2014

COMPREHENSIVE ANNUAL FINANCIAL REPORT

THE OHIO POLICE & FIRE PENSION FUND

SECURING THE FUTURE
FOR OHIO'S POLICE & FIREFIGHTERS

Ohio Police & Fire Pension Fund

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR YEARS ENDED DEC. 31, 2014 AND 2013

PREPARED THROUGH THE COMBINED EFFORTS OF OP&F STAFF

Ohio Police & Fire Pension Fund

SECURING THE FUTURE FOR OHIO'S POLICE AND FIREFIGHTERS

PRUDENCE • INTEGRITY • EMPATHY

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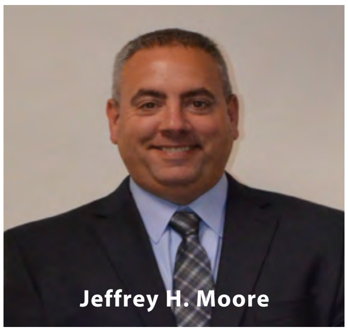
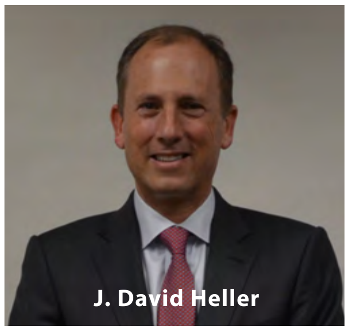
BOARD OF TRUSTEES





About the Board of Trustees

Ohio law provides for the Ohio Police & Fire Pension Fund (OP&F) Board of Trustees to be comprised of nine members. There are six employee members elected to four-year terms by their respective member groups: two active representatives of police departments, two active representatives of fire departments, one retired police officer and one retired firefighter. The Board of Trustees also includes three statutory members. Each statutory member – one appointed by the Governor of Ohio, one by the Ohio Treasurer of State, and one appointed jointly by the Ohio Senate President and the Ohio Speaker of the House – must have professional investment expertise.

The OP&F Board of Trustees appoints the Executive Director, an actuary, and other advisors necessary for the transaction of business. By law, the Ohio Treasurer of State is custodian of OP&F's funds. The Board of Trustees meets monthly, except for one month each year. In 2014, the Board of Trustees did not meet in the month of July and in 2015 the Board of Trustees will not meet in the month of July. The Board of Trustees receives no compensation, but is reimbursed for necessary expenses.

Board of Trustee Members *(left to right, top to bottom)*

Edward L. Montgomery, Chair
Columbus Police, term began on June 4, 2012, expires on June 5, 2016.

William E. Deighton
Retired, Cleveland Fire, term began on June 6, 2011, expired on May 31, 2015. Elected to a new four-year term expiring on June 2, 2019.

Daniel J. Desmond, Chair Elect
Toledo Fire, term began on March 6, 2014, expired on May 31, 2015. Elected to a new four-year term expiring on June 2, 2019.

John L. Wainscott
Retired, Cincinnati Police, term began on June 4, 2012, expires on June 5, 2016.

Jeffrey H. Moore
West Chester Fire, term began on Oct. 28, 2014, expired on May 31, 2015. Re-appointed to a new four-year term expiring on June 2, 2019.

J. David Heller
Investment Expert Member, appointed by the Ohio Senate and the Ohio House of Representatives, term began on Nov. 5, 2012, expires on Nov. 6, 2016.

Scott D. Roulston
Investment Expert Member, appointed by the Governor of Ohio, term began on March 6, 2013, expires on Sept. 27, 2016.

Karin Maloney Stifler
Investment Expert Member, appointed by the Ohio Treasurer of State, term began March 4, 2015, expires on March 4, 2019.

Timothy P. Patton, Jr. (not pictured)
Cleveland Police, term began on June 1, 2015, expires on June 2, 2019.

ADMINISTRATIVE STAFF

Executive Staff *(left to right)*

Mark A. Jordan
Internal Auditor/Privacy and Ethics Officer

Theodore G. Hall
Chief Investment Officer

Scott K. Miller
Financial Services Director

Maureen L. Gatewood
Information Services Director

Mary Beth Foley
General Counsel

Jennifer L. Harville
Member Services Director

John J. Gallagher, Jr.
Executive Director

Professional Consultants *(not pictured)*

Actuary
Buck Consultants, LLC

Legal Counsel
Ohio Attorney General, the Honorable Mike DeWine

Custodian of OP&F's Funds
Ohio Treasurer of State, Josh Mandel

Custodial Banks
Huntington National Bank - Domestic
JP Morgan Chase Bank - International

Independent Accountants
McGladrey LLP
(Under contract with the Ohio Auditor of State)

Medical Advisors
Gregory M. Jewell, M.D., M.S., M.M.M., OP&F Board Medical Advisor
Joel S. Steinberg, M.D., Disability Evaluation Panel Medical Advisor

Investment Consultants and Money Managers
(See page 55)

AWARDS

OP&F has been recognized by financial experts for their commitment to the highest possible fiscal standards. OP&F is honored to have been recognized with the following:

2013 Certificate of Achievement for Excellence in Financial Reporting

For 25 years, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to OP&F for its Comprehensive Annual Financial Report. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies both generally accepted accounting principles and applicable legal requirements.

2014 Distinguished Budget Presentation Award

OP&F was again recognized by GFOA's Distinguished Budget Presentation Award in 2014, representing the 13th consecutive year OP&F has achieved this distinction. OP&F has received the award annually since 2002. The GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory council on State and Local Budgeting and the GFOA's best practices on budgeting and then to recognize individual governments that succeed in achieving that goal.

AWARDS

2012

2013

Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

Ohio Police & Fire Pension Fund

Executive Director/CEO

2013 Award for Outstanding Achievement in Popular Annual Financial Reporting

For 13 years, the GFOA has awarded a Certificate of Outstanding Achievement in Popular Annual Financial Reporting to OP&F for its Popular Annual Financial Report. This award is a prestigious national award recognizing conformance with the highest standards of creativity, presentation, understandability, and reader appeal for preparation of governmental popular reports.

Public Pension Coordinating Council

Recognition Award for Administration 2014

Presented to

Ohio Police & Fire Pension Fund

In recognition of meeting professional standards for plan administration as set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator

2014 Public Pension Standards Award

Awarded to OP&F by the Public Pension Coordinating Council (PPCC). OP&F has received the award annually since 2009. This award recognizes OP&F's professional standards attained for administration. The PPCC's standards were established in 2002 to promote excellence in pension plan design and administration. These standards serve as a benchmark by which to measure current practices of defined benefit plans.

LETTER OF TRANSMITTAL

Ohio Police & Fire Pension Fund

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

June 26, 2015

Dear Chair and Members of the Board of Trustees:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Ohio Police & Fire Pension Fund (OP&F) for the fiscal years ending Dec. 31, 2014 and 2013. This CAFR was prepared to aid interested parties in assessing OP&F's financial status on Dec. 31, 2014, and its results for the year then ended.

Accounting System and Internal Controls

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (U.S.) applicable to governmental units, including the pronouncements of the Governmental Accounting Standards Board (GASB). Additional information on OP&F's significant accounting policies is contained in the Notes to the Basic Financial Statements in the Financial Section.

Management is responsible for establishing and maintaining an effective internal control structure designed to ensure that the assets of OP&F are protected from loss, theft, or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of Basic Financial Statements in conformity with accounting principles generally accepted in the U.S. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

(1) the cost of a control should not exceed the benefits likely to be derived; and
(2) the valuation of costs and benefits requires estimates and judgments by management.

Management believes its internal control structure meets these objectives.

