

Ohio Police & Fire Pension Fund

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

October 15, 2010

Mr. Aristotle Hutras
Director
Ohio Retirement Study Council
88 East Broad Street
Suite 1175
Columbus, OH 43215

RE: OP&F's Proposed Budgets

Dear Mr. Hutras: *Aris*

Please find enclosed the 2011 proposed Administrative Operating, and 2011-2013 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 22, 2010, 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,

Bill
William J. Estabrook
Executive Director

Enclosure: 2011 Proposed Budgets

OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC
Ohio Police & Fire Pension Fund (OP&F)
FY 2011 PROPOSED BUDGET
Compared to FY 2010 Approved Budget

Budget Category	01/01/11-12/31/11	01/01/10-12/31/10	Budget \$	Budget %
	FY 2011 PROPOSED BUDGET*	FY 2010 APPROVED BUDGET*	Increase/ (Decrease)	Change
Personnel Services	\$ 12,060,882	\$ 12,201,091	\$ (140,209)	-1.1%
Salaries and Wages	8,523,788	8,597,684	(73,896)	-0.9%
OPERS Retirement Contributions	1,197,760	1,207,741	(9,981)	-0.8%
Insurance	2,272,644	2,329,735	(57,091)	-2.5%
Miscellaneous Personnel Expense (Tuition & Other Activities)	66,690	65,931	759	1.2%
Professional Services	\$ 3,668,679	\$ 4,650,012	\$ (981,333)	-21.1%
Actuarial	330,500	330,500	-	0.0%
Audit	95,400	95,400	-	0.0%
Custodial Banking Fees	584,000	1,654,000	(1,070,000)	-64.7%
Investment Consulting	1,317,322	1,333,480	(16,158)	-1.2%
Other Consulting (Legal, PR, Health Care, HR & Records)	1,271,457	1,166,632	104,825	9.0%
Banking Expense	70,000	70,000	-	0.0%
Communications Expense	\$ 537,092	\$ 586,012	\$ (48,920)	-8.3%
Printing and Postage	334,750	388,755	(54,005)	-13.9%
Telephone	108,390	108,390	-	0.0%
Member/Employer Education	9,152	8,467	685	8.1%
Legislative Consultant	84,800	80,400	4,400	5.5%
Other Operating Expense	\$ 1,672,062	\$ 1,812,713	\$ (140,651)	-7.8%
Conferences and Education	127,897	171,873	(43,976)	-25.6%
Travel	151,907	149,730	2,177	1.5%
Computer Technology	834,822	786,412	48,410	6.2%
Other Operating (Insurance, Maint., Memberships, Supplies, etc.)	414,436	561,698	(147,262)	-26.2%
Contingency	100,000	100,000	-	0.0%
Mandatory Costs (ORSC and TOS Warrant Charges)	43,000	43,000	-	0.0%
Net Building Occupancy Expense	\$ 1,270,110	\$ 1,270,110	\$ -	0.0%
Operating Budget	\$ 19,208,825	\$ 20,519,938	\$ (1,311,113)	-6.4%
Capital Budget 2011-2013	\$ 3,663,411	\$ 4,396,481	\$ (733,070)	-16.7%
Total Operating and Capital Budgets	\$ 22,872,236	\$ 24,916,419	\$ (2,044,183)	-8.2%

OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC

Ohio Police & Fire Pension Fund (OP&F) FY 2011-2013 Capital Budget

Budget Category	FY 2011-2013 PROPOSED Budget	FY 2010-2012 APPROVED Budget	Budget \$* <u>Increase/</u> <u>(Decrease)</u>	Budget %* <u>Change</u>
	<u>BUDGET</u>	<u>BUDGET</u>		
Office Building	\$ 353,081	\$ 353,081	\$ -	0.0%
Furniture & Equipment	90,000	90,000	\$ -	0.0%
Computer Technology	3,220,330	3,953,400	\$ (733,070)	-18.5%
Telephone Equipment	-	-	\$ -	0.0%
Automobile	-	-	\$ -	0.0%
Total Capital Budget*	\$ 3,663,411	\$ 4,396,481	\$ (733,070)	-16.7%

*OP&F approves a 3 year capital budget, 2011 expenditures are expected to be \$1,811,673.

OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC

Ohio Police & Fire Pension Fund (OP&F)

FY 2009-2011 Board of Trustees Expenditures

Budget Category	FY 2011 PROPOSED		FY 2010 APPROVED		FY 2009 APPROVED		FY 10-11	
	BUDGET	% of Total Budget	BUDGET	% of Total Budget	BUDGET	% of Total Budget	Budget \$ Increase/ (Decrease)	Budget % Change
Trustee Travel	\$ 21,490	25.8%	\$ 21,310	25.4%	\$ 21,725	25.7%	\$ 180	0.8%
Travel Expense	44,780	53.4%	47,400	56.6%	41,300	48.9%	\$ (2,620)	-5.5%
Trustee Registration	9,420	11.2%	6,095	7.3%	12,250	14.5%	\$ 3,325	54.6%
Dues, Subscriptions & Materials	1,375	1.6%	1,390	1.7%	1,390	1.7%	\$ (15)	-1.1%
Meeting Expense	6,730	8.0%	7,600	9.0%	7,800	9.2%	\$ (870)	-11.4%
Total Trustee Budget	\$ 83,795	100%	\$ 83,795	100%	\$ 84,465	100%	\$ -	0.0%

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

Schedule of Investment Expenses

	FY 2009 Actual	FY 2008 Actual	FY 2007 Actual
Investment Assets Under Management			
Internally Managed (Commercial Paper)	\$ 402,224,300	\$ 440,804,450	\$ 448,344,305
Externally Managed	10,139,423,434	8,536,465,454	12,677,421,944
Gross Investment Assets Under Management	<u>10,541,647,734</u>	<u>8,977,269,904</u>	<u>13,125,766,249</u>
Investment Expenses			
Administrative Costs of Investment Function*	2,846,290	\$ 2,644,631	\$ 2,509,222
External Investment Management Fees	39,529,096	41,304,087	38,709,498
Investment-Related Professional Consulting**	1,296,457	1,269,675	1,778,443
Brokerage/Commissions & Fees	3,979,789	4,165,485	5,661,275
Custodial Fees**	1,506,028	1,729,017	2,077,351
Total Investment Expenses	<u>\$ 49,157,660</u>	<u>\$ 51,112,895</u>	<u>\$ 50,735,789</u>
Total Investment Expenses as a % of Total Investment Assets	0.47%	0.57%	0.39%

*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	2011*	2010	2009	2008	2007	2006
Actual Staff	144	136	141	146	151	162
Authorized Full Time Equivalents (FTE)	144	144	149	150	161	166

Active Members	28,764	28,479	28,927	28,733	28,454	27,884
Inactive Members	2,551	2,477	2,383	2,468	2,442	2,623
Benefit Recipients (Service, Disability, Survivor)	26,869	25,712	25,317	24,878	24,683	24,459
Re-employed Retirees	140	140	135	131	155	142
TOTAL MEMBERSHIP	58,324	56,808	56,762	56,210	55,734	55,108
# Actives + Benefit Recipients Per Authorized Staff Member	387	377	365	358	331	316
Operating Expense Per Member	\$ 329.35	\$ 361.22	\$373.99	\$367.21	\$367.22	\$356.69

Employers (Municipalities, Townships, Villages)	915 est.	918 est.	921	923	924	912
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***Estimated**

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

FY 09-11 Staff Travel Expense Totals per Full-Time Equivalent (FTE)

