

Ohio Police & Fire Pension Fund

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

October 10, 2014

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

RE: OP&F's 2015 Proposed Budgets

Dear Ms. Rhodes:

Please find enclosed the 2015 proposed Administrative Operating, and 2015-2017 Capital budgets for the Ohio Police & Fire Pension Fund (OP&F) in the format agreed upon among the Ohio Retirement Systems and the ORSC.

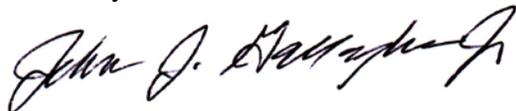
The proposed budgets are being provided to you in compliance with SB 133. OP&F's Board of Trustees is scheduled to adopt the proposed budgets on December 10, 2014, which is within the sixty days from the date of this correspondence.

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: 2015 Proposed Budgets

OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC
Ohio Police & Fire Pension Fund (OP&F)
FY 2015 PROPOSED BUDGET
Compared to FY 2014 Approved Budget & Estimated Actual Expenses

Budget Category	01/01/15-12/31/15	01/01/14-12/31/14	01/01/14-12/31/14	Budget \$	Budget %
	<u>FY 2015 PROPOSED BUDGET*</u>	<u>FY 2014 APPROVED** BUDGET*</u>	<u>FY 2014 ESTIMATED** ACTUAL*</u>		
				<u>Increase/ (Decrease)</u>	<u>Change</u>
Personnel Services	\$ 13,359,746	\$ 13,068,795	\$ 12,704,364	\$ 290,951	2.2%
Salaries and Wages	9,399,542	9,233,947	9,128,957	165,595	1.8%
OPERS Retirement Contributions	1,315,936	1,292,753	1,278,054	23,183	1.8%
Insurance	2,580,808	2,480,636	2,264,904	100,172	4.0%
Miscellaneous Personnel Expense (Tuition & Other Activities)	63,460	61,459	32,449	2,001	3.3%
Professional Services	\$ 4,549,040	\$ 4,672,170	\$ 3,751,183	\$ (123,130)	-2.6%
Actuarial	444,000	506,800	426,499	(62,800)	-12.4%
Audit	133,500	108,500	106,000	25,000	23.0%
Custodial Banking Fees	960,000	1,140,000	800,000	(180,000)	-15.8%
Investment Consulting	1,483,080	1,387,491	1,362,000	95,589	6.9%
Other Consulting (Legal, PR, Health Care, HR & Records)	1,440,860	1,441,779	971,684	(919)	-0.1%
Banking Expense	87,600	87,600	85,000	-	0.0%
Communications Expense	\$ 572,890	\$ 586,385	\$ 478,602	\$ (13,495)	-2.3%
Printing and Postage	364,200	372,950	283,162	(8,750)	-2.3%
Telephone	109,300	119,500	99,612	(10,200)	-8.5%
Member/Employer Education	12,990	9,935	11,028	3,055	30.7%
Legislative Consultant	86,400	84,000	84,800	2,400	2.9%
Other Operating Expense	\$ 2,094,014	\$ 2,042,178	\$ 1,854,629	\$ 51,836	2.5%
Conferences and Education	148,789	123,977	89,436	24,812	20.0%
Travel	152,872	147,333	110,342	5,539	3.8%
Computer Technology	986,044	990,467	1,090,932	(4,423)	-0.4%
Other Operating (Insurance, Maint., Memberships, Supplies, etc.)	652,109	626,201	406,070	25,908	4.1%
Contingency	100,000	100,000	100,000	-	0.0%
Mandatory Costs (ORSC and TOS Warrant Charges)	54,200	54,200	57,850	-	0.0%
Net Building Occupancy Expense	\$ 1,285,000	\$ 1,286,500	\$ 1,257,661	\$ (1,500)	-0.1%
Operating Budget	\$ 21,860,690	\$ 21,656,029	\$ 20,046,439	\$ 204,663	0.9%
Capital Budget 2015-2017	\$ 2,982,195	\$ 2,820,320	\$ 504,611	\$ 161,875	5.7%
Total Operating and Capital Budgets	\$ 24,842,885	\$ 24,476,349	\$ 20,551,050	\$ 366,536	1.5%