OP&F History and Overview

OP&F is a cost-sharing, multiple–employer public employee retirement system and was created by the Ohio General Assembly in 1965, replacing 454 separate local police and firefighter relief and pension funds in Ohio. OP&F began operating as a statewide Retirement Fund on Jan. 1, 1967. On that date, the local pension funds transferred their assets and liabilities to OP&F. Assets transferred to OP&F totaled approximately $75 million, while OP&F's actuary computed the liabilities accrued up to 1966 at approximately $490 million. Employers are paying the remaining unfunded accrued liability, which began in 1969, over a 67-year period. As of Dec. 31, 2014, the balance totaled nearly $25.3 million.

OP&F provides pension, disability, Deferred Retirement Option Plan (DROP), and survivor benefits to qualified members and survivors. OP&F also provides access to health care coverage for qualified members, spouses, children and dependent parents. Please refer to the Plan Summary in the Actuarial Section for further information on plan benefits.

Membership in OP&F is mandatory under Ohio law for all full–time police officers employed by Ohio municipalities and appointed under the required statutory provisions. Membership is also mandatory for all full–time firefighters employed by Ohio municipalities, townships (fire only), villages, joint fire districts or other political subdivisions. In order to become a member of OP&F, a full-time firefighter is required to satisfactorily complete or have satisfactorily completed a firefighter training course approved under former Section 3303.07, Section 4765.55, or conducted under Section 3737.33 of the Ohio Revised Code (ORC). The table below is a tabulation of current participating employers at Dec. 31, 2014:

Participating Employers

	Police	Fire	Total
Municipalities	249	221	470
Townships	–	129	129
Villages	283	36	319
TOTAL	**532**	**386**	**918**

Financial Overview

OP&F receives virtually all of its funds from the following sources: investment earnings, employer contributions, member contributions, benefit recipient health care premiums, state subsidies and reimbursements. Additions to the fiduciary net position were $1.6 billion in 2014 due largely to a positive return on investments of 6.79 percent.

Contributions increased by 3.7 percent in 2014. This is from the increased member contribution rate that became effective mid-year. From Jan. 1, 2014 through July 1, 2014 the statutory contribution rate was 10.75 percent for members. On July 2, 2014, the statutory contribution rate was increased to 11.5 percent. Member rates will also increase to 12.25 percent on July 2, 2015.

The statutory employer contribution rate remained unchanged from the prior year at 19.5 percent for police employers and 24 percent for fire employers. In 2014, both member contributions and employer contributions were due monthly. Statutory penalties are assessed if payments and/or the member contribution reports are received late. Penalties decreased by 47 percent in 2014 after increasing in 2013. Before each due date, OP&F sends out an automated voice message to all employers if OP&F has not received their payment or report before the due date. In 2014, this reminder along with OP&F's online Automated Clearing House (ACH) payment options helped employers to avoid and reduce the number of penalty situations.

	2014		2013	
Additions to Fiduciary Net Position *(dollars in millions)*	Amount	Percent	Amount	Percent
Net Investment Income	$860.7	53.5%	$2,053.0	73.9%
Contributions	721.8	44.9%	696.2	25.1%
Other Additions	25.2	1.6%	28.5	1.0%
TOTAL ADDITIONS	**$1,607.7**	**100%**	**$2,777.7**	**100%**

	2014		2013	
Deductions to Fiduciary Net Position *(dollars in millions)*	Amount	Percent	Amount	Percent
Benefits	$1,310.5	97.7%	$1,302.5	97.6%
Refund of Member Contributions	15.2	1.1%	16.0	1.2%
Administrative Expenses	16.2	1.2%	15.9	1.2%
TOTAL DEDUCTIONS	**$1,341.9**	**100%**	**$1,334.4**	**100%**

Benefit payments represent the largest deduction and usage of the additions to fiduciary net position. In 2014, OP&F experienced a 0.6 percent increase in retirement benefits. This increase is due to a three percent cost-of-living allowance (COLA) for eligible benefit recipients and a one percent increase in the number of beneficiaries receiving pension benefits.

There was a 4.3 percent increase in the amount of health care benefit payments. This is due to normal cost trend increases and an 11 percent increase in eligible benefit recipients electing OP&F's coverage. DROP benefits decreased 18 percent mainly due to a decrease in the amount of DROP benefits withdrawn. It is important to note that as of April 2012, the DROP interest rate has a cap of five percent and the active interest rate is updated quarterly to equal the 10-year U.S. Treasury Note Business Day Series as of the last trading business day of the preceding quarter. This active interest rate is effective for the subsequent quarter. On average, in 2014 the DROP interest rates were .5 percent higher than the DROP interest rates of 2013. Survivor and disability benefits increased at normal levels of 3.6 percent. This increase is mainly due to the annual three percent COLA for eligible recipients.

Administrative expenses increased this year by 2.1 percent. This is due to an increase in investment fees, normal operational increases to maintain an effective level of staffing, a good working environment and the appropriate level of outside professional services. Keeping this increase low is a continual goal of the Executive Director. Years of cost saving efforts have helped achieve the results of 2014. Refunds of member contributions are lower than the prior year due to a decrease in the amount of member contributions withdrawn. Other deductions to the fiduciary net position returned to normal levels in 2014 and represent only minor deductions to plan assets.

Please refer to the Management's Discussion and Analysis in the Financial Section for additional financial details.

Funding Practices and Actuarial Overview

Funds are derived from the excess of additions over deductions and are accumulated by OP&F in order to meet current and future benefit obligations to retirees and other beneficiaries. OP&F experienced a $265.8 million increase in the 2014 fiduciary net position due to the increase in fair values of real estate, private equity and timber from 2013 to 2014, and due to the change in accounting principal explained in note two in the Notes to the Basic Financial Statements. Health care currently operates on a pay–as–you–go basis. A portion of employer contributions and a portion of investment income are both set aside to operate the health care program.

The OP&F investment portfolio achieved a return of 6.79 percent in 2014. By adhering to the sound principles and strategies that are in place, OP&F is strategically positioned to weather market fluctuations. As of Dec. 31, 2014, total investments at fair value stood at $14.4 billion.

OP&F continues to work progressively towards complying with the state's 30-year funding requirement.

Pension legislation enacted on Sept. 26, 2012 and effective on Jan. 7, 2013 changed the contribution rate and benefits available to our members. Under that pension legislation, there were increases in member contributions along with changes to the minimum retirement age, modifications to COLAs, minimum enrollment period for DROP and changing the formula to calculate final average salary. OP&F also changed the DROP interest rate and reduced the amount of employer payroll allocated towards the health care trust in a continued effort to focus on pension funding.

In 2014, OP&F achieved a 33-year amortization period on the annual actuarial valuation completed by Buck Consultants. For the second year in a row, since the 2002 valuation, a measurable period other than infinite has been recorded. This is a direct reflection of the pension legislation changes enacted in 2012. The report also shows that OP&F's pension funding ratio as of Jan. 1, 2014 was 66.7 percent based on the actuarial value of assets. The report confirms that OP&F continues to be able to meet its current and future pension obligations. As of the same date, OP&F's health care funding ratio was 20.09 percent with a solvency period until the year 2024, or 10 more years.

A report by Wilshire, an independent investment consulting firm, showed that OP&F's investment portfolio continues its exceptional performance. OP&F's portfolio returns ranked in the top 11.0 percent in the 10-year period and ranked in the top 8.0 percent in the five-year period. In the 10-year period, OP&F realized a 7.61 percent return on investments while the five-year period realized 11.36 percent and the three-year period realized 12.95 percent. OP&F ranked in the top 35 percent for performance in 2014, with a 6.79 percent return. Both the three and five-year investment periods outpaced OP&F's assumed rate of return of 8.25 percent.

