

# Ohio Police & Fire Pension Fund

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

October 17, 2013

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

RE: OP&F's 2014 Proposed Budgets

Dear Ms. Rhodes:

Please find enclosed the 2014 proposed Administrative Operating, and 2014-2016 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 18, 2013, 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: 2014 Proposed Budgets

**OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC**  
**Ohio Police & Fire Pension Fund (OP&F)**  
**FY 2014 PROPOSED BUDGET**  
**Compared to FY 2013 Approved Budget & Estimated Actual Expenses**

Budget Category	01/01/14-12/31/14	01/01/13-12/31/13	01/01/13-12/31/13	Budget \$	Budget %
	FY 2014 PROPOSED BUDGET*	FY 2013 APPROVED** BUDGET*	FY 2013 ESTIMATED** ACTUAL*	Increase/ (Decrease)	Change
<b>Personnel Services</b>	\$ 13,068,795	\$ 12,783,445	\$ 12,349,507	\$ 285,350	2.2%
Salaries and Wages	9,233,947	9,114,228	8,822,004	119,720	1.3%
OPERS Retirement Contributions	1,292,753	1,275,992	1,191,681	16,762	1.3%
Insurance	2,480,637	2,333,797	2,310,507	146,840	6.3%
Miscellaneous Personnel Expense (Tuition & Other Activities)	61,459	59,430	25,316	2,029	3.4%
<b>Professional Services</b>	\$ 4,621,770	\$ 4,436,656	\$ 3,825,657	\$ 185,114	4.2%
Actuarial	506,800	506,800	466,406	-	0.0%
Audit	108,500	102,800	102,000	5,700	5.5%
Custodial Banking Fees	1,140,000	1,173,048	1,173,048	(33,048)	-2.8%
Investment Consulting	1,299,991	1,217,006	1,232,176	82,985	6.8%
Other Consulting (Legal, PR, Health Care, HR & Records)	1,478,879	1,349,402	773,027	129,477	9.6%
Banking Expense	87,600	87,600	79,000	-	0.0%
<b>Communications Expense</b>	\$ 586,385	\$ 569,925	\$ 439,801	\$ 16,460	2.9%
Printing and Postage	372,950	357,450	255,062	15,500	4.3%
Telephone	119,500	119,500	92,139	-	0.0%
Member/Employer Education	9,935	8,975	8,600	960	10.7%
Legislative Consultant	84,000	84,000	84,000	-	0.0%
<b>Other Operating Expense</b>	\$ 2,005,078	\$ 1,908,784	\$ 1,825,805	\$ 96,294	5.0%
Conferences and Education	123,977	123,219	70,887	758	0.6%
Travel	147,333	144,098	98,757	3,235	2.2%
Computer Technology	955,619	891,108	1,118,805	64,511	7.2%
Other Operating (Insurance, Maint., Memberships, Supplies, etc.)	623,949	599,159	386,258	24,790	4.1%
Contingency	100,000	100,000	100,000	-	0.0%
Mandatory Costs (ORSC and TOS Warrant Charges)	54,200	51,200	51,100	3,000	5.9%
<b>Net Building Occupancy Expense</b>	\$ 1,286,500	\$ 1,285,100	\$ 1,232,236	\$ 1,400	0.1%
<b>Operating Budget</b>	\$ 21,568,528	\$ 20,983,911	\$ 19,673,005	\$ 584,618	2.8%
<b>Capital Budget 2014-2016</b>	\$ 2,820,320	\$ 3,364,800	\$ 1,004,822	\$ (544,480)	-16.2%
<b>Total Operating and Capital Budgets</b>	\$ 24,388,848	\$ 24,348,711	\$ 20,677,827	\$ 40,137	0.2%

\*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 2014-2016 Capital Budget

Budget Category	FY 2014-2016 PROPOSED Budget  BUDGET	FY 2013-2015 APPROVED Budget**  BUDGET	Budget \$* Increase/ (Decrease)	Budget %* Change
Office Building	\$ 350,000	\$ 417,000	\$ (67,000)	-16.1%
Furniture & Equipment	90,000	205,000	\$ (115,000)	-56.1%
Computer Technology	2,380,320	2,742,800	\$ (362,480)	-13.2%
Telephone Equipment	-	-	\$ -	0.0%
Automobile	-	-	\$ -	0.0%
<b>Total Capital Budget*</b>	<b>\$ 2,820,320</b>	<b>\$ 3,364,800</b>	<b>\$ (544,480)</b>	<b>-16.2%</b>

\*OP&F approves a 3 year capital budget, 2014 expenditures are expected to be \$1,704,320.

