	**1,742**	**2,285**	**(350)**	**36**
Deductions										
Benefit Payments	1,132	1,085	1,021	965	945	877	821	773	678	622
Administrative Expenses	15	16	16	16	17	16	16	17	15	13
Refund of Member Contributions	16	16	18	15	18	16	15	17	17	10
Discount on Early Payoff	-	-	-	-	-	-	-	-	-	4
Other Expenses	-	-	-	-	-	-	-	1	1	1
Total Deductions	**1,163**	**1,117**	**1,055**	**996**	**980**	**909**	**852**	**808**	**711**	**650**
Changes in Net Assets	**1,163**	**1,434**	**(4,227)**	**811**	**1,275**	**529**	**890**	**1,477**	**(1,061)**	**(614)**
Net Assets - Beginning of Year	**9,630**	**8,196**	**12,423**	**11,612**	**10,337**	**9,808**	**8,918**	**7,441**	**8,502**	**9,116**
Net Assets - End of Year	**10,793**	**9,630**	**8,196**	**12,423**	**11,612**	**10,337**	**9,808**	**8,918**	**7,441**	**8,502**
Reserve Fund Balances:										
Employers' Contribution Reserves	1,516	675	(525)	3,999	3,655	2,687	2,437	1,785	726	2,323
Members' Contribution Reserves	2,057	1,983	1,901	1,816	1,731	1,642	1,532	1,432	1,340	1,250
Health Care Contribution Reserves	718	573	439	527	437	343	294	231	205	251
Pension Reserves	6,502	6,399	6,381	6,081	5,789	5,665	5,545	5,470	5,170	4,678
TOTAL NET ASSETS	**$10,793**	**$9,630**	**$8,196**	**$12,423**	**$11,612**	**$10,337**	**$9,808**	**$8,918**	**$7,441**	**$8,502**

Changes in Fiduciary Net Assets

Pension Trust Fund (dollars in millions)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Additions										
Employer Contributions	$286	$279	$278	$280	$235	$229	$224	$216	$204	$203
Member Contributions	175	168	173	165	167	168	166	165	167	150
Investment Income	1,551	1,791	(3,697)	1,113	1,567	819	1,117	1,690	(847)	(433)
Health Care Contributions	-	-	-	-	-	-	-	-	-	-
Other Revenues	8	9	8	8	11	7	12	18	15	10
Total Additions	**2,020**	**2,247**	**(3,238)**	**1,566**	**1,980**	**1,223**	**1,519**	**2,089**	**(461)**	**(70)**
Deductions										
Benefit Payments	972	916	868	816	766	714	663	605	523	493
Administrative Expenses	14	16	15	14	15	13	14	15	13	10
Refund of Member Contributions	16	15	18	15	18	16	15	17	17	10
Discount on Early Payoff	-	-	-	-	-	-	-	-	-	4
Other Expenses	-	-	-	-	-	-	-	1	1	1
Total Deductions	**1,002**	**947**	**901**	**845**	**799**	**743**	**692**	**638**	**554**	**518**
Changes in Net Assets	**1,018**	**1,300**	**(4,139)**	**721**	**1,181**	**480**	**827**	**1,451**	**(1,015)**	**(588)**
Net Assets - Beginning of Year	**9,057**	**7,757**	**11,896**	**11,175**	**9,994**	**9,514**	**8,687**	**7,236**	**8,251**	**8,839**
Net Assets - End of Year	**10,075**	**9,057**	**7,757**	**11,896**	**11,175**	**9,994**	**9,514**	**8,687**	**7,236**	**8,251**
Reserve Fund Balances:										
Employers' Contribution Reserves	1,516	675	(525)	3,999	3,655	2,687	2,437	1,785	726	2,323
Members' Contribution Reserves	2,057	1,983	1,901	1,816	1,731	1,642	1,532	1,432	1,340	1,250
Pension Reserves	6,502	6,399	6,381	6,081	5,789	5,665	5,545	5,470	5,170	4,678
TOTAL NET ASSETS*	**$10,075**	**$9,057**	**$7,757**	**$11,896**	**$11,175**	**$9,994**	**$9,514**	**$8,687**	**$7,236**	**$8,251**

*Includes 401(h) Trust Account Balance.