Please see the Notes to the Basic Financial Statements, the Statistical Section and the Required Supplementary Information (RSI) Sections of this report for more detailed information.

Investment Policy

OP&F invests all available funds in order to maximize both current income and long–term appreciation. The primary objective of OP&F's investment policy is to ensure that OP&F meets its responsibilities for providing retirement and other benefits. The investment portfolio is diversified to provide adequate cash flow and to provide the highest possible total return for OP&F's assets while maintaining an acceptable level of risk. Over the past two years, OP&F's total rate of return on its investment portfolio was favorable with a gain of 6.79 percent in 2014 and a gain of 16.9 percent in 2013.

Details of portfolio composition, rates of return, analysis of significant economic conditions, and additional information concerning OP&F's investment policy are provided in the Investment Section of this report.

Material Plan Amendments

In 2012, the DROP interest rate changed from a flat five percent to an adjusted rate based on the 10-year U.S. Treasury Note Business Day Series with a five percent cap. This change had an immediate impact on the amount of interest that accrued in the member DROP accounts.

Legislation enacted on Sept. 26, 2012, was implemented by OP&F in 2013 and 2012 to improve long-term funding for OP&F. OP&F fully supported the legislation and believes that the provisions will help secure the pension benefits for future retirees and active members.

The changes are long-term in nature and will decrease OP&F's unfunded accrued liabilities by an estimated $3.2 billion on an actuarial basis.

Highlights of the legislative, pension and health care changes include:

- Increase the active member contribution rate from 10 percent to 12.25 percent, in annual increments of 0.75 percent each year beginning on July 2, 2013;
- Raise normal service retirement age from 48 to 52 for new members hired after July 1, 2013 and provide a reduced benefit option for those who still desire to retire at age 48 with 25 years of service;
- Adjust COLAs to the lesser of the Consumer Price Index or three percent for those members who have less than 15 years of service credit as of July 1, 2013;
- Delay COLAs until age 55 for all benefit recipients effective July 1, 2013, excluding statutory survivors and members receiving permanent and total disability benefits;
- Redefine average annual salary as the highest five years of allowable earnings for those members who have less than 15 years of service credit as of July 1, 2013;
- Change the minimum DROP participation period from three years to five years for members who become DROP participants after July 1, 2013;
- Eliminate COLAs during DROP for members who become DROP participants after July 1, 2013. Members already in DROP prior to that date will receive COLAs while in DROP if they are at least age 55 and have participated in the plan for 12 months;
- Reduce the percentage of the member contribution that gets credited to DROP accruals for members who become DROP participants after July 1, 2013;
- Provide a "salary benchmark" under which certain increases are excluded from salary for the purpose of determining average annual salary for members who have 15 or more years of service on or before July 1, 2013;
- Authorizes the Board of Trustees to adjust the age and service credit requirements and member contribution rate (higher or lower) beginning Nov. 1, 2017, and every five years thereafter, provided the actuary recommends the change;
- Make the payments of employer contribution due monthly rather than quarterly;
- Reduce the amount of employer total annual payroll allocated to the health care trust fund to allow more funding for pensions.

See the Actuarial Section for the assumptions used within this report.

Independent Audit

McGladrey LLP, independent certified public accountants, audited the financial statements of OP&F for the years ended Dec. 31, 2014 and 2013, and their opinion thereon is included in the Financial Section.

Notes to Basic Financial Statements

The Notes to the Basic Financial Statements, which follow the Basic Financial Statements, contain additional information and are an integral part of such statements.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to OP&F for its CAFR for the fiscal year ended Dec. 31, 2013. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the U.S. and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. OP&F believes the current report continues to conform to the Certificate of Achievement Program requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation and contents of this report reflect the combined efforts of OP&F's staff under the direction of the Board of Trustees and are the responsibility of OP&F's management staff. It is intended to provide complete and reliable information as a basis for making management decisions, to disclose compliance with legal provisions, and as a means of demonstrating responsible stewardship for the assets contributed by the members and their employers.

The cooperation of OP&F's employers is vital to our success and is greatly appreciated.

Respectfully submitted,

John J. Gallagher, Jr.
Executive Director

Scott K. Miller
Financial Services Director

2014 Comprehensive Annual Financial Report

Financial Section

Ohio Police & Fire Pension Fund

Ohio Police & Fire Pension Fund

140 East Town Street • Columbus, Ohio 43215
www.op–f.org • 888-864-8363

INDEPENDENT AUDITOR'S REPORT

McGladrey

Independent Auditor's Report

The Board of Trustees
Ohio Police & Fire Pension Fund
and The Honorable Dave Yost
Columbus, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Police & Fire Pension Fund, which comprise the statements of fiduciary net position as of December 31, 2014 and 2013, and the related statements of changes in fiduciary net position for the years ended December 31, 2014 and 2013, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of Ohio Police & Fire Pension Fund as of December 31, 2014 and 2013, and the changes in fiduciary net position for the years ended December 31, 2014 and 2013, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, Ohio Police & Fire Pension Fund had a change in an accounting principle that resulted in a retrospective application of the accounting principle in 2014. In addition, as discussed in Note 1 to the financial statements, Ohio Police & Fire Pension Fund has adopted GASB Statement No. 67, Financial Reporting for Pension Plans. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules of funding progress and employer contributions and related notes, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Additional Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information, including the schedule of administrative expenses, schedule of investment expenses, and the combining statement of changes in assets and liabilities – public officers' death benefit fund, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The additional information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The introductory, investments, actuarial and statistical sections, as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 26, 2015 on our consideration of Ohio Police & Fire Pension Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Ohio Police & Fire Pension Fund's internal control over financial reporting and compliance.

McGladrey LLP

Columbus, Ohio
June 26, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This Management Discussion and Analysis (MD&A) of OP&F's financial performance provides a narrative overview of financial activities for the fiscal years ended Dec. 31, 2014, 2013 and 2012. The MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts. OP&F encourages reading this in conjunction with the Basic Financial Statements, Notes to the Basic Financial Statements, and the Letter of Transmittal included in the Introductory Section of this CAFR.

FINANCIAL HIGHLIGHTS

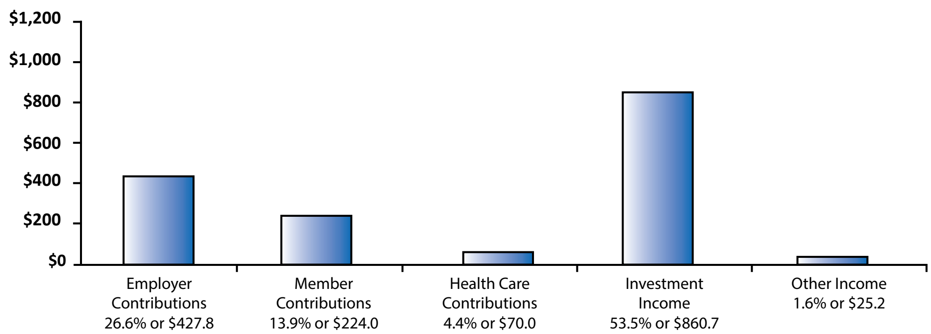
Additions are received primarily from investment income and employer and member pension contributions. For fiscal year 2014, these additions totaled $1,607.7 million and were $2,777.7 million in 2013, which is a 42.1 percent decrease. Investment income can fluctuate dramatically because it includes realized and unrealized investment gains and losses based on performance of global capital markets.

The employer contribution rates of 19.5 percent for police and 24 percent for fire remained unchanged in both 2014 and 2013. The member contribution rate was increased to 11.5 percent from the 10.75 percent rate on July 2, 2014. Member rates will continue to increase annually by .75 percent until the rate reaches 12.25 percent on July 2, 2015. In 2013, the increase in the member contribution rate was the first one since 1988.