Dept	Type of Travel	FY2011 Budget	FY2010 Budget	FY2009 Budget	FY 2010-2011 Budgeted % Change
Administration		\$ 38,627	\$ 37,735	\$ 63,025	2.4%
	# FTES	46	46	47	0.0%
	Travel Expense per FTE	\$ 840	\$ 812	\$ 1,341	3.4%
Finance		\$ 5,045	\$ 3,100	\$ 3,970	62.7%
	# FTES	13	13	13	0.0%
	Travel Expense per FTE	\$ 388	\$ 238	\$ 305	62.7%
Investments		\$ 24,300	\$ 22,220	\$ 27,490	9.4%
	# FTES	15	15	14	0.0%
	Travel Expense per FTE	\$ 1,620	\$ 1,481	\$ 1,964	9.4%
Member Services		\$ 6,560	\$ 6,560	\$ 19,010	0.0%
	# FTES	46	46	51	0.0%
	Travel Expense per FTE	\$ 143	\$ 143	\$ 373	0.0%
Information Services		\$ 11,105	\$ 11,405	\$ 17,555	-2.6%
	# FTES	24	24	24	0.0%
	Travel Expense per FTE	\$ 463	\$ 475	\$ 731	-2.6%
Total OP&F Staff		\$ 85,637	\$ 81,020	\$ 131,050	5.7%
	# FTES	144	144	149	0.0%
	Travel Expense per FTE	\$ 595	\$ 563	\$ 880	5.7%

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

FY09-11 Staff Training (Conference Registration and In-House)

Dept	Type of Training	FY 2010-2011			
		FY2011 Budget	FY2010 Budget	FY2009 Budget	Budgeted % Change
Administration		\$ 65,682	\$ 116,218	\$ 129,629	-43.5%
	Conferences & Seminars	\$ 65,682	\$ 101,218	\$ 116,129	-35.1%
	In-House Training	\$ 21,540	\$ 15,000	\$ 13,500	43.6%
	# FTES	46	46	47	0.0%
	Training Expense per FTE	\$ 1,428	\$ 2,526	\$ 2,758	-43.5%
Finance		\$ 10,060	\$ 8,270	\$ 9,810	21.6%
	Conferences & Seminars	\$ 10,060	\$ 8,270	\$ 9,810	21.6%
	In-House Training	\$ -	\$ -	\$ -	0.0%
	# FTES	13	13	13	0.0%
	Training Expense per FTE	\$ 774	\$ 636	\$ 755	21.6%
Investments		\$ 11,235	\$ 9,890	\$ 18,864	13.6%
	Conferences & Seminars	\$ 11,235	\$ 9,890	\$ 18,864	13.6%
	In-House Training	\$ -	\$ -	\$ -	0.0%
	# FTES	15	15	14	0.0%
	Training Expense per FTE	\$ 749	\$ 659	\$ 1,347	13.6%
Member Services		\$ 4,500	\$ 2,700	\$ 21,505	66.7%
	Conferences & Seminars	\$ 4,500	\$ 2,700	\$ 21,505	66.7%
	In-House Training	\$ -	\$ -	\$ -	0.0%
	# FTES	46	46	51	0.0%
	Training Expense per FTE	\$ 98	\$ 59	\$ 422	66.7%
Information Services		\$ 27,000	\$ 28,700	\$ 50,000	-5.9%
	Conferences & Seminars	\$ 27,000	\$ 28,700	\$ 50,000	-5.9%
	In-House Training	\$ -	\$ -	\$ -	0.0%
	# FTES	24	24	24	0.0%
	Training Expense per FTE	\$ 1,125	\$ 1,196	\$ 2,083	-5.9%
Total OP&F Staff		\$ 118,477	\$ 165,778	\$ 229,808	-28.5%
	Conferences & Seminars	\$ 96,937	\$ 165,778	\$ 216,308	-41.5%
	In-House Training	\$ 21,540	\$ 15,000	\$ 13,500	43.6%
	# FTES	144	144	149	0.0%
	Training Expense per FTE	\$ 823	\$ 1,151	\$ 1,542	-28.5%