

# Ohio Police & Fire Pension Fund

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

September 14, 2018

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

RE: OP&F's 2019 Proposed Budgets

Dear Ms. Rhodes:

Please find enclosed the 2019 proposed Administrative Operating, and 2019-2021 Capital budgets for the Ohio Police & Fire Pension Fund (OP&F) in the format provided by the ORSC.

The proposed budgets are being provided to you in compliance with SB 133. OP&F's Board of Trustees is scheduled to adopt the proposed budgets on November 14, 2018, 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: 2019 Proposed Budgets

## FY2019 to FY2018 Operating Budget and Increase (Decrease)

Budget category	2019 Budget	2018 Budget	2018 Estimated Actual	2018-19 Increase (Decrease)	Percent Change (2018 to 2019)
<b>Personnel</b>	\$ 16,520,302	\$ 15,584,450	\$ 14,893,813	\$ 935,852	6.0%
Salaries and Wages	\$ 10,942,574	\$ 10,383,156	\$ 10,210,238	\$ 559,418	5.4%
PERS Contributions	\$ 1,591,822	\$ 1,506,537	\$ 1,441,034	\$ 85,285	5.7%
Health Insurance	\$ 3,213,847	\$ 3,006,396	\$ 2,576,670	\$ 207,451	6.9%
Miscellaneous Expenses	\$ 772,059	\$ 688,361	\$ 665,871	\$ 83,698	12.2%
<b>Professional Services</b>	\$ 5,417,208	\$ 4,688,697	\$ 4,274,402	\$ 728,511	15.5%
Actuarial	\$ 400,000	\$ 400,000	\$ 372,314	\$ -	0.0%
Audit	\$ 815,000	\$ 140,000	\$ 139,510	\$ 675,000	482.1%
Custodial Banking Fees	\$ 900,000	\$ 960,000	\$ 877,894	\$ (60,000)	-6.3%
Investment Consulting	\$ 1,577,083	\$ 1,575,584	\$ 1,519,083	\$ 1,499	0.1%
Other Consulting	\$ 1,647,125	\$ 1,523,113	\$ 1,302,906	\$ 124,012	8.1%
Banking Expenses	\$ 78,000	\$ 90,000	\$ 62,695	\$ (12,000)	-13.3%
<b>Communications Expense</b>	\$ 465,650	\$ 536,081	\$ 480,042	\$ (70,431)	-13.1%
Printing and Postage	\$ 373,000	\$ 405,500	\$ 351,475	\$ (32,500)	-8.0%
Telecommunications	\$ 78,400	\$ 116,681	\$ 116,717	\$ (38,281)	-32.8%
Member/Employer Education	\$ 14,250	\$ 13,900	\$ 11,850	\$ 350	2.5%
<b>Other Operating Expenses</b>	\$ 2,459,598	\$ 2,493,548	\$ 2,224,199	\$ (33,950)	-1.4%
Conferences and Education	\$ 171,356	\$ 160,275	\$ 118,659	\$ 11,081	6.9%
Travel	\$ 187,025	\$ 184,104	\$ 159,554	\$ 2,921	1.6%
Computer Technology	\$ 1,191,992	\$ 1,239,409	\$ 1,197,792	\$ (47,417)	-3.8%
Other Operating	\$ 770,505	\$ 771,560	\$ 631,289	\$ (1,055)	-0.1%
Ohio Retirement Study Council	\$ 58,000	\$ 62,000	\$ 48,904	\$ (4,000)	-6.5%
TOS Warrant Clearing Charges	\$ 720	\$ 1,200	\$ 317	\$ (480)	-40.0%
Attorney General Charges	\$ 80,000	\$ 75,000	\$ 67,684	\$ 5,000	6.7%
<b>Net Building Expense</b>	\$ 1,285,450	\$ 1,285,450	\$ 1,280,436	\$ -	0.0%
<b>Total Operating Budget</b>	\$ 26,148,208	\$ 24,588,226	\$ 23,152,892	\$ 1,559,982	6.3%
<b>Full-Time Equivalent (FTE) Associates</b>	148	146	146		

Ohio Police Fire 2019 ORSC Budget Presentation  
**FY2019 to FY2018 Capital Budget**