\*\*Includes budget amendments.

**OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC**

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

**FY 2012-2014 Board of Trustees Expenditures**

<b>Budget Category</b>	<b>FY 2014 PROPOSED</b>		<b>FY 2013 APPROVED</b>		<b>FY 2012 APPROVED</b>		<b>FY 13-14</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	\$ 20,220	21.2%	\$ 20,220	21.4%	\$ 20,220	21.4%	\$ -	0.0%
Travel Expense	45,185	47.5%	45,185	47.8%	45,185	47.8%	\$ -	0.0%
Trustee Registration	18,375	19.3%	18,975	20.1%	18,975	20.1%	\$ (600)	-3.2%
Dues, Subscriptions & Materials	3,649	3.8%	2,375	2.5%	2,375	2.5%	\$ 1,274	53.6%
Meeting Expense	7,730	8.1%	7,730	8.2%	7,730	8.2%	\$ -	0.0%
<b>Total Trustee Budget</b>	<b>\$ 95,159</b>	<b>100%</b>	<b>\$ 94,485</b>	<b>100%</b>	<b>\$ 94,485</b>	<b>100%</b>	<b>\$ 674</b>	<b>0.7%</b>

\*Includes budget amendments.

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

**Schedule of Investment Expenses**

	<b>FY 2012 Actual</b>	<b>FY 2011 Actual</b>	<b>FY 2010 Actual</b>
<b>Investment Assets Under Management</b>			
Internally Managed (Commercial Paper)	\$ 1,254,896,443	\$ 724,903,190	\$ 617,029,526
Externally Managed	12,754,274,672	12,115,521,112	12,104,244,604
<b>Gross Investment Assets Under Management</b>	<b>14,009,171,115</b>	<b>12,840,424,302</b>	<b>12,721,274,130</b>
<b>Investment Expenses</b>			
Administrative Costs of Investment Function*	2,843,507	2,832,347	2,823,612
External Investment Management Fees	34,539,245	32,366,539	27,812,308
Investment-Related Professional Consulting**	1,161,973	1,110,675	1,292,421
Brokerage/Commissions & Fees	3,999,403	3,140,369	3,933,612
Custodial Fees**	610,383	434,161	1,439,647
<b>Total Investment Expenses</b>	<b>\$ 43,154,511</b>	<b>\$ 39,884,091</b>	<b>\$ 37,301,600</b>
<b>Total Investment Expenses as a % of Total Investment Assets</b>	<b>0.31%</b>	<b>0.31%</b>	<b>0.29%</b>

\*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**

<b>Description</b>	<b>2014*</b>	<b>2013*</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Actual Staff	142	138	141	141	136	141
Authorized Full Time Equivalents (FTE)	142	141	144	144	144	149
Active Members	28,015	27,738	27,463	28,073	28,479	28,927
Inactive Members (includes vested former members)	2,961	2,875	2,791	2,735	2,618	2,518
Benefit Recipients (Service, Disability, Survivor)	29,570	28,297	27,078	26,074	25,712	25,317
Re-employed Retirees	176	168	160	149	140	122
<b>TOTAL MEMBERSHIP</b>	<b>60,723</b>	<b>59,078</b>	<b>57,492</b>	<b>57,031</b>	<b>56,949</b>	<b>56,884</b>
# Actives + Benefit Recipients Per Authorized Staff Member	407	399	380	377	377	365
Operating Expense Per Member	\$ 355.19	\$ 355.19	\$ 336.92	\$ 337.55	\$ 360.32	\$ 373.19
Employers (Municipalities, Townships, Villages)	920 est.	920 est.	925	917	921	921