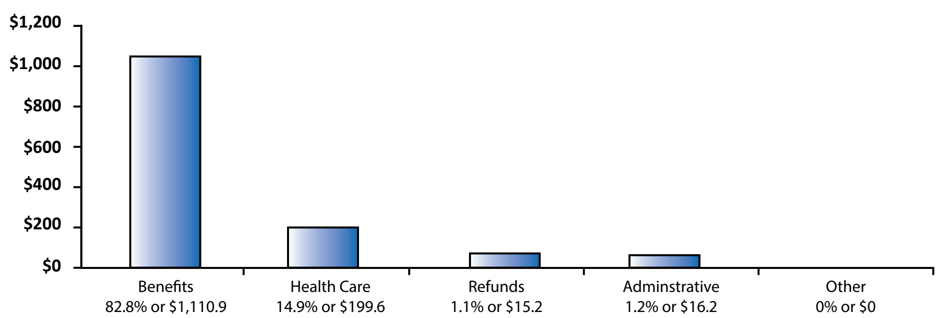
Deductions are incurred primarily for the purpose for which OP&F was created; the payment of pension, disability and survivor benefits to qualified members and survivors. Included in the deductions from OP&F's fiduciary net position for 2014 were benefits for retirement, DROP, disability, health care, and survivors. Also included were contribution refunds, administrative and other expenses. Pension benefits are funded through a combination of investment earnings, and employer and member contributions. Health care expenses are funded on a pay–as–you–go–basis through a portion of employer contributions, health care premiums, and investment income. Deductions totaled $1,341.9 million in 2014 and were $1,334.4 million in 2013, which is a 0.6 percent increase over 2013. Please refer to the Plan Summary in the Actuarial Section for further information on plan benefits.

OP&F administers the State of Ohio Public Safety Officers Death Benefit Fund. This program was established by the State of Ohio to provide monthly benefit payments to eligible surviving family members of Ohio public safety officers who have been killed in the line of duty or die of a duty-related injury or illness. Funds are disbursed to OP&F on a quarterly basis and are paid monthly by OP&F to eligible recipients. Annually the unused balance is returned to the State. The Public Safety Officers Death Benefit Fund is considered to be an agency fund administered by OP&F and, accordingly, its assets of $.7 million and $1.6 million at Dec. 31, 2014 and 2013, respectively, and the related liability for unpaid benefits as of the same dates are included in the accompanying financial statements.

2014 ADDITIONS (DOLLARS IN MILLIONS) $1,607.7



2014 DEDUCTIONS (DOLLARS IN MILLIONS) $1,341.9



OVERVIEW OF FINANCIAL STATEMENTS

Following the MD&A are the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position. OP&F's financial statements are prepared using the accrual basis of accounting and are in compliance with applicable GASB Statements.

The Statement of Fiduciary Net Position provides a snapshot view at year–end for the amount OP&F has accumulated in assets to pay for benefits. The Statement of Changes in Fiduciary Net Position reflects what has happened to OP&F's assets during the fiscal year. If the fiducairy net position increased, then additions were greater than the deductions. If the fiduciary net position decreased, then additions were less than the deductions.

In addition to the Basic Financial Statements and accompanying Notes to the Basic Financial Statements, certain Required Supplementary Information (RSI) is provided. The RSI consists of information pertaining to OP&F's actuarial methods and assumptions and provides data on the net pension liability and the changes in net pension liability. Also included in the RSI is data on contributions from employers and other contributing entities, data on the funding progress for the retiree health care trust fund, along with other information useful in evaluating the financial condition of OP&F. Following the RSI are Schedules of Administrative Expenses and the Schedule of Investment Expenses.

A condensed version of OP&F's financial information is being provided as part of this discussion.

CONDENSED FIDUCIARY NET POSITION INFORMATION (DOLLARS IN MILLIONS)

				2014 Change		2013 Change	
	2014	2013	2012	Amount	Percent	Amount	Percent
Cash and Short-term Investments	$1,017.8	$649.7	$1,255.6	$368.1	56.7%	$(605.9)	(48.3)%
Receivables	144.4	172.9	289.0	(28.5)	(16.5)%	(116.1)	(40.2)%
Investments, at Fair Value	14,609.2	14,393.2	13,772.2	216.0	1.5%	621.0	4.5%
Capital Assets, Net of Depreciation	19.0	19.9	20.3	(0.9)	(4.5)%	(0.4)	(2.0)%
Other Assets	0.3	0.2	0.3	0.1	50.0%	(0.1)	(33.3)%
TOTAL ASSETS	**15,790.7**	**15,235.9**	**15,337.4**	**554.8**	**3.6%**	**(101.5)**	**(0.7)%**
Benefits and Accounts Payable	56.1	52.9	1,290.7*	3.2	6.0%	(1,237.8)*	(95.9)%
Investments Payable	1,249.2	963.4	2,508.3	285.8	29.7%	(1,544.9)	(61.6)%
TOTAL LIABILITIES	**1,305.3**	**1,016.3**	**3,799.0**	**289.0**	**28.4%**	**(2,782.7)**	**(73.2)%**
FIDUCIARY NET POSITION, END OF YEAR	**$14,485.4**	**$14,219.6**	**$11,538.4**	**$265.8**	**1.9%**	**$2,681.2**	**23.2%**

CONDENSED CHANGES IN FIDUCIARY NET POSITION INFORMATION (DOLLARS IN MILLIONS)

				2014 Change		2013 Change	
	2014	2013	2012	Amount	Percent	Amount	Percent
Contributions	$721.8	$696.2	$659.6	$25.6	3.7%	$36.6	5.5%
Net Investment Gain/(Loss)	860.7	2,053.0	1,657.9	(1,192.3)	(58.1)%	395.1	23.8%
Other Additions	25.2	28.5	30.7	(3.3)	(11.6)%	(2.2)	(7.2)%
TOTAL ADDITIONS	**1,607.7**	**2,777.7**	**2,348.2**	**(1,170.0)**	**(42.1)%**	**429.5**	**18.3%**
Benefits	1,310.5	1,302.5	1,236.4	8.0	0.6%	66.1	5.3%
Refunds	15.2	16.0	26.5	(0.8)	(5.0)%	(10.5)	(39.6)%
Administrative Expenses and Other	16.2	15.9	15.4	0.3	1.9%	0.5	3.2%
TOTAL DEDUCTIONS	**1,341.9**	**1,334.4**	**1,278.3**	**7.5**	**0.6%**	**56.1**	**4.4%**
Net Increase/(Decrease)	**265.8**	**1,443.3**	**1,069.9**	**(1,177.5)**	**(81.6)%**	**373.4**	**34.9%**
Fiduciary Net Position, Beginning of Year	**14,219.6**	**12,776.3***	**10,468.5**	**1,443.3**	**11.3%**	**2,307.8**	**22.0%**
FIDUCIARY NET POSITION, END OF YEAR	**$14,485.4**	**$14,219.6**	**$11,538.4**	**$265.8**	**1.9%**	**$2,681.2**	**23.2%**

* Effective Jan. 1, 2013 OP&F had a change in accounting principle with retrospective application. For more information see the Notes to the Basic Financial Statements, note number two.

FINANCIAL ANALYSIS

FIDUCIARY NET POSITION

The fiduciary net position available for benefits and expenses in 2014 was $14,485.4 million versus $14,219.6 million in 2013, which represents a 1.9 percent net increase. The overall net increase in 2014 can be primarily attributed to net appreciation on the fair value of investments and an increase in employer and member contributions received. Please refer to the Investment Section for additional information on OP&F's investment activities in 2014.