*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 2015-2017 Capital Budget

Budget Category	FY 2015-2017 PROPOSED Budget <u>BUDGET</u>	FY 2014-2016 APPROVED Budget** <u>BUDGET</u>	Budget \$* <u>Increase/</u> <u>(Decrease)</u>	Budget %* <u>Change</u>
Office Building	\$ 350,000	\$ 350,000	\$ -	0.0%
Furniture & Equipment	90,000	90,000	\$ -	0.0%
Computer Technology	2,542,195	2,380,320	\$ 161,875	6.8%
Telephone Equipment	-	-	\$ -	0.0%
Automobile	-	-	\$ -	0.0%
Total Capital Budget*	\$ 2,982,195	\$ 2,820,320	\$ 161,875	5.7%

*OP&F approves a 3 year capital budget, 2015 expenditures are expected to be \$1,866,195.

**Includes budget amendments.

OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC

Ohio Police & Fire Pension Fund (OP&F)

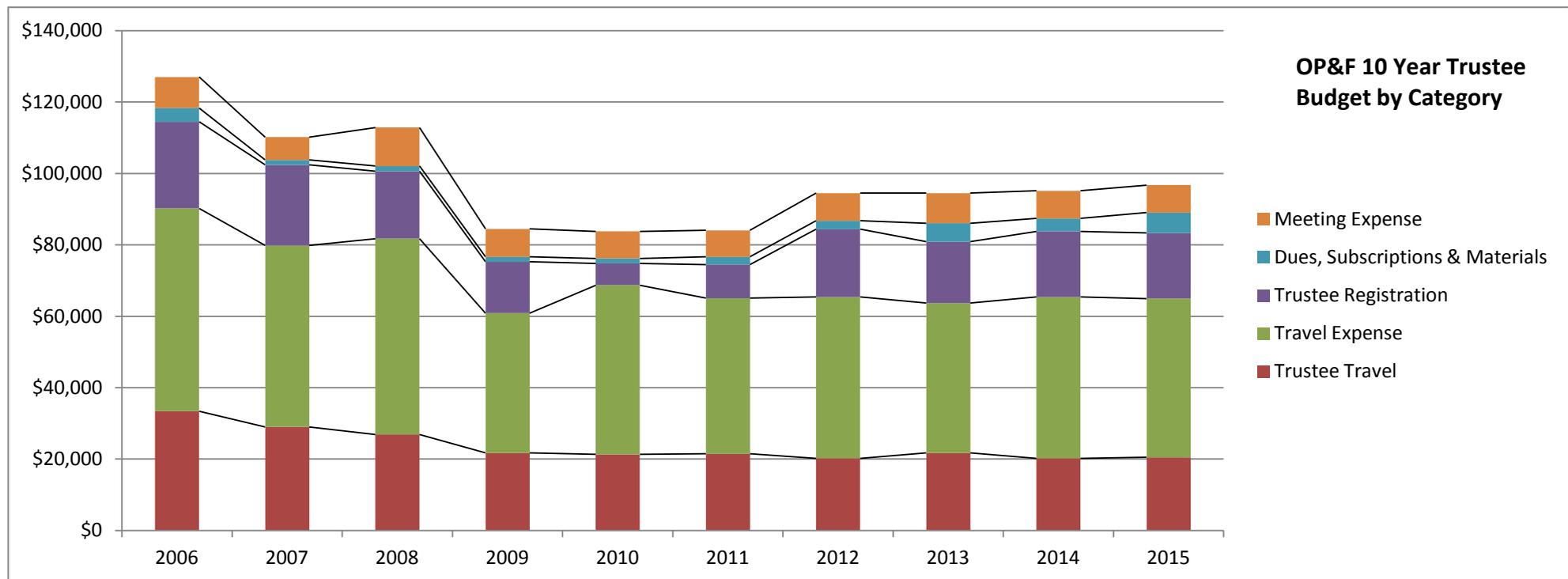
FY 2013-2015 Board of Trustees Expenditures