Financial Trends

Changes in Fiduciary Net Assets

Health Care Trust Fund (dollars in millions)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Additions										
Employer Contributions	$130	$127	$129	$122	$139	$128	$125	$121	$118	$109
Member Contributions and Purchases	-	-	-	-	-	-	-	-	-	-
Investment Income	100	103	(136)	50	63	28	35	55	(23)	(10)
Health Care Contributions	59	59	57	56	59	55	56	17	13	7
Other Revenues	17	15	16	13	14	4	7	3	3	-
Total Additions	**306**	**304**	**66**	**241**	**275**	**215**	**223**	**196**	**111**	**106**
Deductions										
Benefit Payments	160	169	153	149	179	163	158	168	155	129
Administrative Expenses	1	1	1	2	2	3	2	2	2	3
Refund of Member Contributions	-	-	-	-	-	-	-	-	-	-
Discount on Early Payoff	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-
Total Deductions	**161**	**170**	**154**	**151**	**181**	**166**	**160**	**170**	**157**	**132**
Changes in Net Assets	**145**	**134**	**(88)**	**90**	**94**	**49**	**63**	**26**	**(46)**	**(26)**
Net Assets - Beginning of Year	**573**	**439**	**527**	**437**	**343**	**294**	**231**	**205**	**251**	**277**
Net Assets - End of Year	**718**	**573**	**439**	**527**	**437**	**343**	**294**	**231**	**205**	**251**
Reserve Fund Balances:										
Health Care Reserves	718	573	439	527	437	343	294	231	205	251
TOTAL NET ASSETS	**$718**	**$573**	**$439**	**$527**	**$437**	**$343**	**$294**	**$231**	**$205**	**$251**

Benefit Expenses by Type (dollars in millions)

Year	Service	DROP**	Disability	Health Care	Survivor	Total Benefits
2010	$444.4	$241.0	$217.8	$159.9	$69.1	$1,132.2
2009	423.7	215.4	211.1	168.7	66.1	1,085.0
2008	407.4	194.9	202.1	153.4	63.1	1,020.9
2007	391.5	172.0	191.7	149.2	60.7	965.1
2006	377.0	147.7	183.5	178.9	58.4	945.5
2005	367.4	117.7	172.5	163.3	55.8	876.7
2004	360.0	86.5	162.2	157.8	54.4	820.9
2003	350.5	53.7	149.6	168.1	52.0	773.9
2002	336.0	-	137.6	153.7	50.4	677.7
2001	319.6	-	125.0	129.2	47.8	621.6

** Implementation date of January 1, 2003.

Revenues by Source (dollars in millions)

Year	Employer Contributions	Member Contributions and Purchases	Employer Contribution as a Percentage of Covered Payroll	Investment and Securities Lending income	Health Care Contributions	Other Revenues	Total Revenues
2010	$415.4	$175.5	21.9%	$1,651.8	$58.9	$24.4	$2,326.0
2009	405.7	168.4	21.3%	1,894.9	59.1	23.0	2,551.1
2008	407.3	172.5	22.2%	(3,833.0)	57.0	24.6	(3,171.6)
2007	400.9	165.1	23.1%	1,163.1	56.0	21.4	1,806.5
2006	373.9	167.4	21.3%	1,629.8	58.5	25.1	2,254.7
2005	357.0	167.8	21.2%	847.4	55.3	11.4	1,438.9
2004	349.4	165.9	21.2%	1,152.4	55.7	18.8	1,742.2
2003	337.2	164.5	20.5%	1,745.2	17.2	21.2	2,285.3
2002	321.7	167.1	19.2%	(870.4)	12.6	18.5	(350.5)
2001	312.1	150.5	20.7%	(443.5)	6.9	9.9	35.9

Expenses by Type (dollars in millions)

Year	Benefit Payments	Administrative Expenses	Refund of Member Contributions	Discount on Early Payoff	Other Expenses	Total Expenses
2010	$1,132.2	$15.0	$15.8	$-	$-	$1,163.0
2009	1,085.0	16.3	15.7	-	0.1	1,117.1
2008	1,021.0	16.0	17.7	-	-	1,054.7
2007	965.1	16.3	15.0	-	-	996.4
2006	945.4	16.8	18.0	-	(0.4)	979.8
2005	876.7	15.9	16.5	-	0.2	909.3
2004	820.8	15.9	15.3	-	0.2	852.2
2003	773.9	16.7	16.8	-	1.2	808.6
2002	677.6	14.9	16.8	-	1.0	710.3
2001	621.6	13.1	10.4	3.7	1.1	649.9

DROP Program Accrued Liability (dollars in millions)