REVENUE ADDITIONS TO FIDUCIARY NET POSITION

Based on the rounded numbers found on page five, overall contributions received by OP&F in 2014 increased 3.7 percent or $25.6 million. Pension contributions from employers increased $9.7 million, or 2.3 percent, in 2014 due to an increase in the average annual salary and an increase in the total annual payroll. Employer contributions are not impacted by DROP, and the employer contributions associated with DROP participation are not allocated to the individual DROP accounts.

Pension contributions from members increased $12.5 million, or 5.9 percent, in 2014 due to an increase in the member contribution rate mid-year. The active member population, or contributing members, increased slightly by 161 to 27,605, or by .6 percent, and the average annual salary increased by .4 percent, from $68,718 to $68,969. In 2014, member purchased service credit went down $7.6 million or by 59.2 percent. In 2013, member purchased service credit went up because eligible members wanted to ensure they had 15 years of service credit prior to July 1, 2013 due to benefit changes taking effect for those with less than 15 years of service credit on that date.

Overall contributions were up in 2013, as compared to 2012, by 5.5 percent, or $36.6 million. The increase is due to an increase in the member contribution rate mid-year and an influx of service credit purchases due to legislation changes. The increase is also due to the changes in accounting principals explained in note two in the Notes to the Basic Financial Statements. While the active member population, or contributing members, decreased slightly by 179 to 27,444, or by .6 percent, the average annual salary increased by 1.3 percent, from $67,821 to $68,718. Member purchases were up $5.1 million or by 66.2 percent due to members purchasing prior service time to ensure they had 15 years of service credit prior to July 1, 2013 due to benefit changes taking effect for those with less than 15 years of service credit on that date.

Contributions paid by members and beneficiaries for their share of the health care costs increased by 5.1 percent from $66.6 million to $70.0 million in 2014. Health care contributions also increased in 2013 over 2012 by 2.3 percent. Part of this increase is due to an expansion in the number of members and beneficiaries selecting to participate in the OP&F health care program. The other part of this increase is due to active members being required to retire from service because they reached their eight-year maximum participation in DROP.

In 2014, contributions received through the state-subsidy decreased 5.7 percent, or $30.4 thousand, from $530.5 thousand to $500.1 thousand. The state-subsidized contributions declined in 2013 by 8.6 percent and also declined in 2012 by 9.1 percent. This trend is due to a normal decline in the population of survivors receiving this subsidized benefit.

Investment net appreciation totaled $581.0 million in 2014. The net appreciation of 2014 can be directly attributed to the overall positive return on OP&F investments of 6.79 percent. Investment net appreciation totaled $1,790.1 million in 2013. The net appreciation of 2013 can be attributed to the increase in fair values of domestic and international stocks. OP&F's investment return was 16.9 percent in 2013. Investment net appreciation totaled $1.4 million in 2012. The net appreciation of 2012 can also be attributed to the increase in fair values of domestic and international stocks.

EXPENSE DEDUCTIONS FROM FIDUCIARY NET POSITION

Benefit deductions for retirement, DROP, health care, disability and survivors increased $8 million, or .6 percent in 2014, increased $66.1 million, or 5.3 percent in 2013, and increased $32.2 million, or 2.7 percent in 2012. Part of the increase in pension benefits in 2014 is due to members reaching their eight-year maximum participation date in DROP. Another part of this increase is due to the pension legislation changes that have helped OP&F significantly reduce the overall future pension liabilities. Also contributing are the increases in the retirees and beneficiaries rolls. These rolls increased by 318 individuals, or 1.2 percent in 2014, increased by 165 individuals, or .6 percent in 2013 and increased by 1,004 individuals, or 3.9 percent in 2012. Each year, there was also a three percent COLA for eligible recipients.

Health care benefits increased by 4.3 percent in 2014. Gross health care payments totaled $199.6 million in 2014 and represented 14.9 percent of all plan deductions. The 2014 increase in health care benefits can be attributed to increased trends in health care costs.

Health care benefits increased by 2.1 percent in 2013. Gross health care payments totaled $191.3 million in 2013 and represented 14.5 percent of all plan deductions. The 2013 increase in health care benefits can be attributed to active members participating in DROP being required to retire because they reached their eight-year maximum participation.

Health care benefits increased by 6.3 percent in 2012. Gross health care payments totaled $187.4 million in 2012 and represented nearly 14.7 percent of all plan deductions.

Refunds to members decreased by 5.0 percent in 2014, decreased by 39.6 percent in 2013 and increased by 20 percent in 2012. Refunds to members include actual refunds of pension contributions and member contributions on deposit for inactive members.

BASIC FINANCIAL STATEMENTS

STATEMENT OF FIDUCIARY NET POSITION (AS OF DEC. 31, 2014)

	Pensions	Post-employment Health Care	2014 Total	Death Benefit Agency Fund
Assets:				
Cash and Short-term Investments	$943,752,582	$74,060,631	$1,017,813,213	$732,073
Receivables:				
Employers' Contributions	42,703,807	1,008,812	43,712,619	–
Members' Contributions	19,267,899	–	19,267,899	–
Accrued Investment Income	31,155,953	2,444,952	33,600,905	–
Investment Sales Proceeds	20,938,343	1,643,129	22,581,472	–
Local Funds Receivable	25,255,437	–	25,255,437	–
TOTAL RECEIVABLES	**139,321,439**	**5,096,893**	**144,418,332**	**–**
Investments, at fair value:				
Bonds	2,580,871,094	202,532,895	2,783,403,989	–
Mortgage and Asset-Backed Securities	345,609,565	27,121,581	372,731,146	–
Stocks	3,471,606,042	272,432,988	3,744,039,030	–
Real Estate	1,343,534,804	105,433,392	1,448,968,196	–
Commercial Mortgage Funds	35,209,939	2,763,087	37,973,026	–
Private Markets	824,362,939	64,691,574	889,054,513	–
International Securities	2,934,603,689	230,291,928	3,164,895,617	–
Timber	176,762,706	13,871,387	190,634,093	–
Master Limited Partnerships	726,190,414	56,987,522	783,177,936	–
TOTAL INVESTMENTS	**12,438,751,192**	**976,126,354**	**13,414,877,546**	**–**
Collateral on Loaned Securities	1,107,372,195	86,900,619	1,194,272,814	–
Capital Assets, net of accumulated depreciation, where applicable:				
Land	3,200,000	–	3,200,000	–
Building and Improvements	13,158,295	–	13,158,295	–
Furniture and Equipment	187,094	–	187,094	–
Computer Software and Hardware	2,456,054	–	2,456,054	–
TOTAL CAPITAL ASSETS, NET	**19,001,443**	**–**	**19,001,443**	**–**
Prepaid Expenses and Other	282,332	–	282,332	–
TOTAL ASSETS	**14,648,481,183**	**1,142,184,497**	**15,790,665,680**	**732,073**
Liabilities:				
Health Care Payable	–	19,346,343	19,346,343	–
Investment Commitments Payable	50,925,157	3,996,333	54,921,490	–
Accrued Administrative Expenses	12,082,387	–	12,082,387	–
Due to State of Ohio	–	–	–	732,073
Obligations Under Securities Lending	1,107,372,195	86,900,619	1,194,272,814	–
Other Liabilities	24,653,608	–	24,653,608	–
TOTAL LIABILITIES	**1,195,033,347**	**110,243,295**	**1,305,276,642**	**732,073**
FIDUCIARY NET POSITION HELD IN TRUST FOR PENSION AND POST-EMPLOYMENT HEALTH CARE BENEFITS	**$13,453,447,836**	**$1,031,941,202**	**$14,485,389,038**	**$ –**

See notes to Basic Financial Statements.