Budget Category	FY 2015 PROPOSED		FY 2014 APPROVED		FY 2013 APPROVED		FY 14-15	
	<u>BUDGET</u>	<u>% of Total Budget</u>	<u>BUDGET*</u>	<u>% of Total Budget</u>	<u>BUDGET*</u>	<u>% of Total Budget</u>	<u>Budget \$ Increase/ (Decrease)</u>	<u>Budget % Change</u>
Trustee Travel	\$ 20,524	21.2%	\$ 20,220	21.2%	\$ 21,720	23.0%	\$ 304	1.5%
Travel Expense	44,445	45.9%	45,185	47.5%	41,998	44.4%	(740)	-1.6%
Trustee Registration	18,375	19.0%	18,375	19.3%	17,175	18.2%	-	0.0%
Dues, Subscriptions & Materials	5,684	5.9%	3,649	3.8%	5,162	5.5%	2,035	55.8%
Meeting Expense	7,730	8.0%	7,730	8.1%	8,430	8.9%	-	0.0%
Total Trustee Budget	\$ 96,758	100%	\$ 95,159	100%	\$ 94,485	100%	\$ 1,599	1.7%

*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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Trustee Travel	\$ 33,435	\$ 29,005	\$ 26,890	\$ 21,725	\$ 21,310	\$ 21,490	\$ 20,220	\$ 21,720	\$ 20,220	\$ 20,524
Travel Expense	56,795	50,845	54,855	39,175	47,400	43,580	45,185	41,998	45,185	44,445
Trustee Registration	24,237	22,560	18,890	14,375	6,095	9,420	18,975	17,175	18,375	18,375
Dues, Subscriptions & Materials	3,857	1,370	1,430	1,390	1,390	2,154	2,375	5,162	3,649	5,684
Meeting Expense	8,700	6,425	10,820	7,800	7,600	7,430	7,730	8,430	7,730	7,730
TOTAL BUDGET	\$ 127,024	\$ 110,205	\$ 112,885	\$ 84,465	\$ 83,795	\$ 84,074	\$ 94,485	\$ 94,485	\$ 95,159	\$ 96,758



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

Schedule of Investment Expenses

	FY 2013 Actual	FY 2012 Actual	FY 2011 Actual
Investment Assets Under Management			
Internally Managed (Commercial Paper)	\$ 650,131,430	\$ 1,254,896,443	\$ 724,903,190
Externally Managed	13,498,081,208	12,754,274,672	12,115,521,112
Gross Investment Assets Under Management	14,148,212,638	14,009,171,115	12,840,424,302
Investment Expenses			
Administrative Costs of Investment Function*	2,972,330	2,843,507	2,832,347
External Investment Management Fees	39,979,343	34,539,245	32,366,539
Investment-Related Professional Consulting**	1,227,387	1,161,973	1,110,675
Brokerage/Commissions & Fees	3,731,017	3,999,403	3,140,369
Custodial Fees**	960,070	610,383	434,161
Total Investment Expenses	\$ 48,870,147	\$ 43,154,511	\$ 39,884,091
Total Investment Expenses as a % of Total Investment Assets	0.35%	0.31%	0.31%

*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	2015*	2014*	2013	2012	2011	2010
Actual Staff	143	141	138	141	141	136
Authorized Full Time Equivalents (FTE)	143	142	141	144	144	144
Active Members	27,726	27,451	27,289	27,463	28,073	28,479
Inactive Members (includes vested former members)	2,976	2,947	2,880	2,791	2,735	2,618
Benefit Recipients (Service, Disability, Survivor)	28,250	27,561	27,243	27,078	26,074	25,712
Re-employed Retirees	156	154	155	160	149	140
TOTAL MEMBERSHIP	59,108	58,113	57,567	57,492	57,031	56,949
# Actives + Benefit Recipients Per Authorized Staff Member	393	388	388	380	377	377
Operating Expense Per Member	\$ 369.85	\$ 376.18	\$ 376.19	\$ 336.92	\$ 337.55	\$ 360.32
Employers (Municipalities, Townships, Villages)	920	914	911	925	917	921

***Estimated**

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

FY 13-15 Staff Travel Expense Totals per Full-Time Equivalent (FTE)

