

# Ohio Police & Fire Pension Fund

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October 16, 2015

Ms. Bethany Rhodes  
Director/General Counsel  
Ohio Retirement Study Council  
88 East Broad Street  
Suite 1175  
Columbus, OH 43215

RE: OP&F's 2016 Proposed Budgets

Dear Ms. Rhodes:

Please find enclosed the 2016 proposed Administrative Operating, and 2016-2018 Capital budgets for the Ohio Police & Fire Pension Fund (OP&F) in the format agreed upon among the Ohio Retirement Systems and the ORSC.

The proposed budgets are being provided to you in compliance with SB 133. OP&F's Board of Trustees is scheduled to adopt the proposed budgets on December 16, 2015, which is within the sixty days from the date of this correspondence.

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

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

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

Sincerely,



John J. Gallagher, Jr.  
Executive Director

Enclosure: 2016 Proposed Budgets

**OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC**  
**Ohio Police & Fire Pension Fund (OP&F)**  
**FY 2016 PROPOSED BUDGET**  
**Compared to FY 2015 Approved Budget & Estimated Actual Expenses**

Budget Category	01/01/16-12/31/16	01/01/15-12/31/15	01/01/15-12/31/15	Budget \$	Budget %
	FY 2016 PROPOSED BUDGET*	FY 2015 APPROVED** BUDGET*	FY 2015 ESTIMATED** ACTUAL*	Increase/ (Decrease)	Change
<b>Personnel Services</b>	\$ 14,019,095	\$ 13,359,746	\$ 12,108,606	\$ 659,349	4.9%
<b>Professional Services</b>	\$ 4,606,142	\$ 4,549,040	\$ 3,776,958	\$ 57,102	1.3%
Actuarial	384,000	444,000	325,881	(60,000)	-13.5%
Audit	135,000	133,500	124,886	1,500	1.1%
Custodial Banking Fees	984,000	960,000	745,000	24,000	2.5%
Investment Consulting	1,518,177	1,483,080	1,444,092	35,097	2.4%
Other Consulting (Legal, PR, Health Care, HR & Records)	1,497,365	1,440,860	1,077,099	56,505	3.9%
Banking Expense	87,600	87,600	60,000	-	0.0%
<b>Communications Expense</b>	\$ 575,550	\$ 572,890	\$ 422,326	\$ 2,660	0.5%
Printing and Postage	366,300	364,200	246,383	2,100	0.6%
Telephone	108,300	109,300	79,357	(1,000)	-0.9%
Member/Employer Education	13,950	12,990	10,100	960	7.4%
Legislative Consultant	87,000	86,400	86,486	600	0.7%
<b>Other Operating Expense</b>	\$ 2,302,045	\$ 2,094,014	\$ 1,691,726	\$ 208,031	9.9%
Conferences and Education	134,853	148,789	88,113	(13,936)	-9.4%
Travel	156,538	152,872	113,705	3,666	2.4%
Computer Technology	1,129,711	986,044	1,005,222	143,667	14.6%
Other Operating (Insurance, Maint., Memberships, Supplies, etc.)	626,743	652,109	337,600	(25,366)	-3.9%
Contingency	100,000	100,000	100,000	-	0.0%
Mandatory Costs (ORSC and TOS Warrant Charges)	154,200	54,200	47,086	100,000	184.5%
<b>Net Building Occupancy Expense</b>	\$ 1,285,000	\$ 1,285,000	\$ 1,238,220	\$ -	0.0%
<b>Operating Budget</b>	\$ 22,787,832	\$ 21,860,691	\$ 19,237,836	\$ 927,142	4.2%
<b>Capital Budget 2016-2018</b>	\$ 4,587,761	\$ 2,820,320	\$ 504,611	\$ 1,767,441	62.7%
<b>Total Operating and Capital Budgets</b>	\$ 27,375,593	\$ 24,681,011	\$ 19,742,447	\$ 2,694,582	10.9%

\*Figures may not add due to category rounding.

\*\*Includes budget amendments.

# OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC

## Ohio Police & Fire Pension Fund (OP&F) FY 2016-2018 Capital Budget

Budget Category	FY 2016-2018 PROPOSED Budget	FY 2015-2017 APPROVED Budget**	Budget \$* <u>Increase/</u> <u>(Decrease)</u>	Budget %* <u>Change</u>
	<u>BUDGET</u>	<u>BUDGET</u>		
Office Building	\$ 350,000	\$ 350,000	\$ -	0.0%
Furniture & Equipment	90,000	90,000	-	0.0%
Computer Technology	4,120,761	2,380,320	\$ 1,740,441	73.1%
Telephone Equipment	-	-	-	0.0%
Automobile	27,000	-	\$ 27,000	100.0%
<b>Total Capital Budget*</b>	<b>\$ 4,587,761</b>	<b>\$ 2,820,320</b>	<b>\$ 1,767,441</b>	<b>62.7%</b>

\*OP&F approves a 3 year capital budget, 2016 expenditures are estimated to be \$3,471,761.

\*\*Includes budget amendments.

**OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC**

**Ohio Police & Fire Pension Fund (OP&F)**

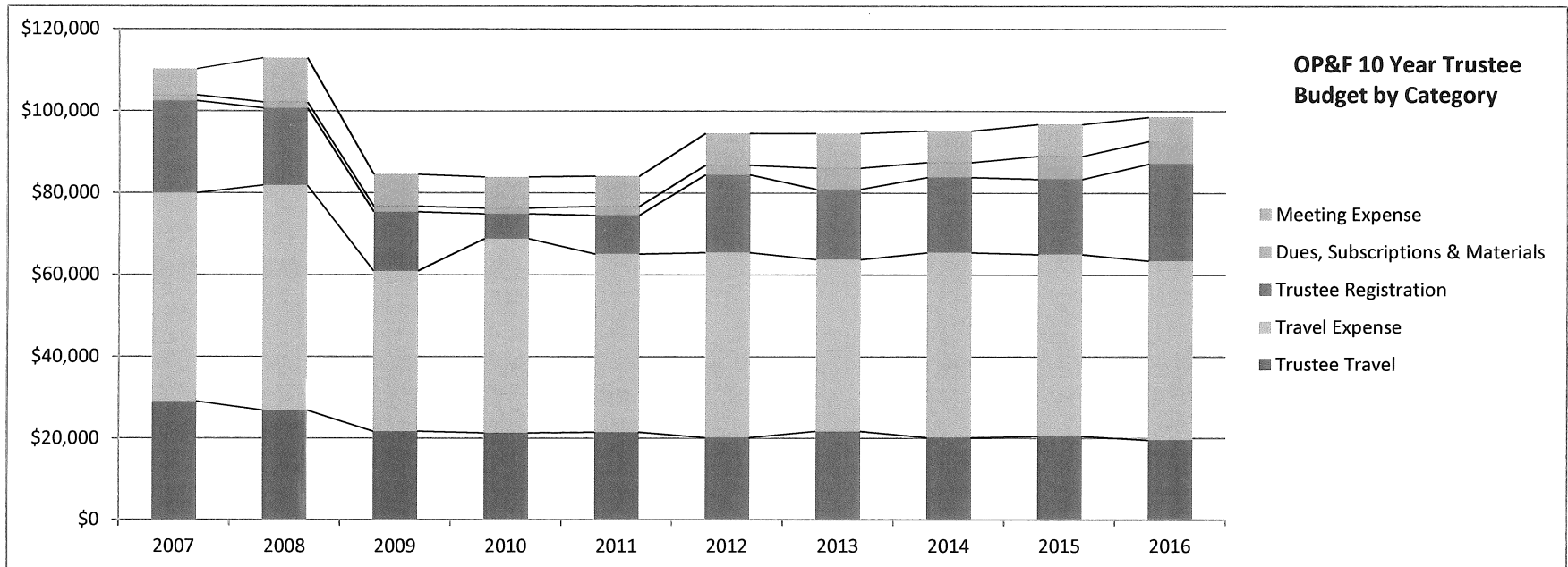
**FY 2014-2016 Board of Trustees Expenditures**