The accompanying notes are an integral part of the financial statements.

BASIC FINANCIAL STATEMENTS

STATEMENT OF FIDUCIARY NET POSITION (AS OF DEC. 31, 2013) AS ADJUSTED (SEE NOTE TWO)

	Pensions	Post-employment Health Care	2013 Total	Death Benefit Agency Fund
Assets:				
Cash and Short-term Investments	$601,004,940	$48,675,919	$649,680,859	$1,628,232
Receivables:				
Employers' Contributions	40,096,135	11,496,961	51,593,096	–
Members' Contributions	18,842,530	–	18,842,530	–
Accrued Investment Income	31,057,991	2,515,414	33,573,405	–
Investment Sales Proceeds	39,607,199	3,207,822	42,815,021	–
Local Funds Receivable	26,064,808	–	26,064,808	–
TOTAL RECEIVABLES	**155,668,663**	**17,220,197**	**172,888,860**	**–**
Investments, at fair value:				
Bonds	2,513,501,550	203,570,705	2,717,072,255	–
Mortgage and Asset-Backed Securities	425,723,287	34,479,704	460,202,991	–
Stocks	3,481,542,457	281,973,190	3,763,515,647	–
Real Estate	1,201,723,286	97,328,627	1,299,051,913	–
Commercial Mortgage Funds	34,630,774	2,804,777	37,435,551	–
Private Markets	583,231,322	47,236,419	630,467,741	–
International Securities	3,481,563,452	281,974,891	3,763,538,343	–
Timber	140,316,344	11,364,344	151,680,688	–
Master Limited Partnerships	624,534,482	50,581,598	675,116,080	–
TOTAL INVESTMENTS	**12,486,766,954**	**1,011,314,255**	**13,498,081,209**	**–**
Collateral on Loaned Securities	828,029,759	67,062,859	895,092,618	–
Capital Assets, net of accumulated depreciation, where applicable:				
Land	3,200,000	–	3,200,000	–
Building and Improvements	13,664,680	–	13,664,680	–
Furniture and Equipment	205,684	–	205,684	–
Computer Software and Hardware	2,833,203	–	2,833,203	–
TOTAL CAPITAL ASSETS, NET	**19,903,567**	**–**	**19,903,567**	**–**
Prepaid Expenses and Other	236,960	–	236,960	–
TOTAL ASSETS	**14,091,610,843**	**1,144,273,230**	**15,235,884,073**	**1,628,232**
Liabilities:				
Health Care Payable	–	18,561,648	18,561,648	–
Investment Commitments Payable	63,150,980	5,114,654	68,265,634	–
Accrued Administrative Expenses	14,335,899	–	14,335,899	–
Due to State of Ohio	–	–	–	1,628,232
Obligations Under Securities Lending	828,029,759	67,062,859	895,092,618	–
Other Liabilities	20,016,335	–	20,016,335	–
TOTAL LIABILITIES	**925,532,973**	**90,739,161**	**1,016,272,134**	**1,628,232**
FIDUCIARY NET POSITION HELD IN TRUST FOR PENSION AND POST-EMPLOYMENT HEALTH CARE BENEFITS	**$13,166,077,870**	**$1,053,534,069**	**$14,219,611,939**	**$ –**

See notes to Basic Financial Statements.

The accompanying notes are an integral part of the financial statements.

BASIC FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (FOR THE YEAR ENDED DEC. 31, 2014)

	Pensions	Post-employment Health Care	2014 Total
Additions:			
From Contributions:			
Members'	$223,989,055	$-	$223,989,055
Employers'	417,993,316	9,895,274	427,888,590
State of Ohio–Subsidies	500,152	-	500,152
Health Care Premiums	-	69,965,747	69,965,747
TOTAL CONTRIBUTIONS	**642,482,523**	**79,861,021**	**722,343,544**
From Investment Income:			
Net Appreciation (Depreciation)			
Value of Investments	526,421,605	54,586,460	581,008,065
Bond Interest	122,662,592	12,719,304	135,381,896
Dividends	91,048,764	9,441,158	100,489,922
Alternative Investment Income	48,988,659	5,079,802	54,068,461
Repurchase Agreement Interest	811,949	84,194	896,143
Master Limited Partnerships Income	28,071,390	2,910,819	30,982,209
Other Investment Income (Loss)	797,316	82,676	879,992
Less Investment Expenses	(42,760,066)	(4,433,938)	(47,194,004)
NET INVESTMENT INCOME	**776,042,209**	**80,470,475**	**856,512,684**
From Securities Lending Activities:			
Securities Lending Income	3,957,758	410,394	4,368,152
Securities Lending Expense	(176,557)	(18,308)	(194,865)
NET INCOME FROM SECURITIES LENDING	**3,781,201**	**392,086**	**4,173,287**
Interest on Local Funds Receivable	1,084,188	-	1,084,188
Other Income	5,614,853	18,009,774	23,624,627
TOTAL ADDITIONS	**1,429,004,974**	**178,733,356**	**1,607,738,330**
Deductions:			
Retirement Benefits	598,829,553	-	598,829,553
Disability Benefits	242,125,287	-	242,125,287
Health Care Benefits	-	199,594,201	199,594,201
Survivor Benefits	79,545,466	-	79,545,466
DROP Withdrawals	190,419,645	-	190,419,645
Contribution Refunds	15,234,370	-	15,234,370
Administrative Expenses	15,468,503	732,022	16,200,525
Other Expenses	12,184	-	12,184
TOTAL DEDUCTIONS	**1,141,635,008**	**200,326,223**	**1,341,961,231**
Change in Fiduciary Net Position	287,369,966	(21,592,867)	265,777,099
FIDUCIARY NET POSITION - BEGINNING OF YEAR*	**13,166,077,870**	**1,053,534,069**	**14,219,611,939**
FIDUCIARY NET POSITION - END OF YEAR	**$13,453,447,836**	**$1,031,941,202**	**$14,485,389,038**

* Effective Jan. 1, 2013 OP&F had a change in accounting principle with retrospective application. For more information see the Notes to the Basic Financial Statements, note number two.

See notes to Basic Financial Statements.

The accompanying notes are an integral part of the financial statements.

BASIC FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (FOR THE YEAR ENDED DEC. 31, 2013) AS ADJUSTED (SEE NOTE TWO)

	Pensions	Post-employment Health Care	2013 Total
Additions:			
From Contributions:			
Members'	$211,473,797	$-	$211,473,797
Employers'	349,461,765	68,720,879	418,182,644
State of Ohio–Subsidies	530,573	-	530,573
Health Care Premiums	-	66,564,696	66,564,696
TOTAL CONTRIBUTIONS	**561,466,135**	**135,285,575**	**696,751,710**
From Investment Income:			
Net Appreciation (Depreciation)			
Value of Investments	1,651,374,332	138,750,681	1,790,125,013
Bond Interest	134,606,020	11,309,778	145,915,798
Dividends	86,770,022	7,290,533	94,060,555
Alternative Investment Income	33,031,275	2,775,332	35,806,607
Repurchase Agreement Interest	528,921	44,441	573,362
Master Limited Partnerships Income	27,490,724	2,309,807	29,800,531
Other Investment Income (Loss)	(478,555)	(40,209)	(518,764)
Less Investment Expenses	(41,640,444)	(3,498,686)	(45,139,130)
NET INVESTMENT INCOME	**1,891,682,295**	**158,941,677**	**2,050,623,972**
From Securities Lending Activities:			
Securities Lending Income	2,921,662	245,482	3,167,144
Securities Lending Expense	(749,333)	(62,960)	(812,293)
NET INCOME FROM SECURITIES LENDING	**2,172,329**	**182,522**	**2,354,851**
Interest on Local Funds Receivable	1,119,204	-	1,119,204
Other Income	11,286,705	15,565,559	26,852,264
TOTAL ADDITIONS	**2,467,726,668**	**309,975,333**	**2,777,702,001**
Deductions:			
Retirement Benefits	563,237,669	-	563,237,669
Disability Benefits	238,912,606	-	238,912,606
Health Care Benefits	-	191,335,860	191,335,860
Survivor Benefits	76,815,281	-	76,815,281
DROP Withdrawals	232,213,185	-	232,213,185
Contribution Refunds	15,938,017	-	15,938,017
Administrative Expenses	15,157,637	710,855	15,868,492
Other Expenses	72,743	-	72,743
TOTAL DEDUCTIONS	**1,142,347,138**	**192,046,715**	**1,334,393,853**
Change in Fiduciary Net Position	1,325,379,530	117,928,618	1,443,308,148
FIDUCIARY NET POSITION - BEGINNING OF YEAR*	**11,840,698,340**	**935,605,451**	**12,776,303,791**
FIDUCIARY NET POSITION - END OF YEAR	**$13,166,077,870**	**$1,053,534,069**	**$14,219,611,939**