*\*Estimated*

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

**FY 12-14 Staff Travel Expense Totals per Full-Time Equivalent (FTE)**

Dept	Type of Travel	FY2014 Budget	FY2013 Budget	FY2012 Budget	FY 2013-2014 Budgeted % Change
<b>Administration</b>		\$ 26,318	\$ 35,248	\$ 33,623	-25.3%
	# FTES	48	47	45	2.1%
	Travel Expense per FTE	\$ 548	\$ 750	\$ 747	-26.9%
<b>Finance</b>		\$ 7,075	\$ 8,045	\$ 8,309	-12.1%
	# FTES	21	22	22	-4.5%
	Travel Expense per FTE	\$ 337	\$ 366	\$ 378	-7.9%
<b>Investments</b>		\$ 23,455	\$ 18,820	\$ 15,715	24.6%
	# FTES	14	14	15	0.0%
	Travel Expense per FTE	\$ 1,675	\$ 1,344	\$ 1,048	24.6%
<b>Member Services</b>		\$ 10,220	\$ 5,475	\$ 4,175	86.7%
	# FTES	34	34	38	0.0%
	Travel Expense per FTE	\$ 301	\$ 161	\$ 110	86.7%
<b>Information Services</b>		\$ 14,860	\$ 11,105	\$ 15,530	33.8%
	# FTES	25	24	24	4.2%
	Travel Expense per FTE	\$ 594	\$ 463	\$ 647	28.5%
<b>Total OP&amp;F Staff</b>		\$ 81,928	\$ 78,693	\$ 77,352	4.1%
	# FTES	142	141	144	0.7%
	Travel Expense per FTE	\$ 577	\$ 558	\$ 537	3.4%

# OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC

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

### FY12-14 Staff Training (Conference Registration and In-House)

FY 2013-2014

Dept	Type of Training	FY2014 Budget	FY2013 Budget	FY2012 Budget	Budgeted % Change
<b>Administration</b>					
	Conferences & Seminars	\$ 49,792	\$ 62,059	\$ 73,374	-24.6%
	In-House Training	\$ 38,374	\$ 40,519	\$ 58,874	-5.6%
	# FTES	23,685	21,540	14,500	9.1%
		48	47	45	2.1%
	Training Expense per FTE	\$ 1,037	\$ 1,320	\$ 1,631	-27.3%
<b>Finance</b>					
	Conferences & Seminars	\$ 9,400	\$ 10,135	\$ 10,135	-7.8%
	In-House Training	\$ 9,400	\$ 10,135	\$ 10,135	-7.8%
	# FTES	\$ -	\$ -	\$ -	0.0%
		21	22	22	-4.8%
	Training Expense per FTE	\$ 448	\$ 461	\$ 461	-2.9%
<b>Investments</b>					
	Conferences & Seminars	\$ 8,795	\$ 3,450	\$ 450	60.8%
	In-House Training	\$ 8,795	\$ 3,450	\$ 450	60.8%
	# FTES	\$ -	\$ -	\$ -	0.0%
		14	14	15	0.0%
	Training Expense per FTE	\$ 628	\$ 246	\$ 30	60.8%
<b>Member Services</b>					
	Conferences & Seminars	\$ 8,990	\$ 2,200	\$ 2,200	75.5%
	In-House Training	\$ 8,990	\$ 2,200	\$ 2,200	75.5%
	# FTES	\$ -	\$ -	\$ -	0.0%
		34	34	38	0.0%
	Training Expense per FTE	\$ 264	\$ 65	\$ 58	75.5%
<b>Information Services</b>					
	Conferences & Seminars	\$ 28,625	\$ 27,000	\$ 27,000	5.7%
	In-House Training	\$ 28,625	\$ 27,000	\$ 27,000	5.7%
	# FTES	\$ -	\$ -	\$ -	0.0%
		25	24	24	4.0%
	Training Expense per FTE	\$ 1,145	\$ 1,125	\$ 1,125	1.7%
<b>Total OP&amp;F Staff</b>					
	Conferences & Seminars	\$ 105,602	\$ 104,844	\$ 113,159	0.7%
	In-House Training	\$ 81,917	\$ 83,304	\$ 98,659	-1.7%
	# FTES	\$ 23,685	\$ 21,540	\$ 14,500	9.1%
		142	141	144	0.7%
	Training Expense per FTE	\$ 744	\$ 744	\$ 786	0.0%