	2010	2009	2008	2007	2006	2005	2004	2003
Police								
DROP Liability Beginning Balance	$544.9	$436.9	$337.8	$246.8	$161.5	$87.7	$34.1	$ -
Accrued Pension and COLA	98.3	92.4	86.4	80.3	74.6	62.3	47.8	31.6
Accrued Member Share Contributions	12.5	13.0	11.8	12.1	9.0	5.6	2.9	1.8
Accrued Interest	29.2	23.9	18.7	14.2	10.0	6.0	2.9	0.7
Withdrawals	(34.1)	(21.3)	(17.8)	(15.6)	(8.3)	(0.1)	-	-
DROP Liability Ending Balance	**650.8**	**544.9**	**436.9**	**337.8**	**246.8**	**161.5**	**87.7**	**34.1**
Fire								
DROP Liability Beginning Balance	441.4	344.5	257.3	180.0	113.6	60.3	22.6	-
Accrued Pension and COLA	89.6	80.0	75.0	66.9	55.8	45.2	33.6	20.9
Accrued Member Share Contributions	11.2	11.3	10.0	9.5	6.9	3.9	2.1	1.2
Accrued Interest	23.8	19.2	14.7	10.6	7.2	4.2	2.0	0.5
Withdrawals	(29.8)	(13.6)	(12.5)	(9.7)	(3.5)	-	-	-
DROP Liability Ending Balance	**536.2**	**441.4**	**344.5**	**257.3**	**180.0**	**113.6**	**60.3**	**22.6**
Combine Police & Fire								
DROP Liability Beginning Balance	986.3	781.4	595.1	426.8	275.1	148.0	56.7	-
Accrued Pension and COLA	187.9	172.4	161.4	147.2	130.4	107.5	81.4	52.5
Accrued Member Share Contributions	23.7	24.3	21.8	21.6	15.9	9.5	5.0	3.0
Accrued Interest	53.0	43.1	33.4	24.8	17.2	10.2	4.9	1.2
Withdrawals	(63.9)	(34.9)	(30.3)	(25.3)	(11.8)	(0.1)	-	-
DROP LIABILITY ENDING BALANCE	**$1,187.0**	**$986.3**	**$781.4**	**$595.1**	**$426.8**	**$275.1**	**$148.0**	**$56.7**

Revenue Capacity Information

Active Member and Total Payroll Base Statistics (dollars in millions)

Number and Average Annual Salary*

Year	Payroll base	Member Contributions	# of Members*	Percentage Change in Payroll Base	Percentage Change in Member Contributions	Percentage Change in Members
2010	$1,895	$175	28,619	(0.3)%	4.2%	(1.5)%
2009	1,901	168	29,062	3.8%	(2.9)%	0.7%
2008	1,831	173	28,864	5.4%	4.8%	0.9%
2007	1,783	165	28,609	(1.1)%	(1.2)%	2.1%
2006	1,756	167	28,026	4.3%	(0.6)%	0.5%
2005	1,684	168	27,879	2.4%	1.2%	(2.0)%
2004	1,644	166	28,441	2.4%	1.2%	(0.1)%
2003	1,606	164	28,480	4.7%	(1.8)%	0.5%
2002	1,534	167	28,328	8.9%	10.6%	1.4%
2001	1,408	151	27,936	5.2%	4.1%	1.1%

*Includes rehired retirees

Active Membership Data

Number and Average Annual Salary*

	Years of Service									
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40+**	**Total**
Under 25	**462**	**2**								**464**
	$44,611	**$64,963**								**$44,698**
25-29	**1,872**	**468**	**1**							**2,341**
	$50,826	**$62,213**	**$91,149**							**$53,119**
30-34	**1,182**	**1,844**	**658**	**4**						**3,688**
	$51,770	**$63,420**	**$66,462**	**$66,059**						**$60,232**
35-39	**645**	**1,489**	**2,644**	**711**	**15**					**5,504**
	$50,942	**$62,312**	**$66,049**	**$68,665**	**$73,854**					**$63,627**
40-44	**246**	**637**	**1,717**	**2,219**	**903**	**13**				**5,735**
	$50,403	**$60,822**	**$64,750**	**$67,991**	**$73,301**	**$75,540**				**$66,323**
45-49	**104**	**210**	**636**	**1,228**	**1,918**	**615**	**16**			**4,727**
	$49,054	**$60,254**	**$63,725**	**$67,412**	**$71,943**	**$76,465**	**$72,134**			**$69,226**
50-54	**43**	**79**	**192**	**432**	**858**	**1,236**	**584**	**16**		**3,440**
	$50,134	**$57,731**	**$61,466**	**$64,804**	**$69,956**	**$74,911**	**$77,971**	**$82,006**		**$71,504**
55-59	**13**	**20**	**63**	**137**	**285**	**494**	**667**	**221**	**1**	**1,901**
	$44,723	**$61,956**	**$59,827**	**$65,051**	**$68,128**	**$70,741**	**$76,194**	**$82,467**	**$76,768**	**$72,587**
60-64	**3**	**13**	**21**	**32**	**74**	**68**	**114**	**215**	**34**	**574**
	$57,130	**$57,465**	**$57,658**	**$60,614**	**$65,363**	**$68,454**	**$70,222**	**$77,066**	**$74,568**	**$70,867**
Over 64	**1**		**4**	**6**	**6**	**8**	**6**	**28**	**46**	**105**
	$20,243		**$62,129**	**$61,989**	**$64,220**	**$57,729**	**$61,750**	**$73,464**	**$81,767**	**$73,111**
Total	**4,571**	**4,762**	**5,936**	**4,769**	**4,059**	**2,434**	**1,387**	**480**	**81**	**28,479**
	$50,369	**$62,352**	**$65,228**	**$67,511**	**$71,433**	**$74,226**	**$76,342**	**$79,507**	**$78,683**	**$65,218**