* Effective Jan. 1, 2013 OP&F had a change in accounting principle with retrospective application. For more information see the Notes to the Basic Financial Statements, note number two.

See notes to Basic Financial Statements.
The accompanying notes are an integral part of the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS (DEC. 31, 2014 AND 2013)

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies followed by OP&F.

BASIS OF ACCOUNTING

OP&F's financial statements have been prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred. Contributions are earned based on statutory requirements under Chapter 742 of the ORC.

NEW ACCOUNTING PRONOUNCEMENTS

During the year ended Dec. 31, 2014, OP&F adopted the provisions of GASB Statement No. 67, Financial Reporting for Pension Plans, which is effective for fiscal years beginning after June 15, 2013, and establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses/expenditures. For defined benefit pensions, Statement No. 67 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements (RSI) about pensions are also addressed in Statement No. 67.

During the year ended Dec. 31, 2014 OP&F also adopted the provisions of GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees and GASB Statement No. 69, Government Combinations and Disposals of Government Operations. The adoption of these had no material impact on the financial statements.

During the year ended Dec. 31, 2013, OP&F adopted the provisions of GASB Statement No. 66 Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62, GASB Statement No. 65 Items Previously Reported as Assets and Liabilities, GASB Statement No. 61 The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34. The adoption of these had no material impact on the financial statements.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, is effective for fiscal years beginning after June 15, 2014. GASB Statement No. 71, Pension Transaction for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, is effective for fiscal years beginning after June 15, 2014. Currently, the pension liability on a government entity's balance sheet is determined based on the difference between the contributions they are required to make to a pension plan in a given year versus what they actually funded. Statement No. 68 reflects the view that pension costs and obligations should be recorded as employees earn them, rather than when the government contributes to a pension plan or when retirees receive benefits. Under Statement No. 68 the pension liability is determined considering various factors including cost-of-living increases, future salary increases, and future service credits. The impact on the net pension liability of differences between expected and actual investment returns will be recognized in pension expense over a closed, five-year period. Statement No. 68 will result in OP&F recording a liability for its proportionate share of the Net Pension Liability as determined by the Ohio Public Employees Retirement System (OPERS) and will also require more extensive note disclosures and required supplementary information.

In 2015, the GASB has issued the following pronouncements. GASB Statement No. 72, Fair Value Measurement and Application, is effective for fiscal years beginning after June 15, 2015. GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, is effective for fiscal years beginning after June 15, 2015. GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, is effective for fiscal years beginning after June 15, 2016. GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, is effective for fiscal years beginning after June 15, 2017. OP&F is analyzing the impact that these GASB pronouncements will have on the financial statements.

MANAGEMENT'S USE OF ESTIMATES

The preparation of the financial statements requires management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to estimates and assumptions include the fair value of certain investments, carrying amount of capital assets, and assets and obligations related to employee and member benefits. Actual results could differ from those estimates.

RECLASSIFICATIONS

Any reclassifications are made on a comparative basis for each year displayed.

INVESTMENTS

Investment purchases and sales are recorded on a trade-date basis. Dividend income is recognized on the ex-dividend date. Interest income is recognized when earned, while income on private equity, private debt and real estate funds is recorded after the recovery of contributed capital.

Investments are reported at fair value. Securities traded on a national or international exchange, including master limited partnerships, are valued at the last reported sales price at the then current exchange rates. Mortgages are valued on the basis of future principal payments discounted at prevailing interest rates for similar instruments. The fair value of real estate and timber are based on independent appraisals and internal valuations. Investments that do not have an established market are reported at estimated fair value received from the investment managers. The value of OP&F's private equity interests are based on values established by each manager and approved by each partnership's valuation committee.

Net appreciation (depreciation) is determined by calculating the change in the fair value of investments between the end of the year and the beginning of the year, less the cost of investments purchased, plus reinvested proceeds from sales of investments at fair value. Investment expense consists of administrative expenses directly related to OP&F's investment operations and a proportional amount of all other administrative expenses allocated based on the ratio of OP&F's investment staff to total OP&F staff.

FEDERAL INCOME TAX STATUS

OP&F was determined to be a qualified trust under section 401(a) of the Internal Revenue Code that is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code. OP&F's DROP plan was also determined to be part of the 401(a) trust. A separate trust accrual account is maintained for health care benefits under Internal Revenue Service (IRS) Code Section 115 trust. An IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

ADMINISTRATIVE COSTS

The cost of administering the plan is financed by investment income.

CONTRIBUTIONS, BENEFITS, AND REFUNDS

Employer and member contributions are recognized when due or in the period the related member salaries are earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The range of estimated useful lives is as follows:

Buildings and Improvements:	40 years
Furniture and Equipment:	3 to 10 years
Computer Software and Hardware:	2 to 10 years

CHANGES IN CAPITAL ASSETS YEAR ENDED DEC. 31, 2014

Non-Depreciable Capital Assets	Jan. 1, 2014	Increases	Decreases	Dec. 31, 2014
Land	$3,200,000	$-	$-	$3,200,000
Depreciable Capital Assets				
Building and Improvements	21,396,130	–	–	21,396,130
Furniture and Equipment	3,442,133	18,951	(10,539)	3,450,545
Computer Software and Hardware	15,173,198	1,944,951	(1,099,134)	16,019,015
TOTAL DEPRECIABLE CAPITAL ASSETS	**40,011,461**	**1,963,902**	**(1,109,673)**	**40,865,690**
Accumulated Depreciation				
Building and Improvements	7,731,450	548,584	(42,199)	8,237,835
Furniture and Equipment	3,236,449	29,256	(2,254)	3,263,451
Computer Software and Hardware	12,339,995	1,331,582	(108,616)	13,562,961
TOTAL ACCUMULATED DEPRECIATION	**23,307,894**	**1,909,422**	**(153,069)**	**25,064,247**
TOTAL DEPRECIABLE CAPITAL ASSETS, NET	**$16,703,567**	**$54,480**	**$(956,604)**	**$15,801,443**

CHANGES IN CAPITAL ASSETS YEAR ENDED DEC. 31, 2013

Non-Depreciable Capital Assets	Jan. 1, 2013	Increases	Decreases	Dec. 31, 2013
Land	$3,200,000	$-	$-	$3,200,000
Depreciable Capital Assets				
Building and Improvements	21,317,155	78,975	–	21,396,130
Furniture and Equipment	3,331,671	115,808	(5,346)	3,442,133
Computer Software and Hardware	14,212,820	967,806	(7,428)	15,173,198
TOTAL DEPRECIABLE CAPITAL ASSETS	**38,861,646**	**1,162,589**	**(12,774)**	**40,011,461**
Accumulated Depreciation				
Building and Improvements	7,226,052	505,398	–	7,731,450
Furniture and Equipment	3,219,253	22,542	(5,346)	3,236,449
Computer Software and Hardware	11,295,927	1,048,891	(4,823)	12,339,995
TOTAL ACCUMULATED DEPRECIATION	**21,741,232**	**1,576,831**	**(10,169)**	**23,307,894**
TOTAL DEPRECIABLE CAPITAL ASSETS, NET	**$17,120,414**	**$(414,242)**	**$(2,605)**	**$16,703,567**

2 – CHANGE IN ACCOUNTING PRINCIPLE WITH RETROSPECTIVE APPLICATION

On Jan. 1, 2014, OP&F changed its method of accounting for the DROP program to comply with the provisions of GASB Statement No. 67, Financial Reporting for Pension Plans, which was implemented during the year ended Dec. 31, 2014. Previously, OP&F recognized the DROP balances as a liability in the statement of fiduciary net position and the related expenses in the statements of changes in fiduciary net position.