<b>Budget Category</b>	<b>FY 2016 PROPOSED</b>		<b>FY 2015 APPROVED</b>		<b>FY 2014 APPROVED</b>		<b>FY 15-16</b>	
	<b>BUDGET</b>	<b>% of Total Budget</b>	<b>BUDGET*</b>	<b>% of Total Budget</b>	<b>BUDGET*</b>	<b>% of Total Budget</b>	<b>Budget \$ Increase/ (Decrease)</b>	<b>Budget % Change</b>
Trustee Travel	\$ 19,574	19.9%	\$ 20,524	21.2%	\$ 20,220	21.2%	\$ (950)	-4.6%
Travel Expense	43,845	44.5%	44,445	45.9%	45,185	47.5%	\$ (600)	-1.3%
Trustee Registration	23,695	24.0%	18,375	19.0%	18,375	19.3%	\$ 5,320	29.0%
Dues, Subscriptions & Materials	5,514	5.6%	5,684	5.9%	3,649	3.8%	\$ (170)	-3.0%
Meeting Expense	5,900	6.0%	7,730	8.0%	7,730	8.1%	\$ (1,830)	-23.7%
<b>Total Trustee Budget</b>	<b>\$ 98,528</b>	<b>100%</b>	<b>\$ 96,758</b>	<b>100%</b>	<b>\$ 95,159</b>	<b>100%</b>	<b>\$ 1,770</b>	<b>1.8%</b>

\*Includes budget amendments.

**OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC**  
**Ohio Police & Fire Pension Fund (OP&F)**  
**10-Year Trustee Budget by Category with Trendline**

Budget Category	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Trustee Travel	\$ 29,005	\$ 26,890	\$ 21,725	\$ 21,310	\$ 21,490	\$ 20,220	\$ 21,720	\$ 20,220	\$ 20,524	\$ 19,574
Travel Expense	50,845	54,855	39,175	47,400	43,580	45,185	41,998	45,185	44,445	43,845
Trustee Registration	22,560	18,890	14,375	6,095	9,420	18,975	17,175	18,375	18,375	23,695
Dues, Subscriptions & Materials	1,370	1,430	1,390	1,390	2,154	2,375	5,162	3,649	5,684	5,514
Meeting Expense	6,425	10,820	7,800	7,600	7,430	7,730	8,430	7,730	7,730	5,900
<b>TOTAL BUDGET</b>	<b>\$ 110,205</b>	<b>\$ 112,885</b>	<b>\$ 84,465</b>	<b>\$ 83,795</b>	<b>\$ 84,074</b>	<b>\$ 94,485</b>	<b>\$ 94,485</b>	<b>\$ 95,159</b>	<b>\$ 96,758</b>	<b>\$ 98,528</b>



**OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC  
Ohio Police & Fire Pension Fund (OP&F)**

**Schedule of Investment Expenses**

	<b>FY 2014 Actual</b>	<b>FY 2013 Actual</b>	<b>FY 2012 Actual</b>
<b>Investment Assets Under Management</b>			
Internally Managed (Commercial Paper)	\$ 1,017,367,791	\$ 650,131,430	\$ 1,254,896,443
Externally Managed	13,414,877,546	13,498,081,208	12,754,274,672
<b>Gross Investment Assets Under Management</b>	<b>14,432,245,337</b>	<b>14,148,212,638</b>	<b>14,009,171,115</b>

<b>Investment Expenses</b>			
Administrative Costs of Investment Function*	3,018,510	2,972,330	2,843,507
External Investment Management Fees	42,143,017	39,979,343	34,539,245
Investment-Related Professional Consulting**	1,361,198	1,227,387	1,161,973
Brokerage/Commissions & Fees	3,935,196	3,731,017	3,999,403
Custodial Fees**	691,279	960,070	610,383
<b>Total Investment Expenses</b>	<b>\$ 51,149,200</b>	<b>\$ 48,870,147</b>	<b>\$ 43,154,511</b>

**Total Investment Expenses as a % of Total Investment Assets**

<b>0.35%</b>	<b>0.35%</b>	<b>0.31%</b>
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\*Administrative Costs includes OP&F investment staff and an allocation of the Operating Budget

\*\*Items are also contained within the Operating Budget

## OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC

Ohio Police & Fire Pension Fund (OP&F)  
Data as of December 31st for each year listed  
Statistical Information

Description	2016*	2015*	2014	2013	2012	2011
Actual Staff	145	143	141	138	141	141
Authorized Full Time Equivalents (FTE)	145	143	142	141	144	144

Active Members	27,602	27,602	27,602	27,451	27,289	27,463
Inactive Members <small>(includes vested former members)</small>	3,187	3,187	3,187	2,947	2,880	2,791
Benefit Recipients (Service, Disability, Survivor)	27,963	27,963	27,963	27,561	27,243	27,078
Re-employed Retirees	167	167	167	154	155	160
<b>TOTAL MEMBERSHIP</b>	<b>58,919</b>	<b>58,919</b>	<b>58,919</b>	<b>58,113</b>	<b>57,567</b>	<b>57,492</b>
# Actives + Benefit Recipients Per Authorized Staff Member	384	390	392	391	380	380
<b>Operating Expense Per Member</b>	<b>\$ 386.77</b>	<b>\$ 371.03</b>	<b>\$ 371.03</b>	<b>\$ 372.65</b>	<b>\$ 336.92</b>	<b>\$ 337.55</b>