*Excludes rehired retirees

Retired Membership by Type of Benefits (Source: Actuarial Valuation)

	Service		Disability		Survivors		Total
Year	Police	Fire	Police	Fire	Police	Fire	Beneficiaries
2010	6,619	5,108	3,762	2,539	4,416	3,268	25,712
2009	6,546	5,060	3,721	2,496	4,300	3,194	25,317
2008	6,523	5,036	3,682	2,470	4,090	3,077	24,878
2007	6,459	5,012	3,594	2,436	4,067	3,115	24,683
2006	6,419	5,045	3,521	2,403	3,982	3,089	24,459
2005	6,452	5,101	3,429	2,364	3,931	3,063	24,340
2004	6,459	5,173	3,291	2,300	3,912	3,001	24,136
2003	6,418	5,188	3,193	2,202	3,916	3,006	23,923
2002	6,321	5,155	3,055	2,088	3,798	2,996	23,413
2001	6,219	5,073	2,946	2,128	3,719	2,928	23,013

Retired Membership by Type of Benefits (Source: Actuarial Valuation)

Age Last Birthday	Number	Annual Allowance	Average Annual Allowance
Service Retirees			
Under 60	2,309	$96,593,559	$41,834
60 - 64	2,643	111,663,462	42,249
65 - 69	2,384	93,606,294	39,264
70 - 74	1,597	56,661,025	35,480
75 - 79	1,199	35,067,163	29,247
Over 79	1,595	38,114,186	23,896
Total	**11,727**	**$431,705,689**	**$36,813**
Survivors and Beneficiaries			
Under 60	1,567	$12,229,191	$7,804
60 - 64	638	6,737,700	10,561
65 - 69	852	8,439,810	9,906
70 - 74	946	8,724,336	9,222
75 - 79	1,181	10,535,167	8,921
Over 79	2,500	21,103,025	8,441
Total	**7,684**	**$67,769,229**	**$8,820**
Disability Retirees			
Under 60	2,984	$106,375,786	$35,649
60 - 64	1,231	43,420,108	35,272
65 - 69	891	29,404,597	33,002
70 - 74	600	17,935,282	29,892
75 - 79	284	7,250,372	25,529
Over 79	311	6,601,780	21,228
Total	**6,301**	**$210,987,925**	**$33,485**

Retirees and Beneficiaries Statistics (dollars in millions)

Year	Benefit Payments*	Refunds	Total Payments*	# of Benefit Recipients**	% Change in Benefit Recipients	% Change Total Benefit Payments
2010	$972	$16	$988	25,853	1.6%	6.0%
2009	916	16	932	25,439	1.7%	5.2%
2008	868	18	886	25,013	0.7%	6.6%
2007	816	15	831	24,831	0.3%	6.0%
2006	766	18	784	24,766	0.8%	7.3%
2005	714	16	730	24,564	0.9%	7.7%
2004	663	15	678	24,347	1.1%	9.1%
2003	605	17	622	24,081	2.3%	15.2%
2002	523	17	540	23,546	2.3%	7.2%
2001	493	10	503	23,013	2.8%	6.4%