	2019 Budget (includes carryover from previous years)	2018 Budget	2018 Estimate
<b>Total Capital Budget</b>	<b>\$ 3,113,400</b>	<b>\$ 2,856,445</b>	<b>\$ 488,116</b>
Office Building	350,000	350,000	-
Furniture & Equipment	90,000	90,000	811
Computer Technology	2,673,400	2,095,020	151,796
Telecommunications Equipment	-	321,425	335,509

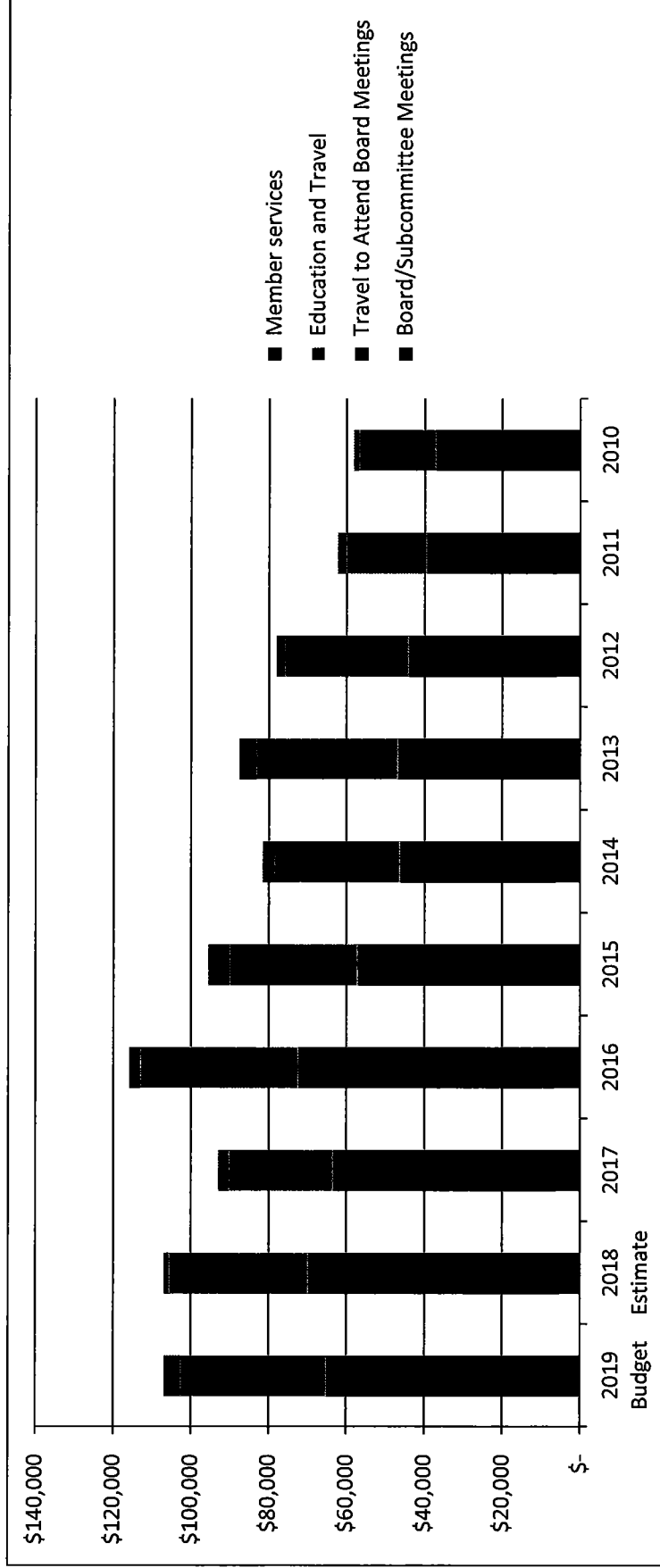
\* OP&F Capital Budget is a rolling three year budget (2019-2021 and 2018-2020)

**Investment Expenses**

	2017 Actual	2016 Actual	Percent Change (2016 to 2017)
<b>Total Investment Assets</b>	<b>\$ 15,865,497,030</b>	<b>\$ 14,598,247,208</b>	<b>8.68%</b>
Total Internally Managed Assets	947,549,532	923,215,230	2.64%
Total Externally Managed Assets	14,917,947,498	13,675,031,978	9.09%
<b>Total Investment Expenses</b>	<b>\$ 53,462,649</b>	<b>\$ 47,641,908</b>	<b>12.22%</b>
Total Internal Investment Expenses	4,128,603	3,747,007	10.18%
Total External Investment Expenses	44,979,291	39,883,139	12.78%
Investment Consulting	1,490,536	1,469,722	1.42%
Brokerage/Commissions-Internal	-	-	N/A
Brokerage/Commissions-External	2,059,381	1,972,065	4.43%
Custodian Fees	804,838	569,975	41.21%
<b>Total Investment Expenses as a % of Total Investment Assets</b>	<b>0.34%</b>	<b>0.33%</b>	<b>0.01%</b>
Expenses as % of Internally Managed	0.44%	0.41%	0.03%
Expenses as % of Externally Managed	0.33%	0.32%	0.01%