Employers (Municipalities, Townships, Villages)	920	920	914	911	925	917
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*\*Estimated*

**OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC  
Ohio Police & Fire Pension Fund (OP&F)**

**FY 14-16 Staff Travel Expense Totals per Full-Time Equivalent (FTE)**

<b>Dept</b>	<b>Type of Travel</b>	<b>FY2016 Budget</b>	<b>FY2015 Budget</b>	<b>FY2014 Budget</b>	<b>FY 2015-2016 Budgeted % Change</b>
<b>Administration</b>		\$ 18,410	\$ 32,604	\$ 26,318	-43.5%
	# FTES	19	36	48	
	Travel Expense per FTE	\$ 969	\$ 906	\$ 548	
<b>Finance</b>		\$ 4,620	\$ 8,185	\$ 7,075	-43.6%
	# FTES	21	21	21	
	Travel Expense per FTE	\$ 220	\$ 390	\$ 337	
<b>Investments</b>		\$ 25,810	\$ 24,811	\$ 23,455	4.0%
	# FTES	15	14	14	
	Travel Expense per FTE	\$ 1,721	\$ 1,772	\$ 1,675	
<b>Member Services</b>		\$ 8,140	\$ 10,959	\$ 10,220	-25.7%
	# FTES	46	46	34	
	Travel Expense per FTE	\$ 177	\$ 238	\$ 301	
<b>Information Services</b>		\$ 24,394	\$ 11,344	\$ 14,860	115.0%
	# FTES	44	26	25	
	Travel Expense per FTE	\$ 554	\$ 436	\$ 594	
<b>Total OP&amp;F Staff</b>		\$ 81,374	\$ 87,903	\$ 81,928	-7.4%
	# FTES	145	143	142	
	Travel Expense per FTE	\$ 561	\$ 615	\$ 577	



# OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC

## Ohio Police & Fire Pension Fund (OP&F)

### FY14-16 Staff Training (Conference Registration and In-House)

Dept	Type of Training	FY2016 Budget	FY2015 Budget	FY2014 Budget	FY 2015-2016 Budgeted % Change
<b>Administration</b>					
	Conferences & Seminars	\$ 46,115	\$ 70,159	\$ 49,792	-34.3%
	In-House Training	\$ 13,885	\$ 21,880	\$ 23,685	
	# FTES	19	36	48	
	Training Expense per FTE	\$ 2,427	\$ 1,949	\$ 1,037	
<b>Finance</b>					
	Conferences & Seminars	\$ 8,720	\$ 9,400	\$ 10,135	-7.2%
	In-House Training	\$ -	\$ -	\$ -	
	# FTES	21	21	21	
	Training Expense per FTE	\$ 415	\$ 448	\$ 483	
<b>Investments</b>					
	Conferences & Seminars	\$ 11,188	\$ 8,795	\$ 3,450	27.2%
	In-House Training	\$ -	\$ -	\$ -	
	# FTES	15	14	14	
	Training Expense per FTE	\$ 746	\$ 628	\$ 246	
<b>Member Services</b>					
	Conferences & Seminars	\$ 7,115	\$ 8,990	\$ 2,200	-20.9%
	In-House Training	\$ -	\$ -	\$ -	
	# FTES	46	34	34	
	Training Expense per FTE	\$ 155	\$ 264	\$ 65	
<b>Information Services</b>					
	Conferences & Seminars	\$ 38,020	\$ 28,625	\$ 27,000	32.8%
	In-House Training	\$ -	\$ -	\$ -	
	# FTES	44	25	25	
	Training Expense per FTE	\$ 864	\$ 1,145	\$ 1,080	
<b>Total OP&amp;F Staff</b>					
	Conferences & Seminars	\$ 97,273	\$ 81,917	\$ 83,304	5.3%
	In-House Training	\$ 13,885	\$ 23,685	\$ 21,540	
	# FTES	145	142	142	
	Training Expense per FTE	\$ 767	\$ 744	\$ 738	