*Excludes Health Care Benefits

**Includes Terminated employees entitled to benefits but not yet receiving them

Average Monthly Benefit Payments * for members placed on Retirement Rolls

Service Retirement

Year	Normal	Service Commuted	Age Commuted	Age / Service
2010	$3,339	$1,374	-	$3,016
2009	3,301	1,460	-	2,359
2008	3,266	1,222	-	2,315
2007	3,251	1,265	-	1,928
2006	3,274	1,068	-	1,665
2005	3,125	1,102	-	1,231
2004	3,128	1,081	-	1,673
2003	3,150	990	-	1,569
2002	3,130	742	-	1,840
2001	2,987	830	-	1,500

Disability Retirement*

Year	Permanent and Total	P&T Presumptive	Partial	Partial Presumptive	Off Duty
2010	$3,495	$3,886	$2,827	$3,659	$2,785
2009	3,626	3,810	2,807	2,966	2,697
2008	3,509	3,424	2,874	2,696	2,511
2007	3,301	3,611	2,846	2,959	2,634
2006	3,341	2,930	2,793	2,939	2,306
2005	3,327	3,254	2,624	3,160	1,924
2004	3,209	3,163	2,712	3,080	2,167
2003	3,133	3,203	2,854	3,042	2,029
2002	2,970	3,029	2,672	2,965	1,993
2001	2,373	2,858	2,332	2,278	1,649

* Source: Numbers calculated by taking an average of final placements for retirees as listed in OP&F Board of Trustees monthly reports.

Member Health Care Contributions (dollars in millions)

Year	Contributions	% Change in Contributions Received	Number of Covered Lives	Health Care Benefit Payments	% of Benefit Payments Covered by Member Contributions	Net Benefit Payment Per Covered Life
2010	$59	0%	25,699	$160	37%	0.00393
2009	59	4%	25,660	169	35%	0.00429
2008	57	2%	25,563	153	37%	0.00376
2007	56	(5)%	26,601	149	38%	0.00350
2006	59	7%	28,100	179	33%	0.00428
2005	55	(2)%	29,006	163	34%	0.00372
2004	56	229%	29,708	158	35%	0.00344
2003	17	31%	35,513	168	10%	0.00425
2002	13	86%	35,452	154	8%	0.00398
2001	7	17%	35,290	129	5%	0.00347

State of Ohio Subsidy Payments

Year	Subsidy Amount	% Change
2010	$692,634	(11)%
2009	782,060	(9)%
2008	856,413	(12)%
2007	968,373	(10)%
2006	1,077,865	(9)%
2005*	1,185,989	(53)%
2004	2,501,471	(5)%
2003	2,635,910	(5)%
2002	2,780,378	(5)%
2001	2,931,250	(6)%

*In 2005, the State of Ohio repealed the annual $1.2 million subsidy provided to OP&F.

Employer Contribution Rates (1967–present)*

Time Frame of Rates	Year	Employer Rates Police	Fire
Jan. 1, 1986 - Present	1986	19.50%	24.00%
Jan. 1, 1985 thru Dec. 31, 1985	1985	20.03%	24.59%
Jan. 1, 1984 thru Dec. 31, 1984	1984	21.35%	24.59%
Jan. 1, 1983 thru Dec. 31, 1983	1983	18.45%	23.57%
Jan. 1, 1982 thru Dec. 31, 1982	1982	16.62%	22.39%
Jan. 1, 1981 thru Dec. 31, 1981	1981	15.60%	20.72%
Jan. 1, 1980 thru Dec. 31, 1980	1980	15.70%	19.87%
Jan. 1, 1979 thru Dec. 31, 1979	1979	18.40%	20.11%
Jan. 1, 1978 thru Dec. 31, 1978	1978	17.53%	18.90%
Jan. 1, 1977 thru Dec. 31, 1977	1977	15.34%	16.77%
Jan. 1, 1976 thru Dec. 31, 1976	1976	14.02%	15.57%
Jan. 1, 1975 thru Dec. 31, 1975	1975	12.49%	13.78%
Jan. 1, 1974 thru Dec. 31, 1974	1974	12.88%	13.60%
Jan. 1, 1973 thru Dec. 31, 1973	1973	12.85%	13.41%
Jan. 1, 1972 thru Dec. 31, 1972	1972	12.96%	13.26%
Jan. 1, 1971 thru Dec. 31, 1971	1971	12.81%	12.96%
Jan. 1, 1970 thru Dec. 31, 1970	1970	15.52%	15.52%
Jan. 1, 1969 thru Dec. 31, 1969	1969	14.68%	14.49%
Jan. 1, 1968 thru Dec. 31, 1968	1968	13.66%	13.50%
Jan. 1, 1967 thru Dec. 31, 1967	1967	13.55%	13.13%

*For employer billing purposes, the September 1988 billing was carried through Sept. 30, 1988 and was not cut off at Sept. 8, 1988. The same goes for the employee rates for the most part.