Dept	Type of Travel	FY2015 Budget	FY2014 Budget	FY2013 Budget	FY 2014-2015 Budgeted % Change
Administration		\$ 32,604	\$ 26,318	\$ 35,248	23.9%
	# FTES	36	48	47	-25.0%
	Travel Expense per FTE	\$ 906	\$ 548	\$ 750	65.2%
Finance		\$ 8,185	\$ 7,075	\$ 8,045	15.7%
	# FTES	21	21	22	0.0%
	Travel Expense per FTE	\$ 390	\$ 337	\$ 366	15.7%
Investments		\$ 24,811	\$ 23,455	\$ 18,820	5.8%
	# FTES	14	14	14	0.0%
	Travel Expense per FTE	\$ 1,772	\$ 1,675	\$ 1,344	5.8%
Member Services		\$ 10,959	\$ 10,220	\$ 5,475	7.2%
	# FTES	46	34	34	35.3%
	Travel Expense per FTE	\$ 238	\$ 301	\$ 161	-20.7%
Information Services		\$ 11,344	\$ 14,860	\$ 11,105	-23.7%
	# FTES	26	25	24	4.0%
	Travel Expense per FTE	\$ 436	\$ 594	\$ 463	-26.6%
Total OP&F Staff		\$ 87,903	\$ 81,928	\$ 78,693	7.3%
	# FTES	143	142	141	0.7%
	Travel Expense per FTE	\$ 615	\$ 577	\$ 558	6.5%

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

FY13-15 Staff Training (Conference Registration and In-House)

FY 2014-2015

Dept	Type of Training	FY2015 Budget	FY2014 Budget	FY2013 Budget	Budgeted % Change
Administration		\$ 70,159	\$ 49,792	\$ 62,059	29.0%
	Conferences & Seminars	\$ 48,279	\$ 38,374	\$ 40,519	20.5%
	In-House Training	\$ 21,880	\$ 23,685	\$ 21,540	-8.2%
	# FTES	36	48	48	-33.3%
	Training Expense per FTE	\$ 1,949	\$ 1,037	\$ 1,293	46.8%
Finance		\$ 10,100	\$ 9,400	\$ 10,135	6.9%
	Conferences & Seminars	\$ 10,100	\$ 9,400	\$ 10,135	6.9%
	In-House Training	\$ -	\$ -	\$ -	0.0%
	# FTES	21	21	21	0.0%
	Training Expense per FTE	\$ 481	\$ 448	\$ 483	6.9%
Investments		\$ 8,635	\$ 8,795	\$ 3,450	-1.9%
	Conferences & Seminars	\$ 8,635	\$ 8,795	\$ 3,450	-1.9%
	In-House Training	\$ -	\$ -	\$ -	0.0%
	# FTES	14	14	14	0.0%
	Training Expense per FTE	\$ 617	\$ 628	\$ 246	-1.9%
Member Services		\$ 9,395	\$ 8,990	\$ 2,200	4.3%
	Conferences & Seminars	\$ 9,395	\$ 8,990	\$ 2,200	4.3%
	In-House Training	\$ -	\$ -	\$ -	0.0%
	# FTES	46	34	34	26.1%
	Training Expense per FTE	\$ 204	\$ 264	\$ 65	-29.5%
Information Services		\$ 32,125	\$ 28,625	\$ 27,000	10.9%
	Conferences & Seminars	\$ 32,125	\$ 28,625	\$ 27,000	10.9%
	In-House Training	\$ -	\$ -	\$ -	0.0%
	# FTES	26	25	25	3.8%
	Training Expense per FTE	\$ 1,236	\$ 1,145	\$ 1,080	7.3%
Total OP&F Staff		\$ 130,414	\$ 105,602	\$ 104,844	19.0%
	Conferences & Seminars	\$ 108,534	\$ 81,917	\$ 83,304	24.5%
	In-House Training	\$ 21,880	\$ 23,685	\$ 21,540	-8.2%
	# FTES	142	142	142	0.0%
	Training Expense per FTE	\$ 918	\$ 744	\$ 738	19.0%