**Board Member Expenses**

	2019 Budget	2018 Estimate	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total Board Expenses</b>	<b>\$ 106,785</b>	<b>\$ 106,860</b>	<b>\$ 92,831</b>	<b>\$ 115,817</b>	<b>\$ 95,497</b>	<b>\$ 81,557</b>	<b>\$ 87,559</b>	<b>\$ 78,142</b>	<b>\$ 62,220</b>	<b>\$ 58,163</b>
Board/Subcommittee Meetings	\$ 5,000	\$ 5,325	\$ 6,379	\$ 6,586	\$ 6,492	\$ 6,411	\$ 6,536	\$ 6,074	\$ 5,968	\$ 6,037
Travel to Attend Board Meetings	\$ 60,000	\$ 64,267	\$ 56,799	\$ 65,641	\$ 50,356	\$ 39,779	\$ 40,117	\$ 37,903	\$ 33,341	\$ 30,898
Education and Travel	\$ 37,735	\$ 36,158	\$ 27,242	\$ 40,897	\$ 33,271	\$ 32,488	\$ 36,596	\$ 32,027	\$ 21,025	\$ 20,036
Member services	\$ 4,050	\$ 1,110	\$ 2,411	\$ 2,693	\$ 5,378	\$ 2,879	\$ 4,310	\$ 2,138	\$ 1,886	\$ 1,192



## Staff Training and Travel

	2019	2018	Increase (Decrease)	% Increase (Decrease)
Conferences & Seminars	\$ 72,020	\$ 74,545	\$ (2,525)	-3.4%
In-House Training	\$ 10,000	\$ 10,000	\$ -	0.0%
#FTE	\$ 19	\$ 19	\$ -	0.0%
Traning Expense per FTE	\$ 4,317	\$ 4,450	\$ (133)	-3.0%

	2019	2018	Increase (Decrease)	% Increase (Decrease)
Conferences & Seminars	\$ 21,900	\$ 26,820	\$ (4,920)	-18.3%
In-House Training	\$ -	\$ -	\$ -	#DIV/0!
#FTE	\$ 25	\$ 24	\$ 1	4.2%
Traning Expense per FTE	\$ 876	\$ 1,118	\$ (242)	-21.6%

	2019	2018	Increase (Decrease)	% Increase (Decrease)
Conferences & Seminars	\$ 29,609	\$ 38,205	\$ (8,596)	-22.5%
In-House Training	\$ -	\$ -	\$ -	#DIV/0!
#FTE	\$ 17	\$ 16	\$ 1	6.3%
Traning Expense per FTE	\$ 1,742	\$ 2,388	\$ (646)	-27.1%

	2019	2018	Increase (Decrease)	% Increase (Decrease)
Conferences & Seminars	\$ 97,807	\$ 70,029	\$ 27,778	39.7%
In-House Training	\$ -	\$ -	\$ -	#DIV/0!
#FTE	\$ 41	\$ 41	\$ -	0.0%
Traning Expense per FTE	\$ 2,386	\$ 1,708	\$ 678	39.7%

	2019	2018	Increase (Decrease)	% Increase (Decrease)
Conferences & Seminars	\$ 13,880	\$ 16,140	\$ (2,260)	-14.0%
In-House Training	\$ -	\$ -	\$ -	#DIV/0!
#FTE	\$ 46	\$ 46	\$ -	0.0%
Traning Expense per FTE	\$ 302	\$ 351	\$ (49)	-14.0%

**Supplementary Statistical Information**

	2019*	2018*	2017	2016	2015
Active Members	28,500	28,212	27,990	27,446	27,602
Inactive Members	3,600	3,610	3,314	3,547	3,187
Benefit Recipient (Age, Dis., Survivor)	29,800	29,361	28,913	28,402	27,963
Re-employed Retirees	200	196	185	178	167

\* Estimated