Member Contribution Rates

Time Frame of Rates	Member Rates Police	Fire
Sept. 9, 1988 - Present	10.00%	10.00%
Aug. 1, 1986 thru Sept. 8, 1988	9.50%	9.50%
March 1, 1980 thru July 31, 1986	8.50%	8.50%
Jan. 1, 1968 thru Feb. 28, 1980	7.00%	7.00%
Jan. 1, 1967 thru Dec. 31, 1967	6.00%	6.00%

Actuarial Interest Rates

	Actuarial Interest Rates	
Time Frame of Rates	Police	Fire
Jan. 1, 1989 - Present	8.250%	8.250%
Jan. 1, 1986 thru Dec. 31, 1988	7.750%	7.750%
Jan. 1, 1983 thru Dec. 31, 1985	7.500%	7.500%
Jan. 1, 1980 thru Dec. 31, 1982	6.375%	6.375%
Jan. 1, 1979 thru Dec. 31, 1979	6.000%	6.000%
Jan. 1, 1974 thru Dec. 31, 1978	5.000%	5.000%
Jan. 1, 1972 thru Dec. 31, 1973	4.750%	4.750%
Jan. 1, 1970 thru Dec. 31, 1971	4.625%	4.625%
Jan. 1, 1967 thru Dec. 31, 1969	4.250%	4.250%

Actuarial Valuation Information

Pension Trust (dollars in millions)

As of Jan. 1	Valuation Assets	Actual Accrued Actuarial Liabilities (AAL)	Unfunded/(Overfunded) Actuarial Accrued Liabilities (UAAL)	Ratio of Assets to AAL	Active Member Payroll	Funding Period in Years
2010	$10,794	$14,831	$4,037	72.80%	$1,895	Infinite
2009	9,309	14,307	4,998	65.07%	1,901	Infinite
2008	11,213	13,728	2,515	81.68%	1,831	Infinite
2007	10,158	12,988	2,830	78.21%	1,783	Infinite
2006	9,551	12,190	2,639	78.35%	1,756	Infinite
2005	9,337	11,545	2,208	80.87%	1,684	Infinite
2004	9,337	10,798	1,461	86.47%	1,644	Infinite
2003	8,683	10,508	1,825	82.63%	1,606	Infinite
2002	9,076	9,786	710	92.75%	1,534	28.00
2001	8,498	9,506	1,008	89.39%	1,408	29.49

Retiree Health Care Trust (dollars in millions)

As of Jan. 1	Valuation Assets	Actual Accrued Actuarial Liabilities (AAL)	Unfunded/(Overfunded) Actuarial Accrued Liabilities (UAAL)	Ratio of Assets to AAL	Active Member Payroll	UAAL as Percentage of Active Member Payroll
2010	$573	$3,232	$2,659	17.74%	$1,895	140.30%
2009	439	3,164	2,725	13.87%	1,901	143.30%
2008	527	3,623	3,096	14.50%	1,831	169.10%
2007	437	3,274	2,837	13.35%	1,783	159.10%
2006	343	3,335	2,992	10.29%	1,756	170.40%

Historical Annual Investment Results

U.S. Equity	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
OP&F	22.43%	32.82%	(38.02)%	5.37%	14.80%	7.59%	13.11%	30.00%	(19.81)%	(7.47)%
International Equity										
OP&F	15.11%	39.58%	(45.71)%	20.61%	28.24%	14.10%	21.18%	35.92%	(17.70)%	(23.54)%
Emerging Markets										
OP&F	N/A	N/A	N/A	N/A	N/A	26.24%	22.68%	58.23%	(8.69)%	(4.14)%
Fixed Income										
OP&F - Core	9.72%	11.76%	0.37%	6.50%	4.59%	2.67%	4.75%	5.35%	8.60%	10.76%
OP&F - High Yield	15.02%	47.02%	(20.17)%	2.91%	10.22%	2.61%	10.65%	N/A	N/A	N/A
OP&F - GIPS	15.28%	9.84%	2.04%	11.72%	2.97%	2.96%	6.97%	N/A	N/A	N/A
OP&F - Commercial Mortgage*	16.63%	(0.63)%	0.68%	2.31%	5.08%	9.83%	4.82%	N/A	N/A	N/A
Real Estate *										
OP&F	4.86%	(37.27)%	2.07%	20.67%	26.60%	26.07%	14.14%	13.06%	5.70%	11.84%
Private Equity *										
OP&F	12.57%	(11.61)%	(2.32)%	31.88%	17.43%	26.76%	7.15%	(13.15)%	(21.61)%	(26.14)%
Total Portfolio										
OP&F	15.83%	20.73%	(28.06)%	10.47%	16.15%	9.07%	13.29%	24.96%	(9.90)%	(3.88)%
** Policy Index	12.61%	22.81%	(28.89)%	9.16%	15.69%	8.98%	12.84%	26.47%	(10.81)%	(6.60)%

* One quarter in arrears.
** Interim Policy Index: 36.9 percent Wilshire 5000, 23 percent MSCI ACWI ex-U.S. (N), 10 percent Barclays Aggregate, 9.67 percent CSFB Dev. Countries HY, 6.45 percent Global TIPS Custom, 10 percent NCREIF Property Index Lagged, 4 percent Wilshire 5000 + 3% Lagged.

Long Term Policy: 21.7 percent Wilshire 5000, 21.7 percent MSCI ACWI ex-U.S. (N), 23.7 percent Barclays Long Govt/Credit, 15 percent CSFB Dev. Countries HY, 12.9 percent Global TIPS Custom, 12 percent NCREIF Property Index Lagged, 7 percent Wilshire 5000 +3% Lagged, 3 percent Timber, 3 percent Commodities (adds to 120 percent as "Risk Parity" approach uses levered Long Duration and levered Global Inflation-Protected Securities).

Time Weighted methodology, based upon market values, is used when calculating performance.

Debt Capacity Information

OP&F does not have any outstanding debt, nor are there any plans to ever pursue issuing debt anytime in the future.

Demographic and Economic Information

Number of Employer Units

	Municipalities		Townships		Villages		Total		Total
Year	Police	Fire	Police	Fire	Police	Fire	Police	Fire	Both
2010	252	229	0	123	284	33	536	385	921
2009	252	229	0	121	287	32	539	382	921
2008	251	228	0	123	287	34	538	385	923
2007	251	229	0	122	289	33	540	384	924
2006	252	225	0	119	284	32	536	376	912
2005	251	224	0	113	286	31	537	368	905
2004	252	225	0	109	288	29	540	363	903
2003	252	223	0	110	289	29	541	362	903
2002	252	219	0	106	307	29	559	354	913
2001	251	215	0	105	322	32	573	352	925

Principal Participating Employers

Employer Name	Covered Employees	Rank	% of Total Covered Members
City of Columbus	3,562	1	12.45%
City of Cleveland	2,542	2	8.88%
City of Cincinnati	1,952	3	6.82%
City of Toledo	1,130	4	3.95%
City of Akron	818	5	2.86%
City of Dayton	725	6	2.53%
City of Canton	333	7	1.16%
City of Youngstown	310	8	1.08%
City of Springfield	270	9	0.94%
City of Hamilton	227	10	0.79%
All Others	16,750		58.54%
Total	**28,619**		**100.00%**

Operating Information

OP&F Employee Budgeted Position Counts

Department	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Administration	46	46	47	44	45	42	44	38	40	40
Finance	13	13	13	13	13	16	16	28	29	29
Health Care Services*	0	0	0	0	0	0	16	15	15	15
Information Services	24	24	24	25	25	25	26	29	31	31
Investments	15	15	14	14	14	14	17	15	18	18
Member Services	46	46	51	54	64	69	56	56	57	53
Projects	0	0	0	0	0	0	0	0	0	2
Total Full-Time Positions	**144**	**144**	**149**	**150**	**161**	**166**	**175**	**181**	**190**	**188**

*Health Care Services was combined with Member Services in 2006 .

Personnel Salaries by Year (dollars in thousands)

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Salaries and Wages	$8,313.9	$8,660.2	$8,866.4	$8,844.4	$8,763.8	$8,963.4	$9,037.8	$9,443.8	$7,868.9
Average Salary per Budgeted Staff	$57.7	$58.1	$59.1	$54.9	$52.8	$51.2	$49.9	$49.7	$41.9

OP&F Budget* (dollars in millions)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating Expenses (Actual)		$46.5	$41.0	$43.6	$45.9	$41.7	$38.7	$41.3	$35.9	$33.3
Operating Expenses (Budget)	$54.5	45.6	46.5	54.6	61.0	48.5	44.1	45.0	35.9	38.4
% Budget vs Actual		102%	88%	80%	75%	86%	88%	92%	100%	87%

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Capital (Actual)		$2.0	$0.6	$2.1	$1.2	$0.7	$2.0	$2.4	$3.2	$3.6
Capital (Budget)	$3.7	4.4	3.2	4.6	3.8	5.8	2.8	2.8	4.4	5.0
% Budget vs Actual		45%	19%	46%	32%	12%	71%	86%	73%	72%

		2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating Expenses (Actual)		$15.0	$16.3	$16.0	$16.7	$14.7	$13.9	$14.2	$15.4	$13.8
Investment Expenses (Actual)		31.5	24.7	27.6	29.2	27.0	24.8	27.0	20.5	19.5

Other Operating Statistics

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Total Staff	144	149	150	161	166	175	181	190	188
Investment Staff	15	14	14	14	14	17	15	18	18
Investment Actual Expenses	$30.5	$24.1	$27.0	$29.2	$27.0	$24.8	$27.0	$20.5	$19.5
Investment Income	$1,652	$1,895	$(3,833)	$1,163	$1,630	$847	$1,152	$1,745	$(870)
Investment Staff to Investment Expense Ratio	$2	$2	$2	$2	$2	$1	$2	$1	$1
Total Staff to Investment Income Ratio	$11.5	$12.7	$(25.6)	$7.2	$9.8	$4.8	$6.4	$9.2	$(4.6)
Investment Staff to Investment Income Ratio	$110.0	$135.4	$(273.8)	$83.1	$116.4	$49.8	$76.8	$97.0	$(48.4)

Death Benefit Fund

Pursuant to Section 742.63 of the Ohio Revised Code, the Board of Trustees of the Ohio Police and Fire Pension Fund administers the State of Ohio Death Benefit Fund (DBF). This program was established by the State of Ohio to provide monthly benefit payments to surviving family members of Ohio fire fighters and law enforcement officers who have been killed in the line of duty or die of a duty-related accident or illness. Funds are disbursed to OP&F, on a quarterly basis, each State fiscal year (July 1-June 30) and benefits are paid monthly by OP&F to eligible recipients. The unused balance at June 30 is returned to the State. The assets and liabilities of the DBF are included in the Fund's combining statement of plan net assets as of Dec. 31, 2010 as an agency fund. The following is a schedule of DBF financial activity:

Balance Jan. 1, 2010	**$241,308**
Less: Survivor Benefits Paid Jan. 1 to June 30, 2010	(9,786,126)
Balance returned to State of Ohio	(455,182)
State Funding Received	20,000,000
Less: Survivor Benefits Paid July 1 - Dec. 31, 2010	(9,761,765)
Balance Dec. 31, 2010	**$ 238,235**

Glossary of Acronyms

ARC = Annual Required Contributions

AICPAS = American Institute of Certified Public Accounts

CAFR = Comprehensive Annual financial Report

COLAs = Cost of Living Adjustments

CPI = Consumer Price Index

DBF = Death Benefit Fund

DROP = Deferred Retirement Option Plan

FHLMC = Federal Home Loan Mortgage Corporation

FNMA = Federal National Mortgage Association

GASB = Government Accounting Standards Board

GDP = Gross Domestic Product

GFOA = Government Finance Officers Association of the U.S. and Canada

GIPS = Global Inflation Protected Securities

GNMA = Government National Mortgage Association

IRS = Internal Revenue Service

M&A = Mergers and Acquisitions

MD&A = Management Discussion and Analysis

NCREIF Property Index = National Council of Real Estate Investment Fiduciaries Property Index

OP&F = Ohio Police & Fire Pension Fund

OPEB = Other Post-Employment Benefit

OPERS = Ohio Public Employees Retirement System

ORC = Ohio Revised Code

ORSC = Ohio Retirement Study Council

PIIGS = Portugal, Italy, Ireland, Greece and Spain

REITs = Real Estate Investment Trusts

REMICs = Real Estate Mortgage Investment Conduits

RFP = Request for Proposal

RSI = Required Supplementary Information

S&P = Standard and Poor's 500

SSGA = State Street Global Advisors

STIF = Short Term Investment Fund

TIPS = Treasury Inflation Protected Securities

U.S. = United States

Prudence Integrity Empathy

Securing the future for Ohio's
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Ohio Police & Fire Pension Fund

140 East Town Street
Columbus, Ohio 43215

Customer Service: 888-864-8363
General Information: 614-228-2975
TTY: 614-221-3846
Facsimile: 614-628-1777
E-mail: questions@op-f.org

www.op-f.org