Based on the guidance provided in GASB Statement No. 67, OP&F removed the DROP liability of $1,237.9 million from the Statement of Fiduciary Net Position. This change in accounting principle was made on Jan. 1, 2014 with an effective date of Jan. 1, 2013 based on retrospective application. In this 2014 CAFR, comparative financial statements for the year ended Dec. 31, 2013 have been adjusted to apply this new accounting principle retrospectively; however, throughout the CAFR there are tables and charts that go back between six and ten years. It is impractical to determine the period-specific effects of this change on all prior periods presented. An asterisk footnote explaining the accounting change has been included on all tables and charts affected by the retrospective application of this change in accounting principle.

The following financial statement line items as of and for the year ended Dec. 31, 2013 were affected by the change in accounting principle.

CONDENSED CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED DEC. 31, 2013 (DOLLARS IN MILLIONS)

	As Originally Reported	As Adjusted	Effect of Change
Contributions	$672.4	$696.2	$23.8
Net Investment Gain/(Loss)	2,053.0	2,053.0	–
Other Additions	28.5	28.5	–
TOTAL ADDITIONS	**2,753.9**	**2,777.7**	**23.8**
Benefits	1,286.4	1,302.5	16.1
Refunds	16.0	16.0	–
Administrative Expenses and Other	15.9	15.9	–
TOTAL DEDUCTIONS	**1,318.3**	**1,334.4**	**16.1**
NET INCREASE/(DECREASE)	**$1,435.6**	**$1,443.3**	**$7.7**

CONDENSED FIDUCIARY NET POSITION AS OF DEC. 31, 2013 (DOLLARS IN MILLIONS)

	As Originally Reported	As Adjusted	Effect of Change
Cash and Short-term Investments	$649.7	$649.7	$ –
Receivables	172.9	172.9	–
Investments, at Fair Value	14,393.2	14,393.2	–
Capital Assets, Net of Depreciation	19.9	19.9	–
Other Assets	0.2	0.2	–
TOTAL ASSETS	**15,235.9**	**15,235.9**	–
Benefits and Accounts Payable	1,298.5	52.9	(1,245.6)
Investments Payable	963.4	963.4	–
TOTAL LIABILITIES	**2,261.9**	**1,016.3**	**(1,245.6)**
FIDUCIARY NET POSITION, END OF YEAR	**$12,974.0**	**$14,219.6**	**$1,245.6**

As a result of the accounting change, fiduciary net position as of January 1, 2013, increased from $11,538.4, as originally reported, to $12,776.3.

OP&F does not anticipate any material indirect effects as a result of this change in accounting principle.

For more information about the DROP program, please refer to the Plan Summary in the Actuarial Section and to the DROP Program Balances table located in the Financial Trends Section of the Statistical Section.

3 – DESCRIPTION OF THE SYSTEM

ORGANIZATION

OP&F is a cost-sharing, multiple–employer public employee retirement system established by the ORC Chapter 742 in 1965 to consolidate the various individual local police and firefighter's relief and pension funds into one statewide plan. OP&F is administered by a nine member Board of Trustees, consisting of two active representatives of police departments, two active representatives of fire departments, one retired police officer and one retired firefighter. The Board of Trustees also includes three statutory members. Each statutory member—one appointed by the Governor of Ohio, one by the Ohio Treasurer of State, and one appointed jointly by the Ohio Senate President and Ohio Speaker of the House of Representatives—must have professional investment expertise.

OP&F administers pension, disability and health care benefits to qualified members. In addition, OP&F administers survivor benefits, death benefits and sponsors health care programs for eligible survivors, spouses, children and dependent parents. OP&F is a separate financial reporting entity in accordance with criteria established by Governmental Accounting Standards Board Statement No.14. Because OP&F is a legally separate entity, a voting majority of the governing board is not appointed by the State and it is fiscally independent of other state and local governments. OP&F also has a variety of professional consultants and money managers as listed on page iv and page 55.

PLAN MEMBERSHIP

Employer and member data as of Jan. 1, 2014 and 2013, based on the most recent actuarial valuation, is as follows:

	2014			2013		
Employee Members	**Police**	**Fire**	**Total**	**Police**	**Fire**	**Total**
Retirees and Beneficiaries						
Currently receiving benefits	15,838	11,723	27,561	15,645	11,598	27,243
Terminated employees entitled to benefits but not yet receiving them	86	56	142	85	52	137
TOTAL BENEFIT MEMBERS	**15,924**	**11,779**	**27,703**	**15,730**	**11,650**	**27,380**
Current Members						
Vested*	7,657	6,672	14,329	7,497	6,491	13,988
Non-vested	7,184	6,092	13,276	7,248	6,208	13,456
TOTAL CURRENT MEMBERS	**14,841**	**12,764**	**27,605**	**14,745**	**12,699**	**27,444**
TOTAL EMPLOYEE MEMBERS	**30,765**	**24,543**	**55,308**	**30,475**	**24,349**	**54,824**
Employer Members						
Municipalities	249	221	470	249	223	472
Townships	–	129	129	–	124	124
Villages	283	36	319	282	33	315
TOTAL EMPLOYER MEMBERS	**532**	**386**	**918**	**531**	**380**	**911**

* Includes Rehired Retirees.

BENEFITS

Plan benefits are established under ORC Chapter 742. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's allowable average annual salary.

Allowable average annual salary is subject to certain statutory and administrative limitations. Not all salary, earnings, or compensation may be used in the calculation. OP&F calculates allowable average annual salary as follows:

- For members with less than 15 years of service credit as of July 1, 2013, allowable average annual salary is an average of the five years of highest allowable earnings; regardless of when in their career the highest years occurred. Allowable average annual salary means one-fifth of the total salary during the five years for which the total allowable earnings were greatest.
- For OP&F members with 15 or more years of service credit as of July 1, 2013, allowable average annual salary is an average of the three years of highest allowable earnings; regardless of when in their career the highest years occurred. Allowable average annual salary means one-third of the total salary during the three years for which the total allowable earnings were greatest.

NORMAL SERVICE RETIREMENT

ELIGIBILITY

- For members hired into an OP&F-covered position after July 1, 2013, minimum retirement age is 52 with at least 25 years of service credit.

- For members hired into an OP&F-covered position on or before July 1, 2013, minimum retirement age is 48 with 25 years of service credit.

BENEFIT

An annual pension equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit, and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

SERVICE COMMUTED RETIREMENT

ELIGIBILITY

- For members hired into an OP&F-covered position after July 1, 2013, the minimum retirement age is 52, they must have at least 15 years of service credit and 25 years have elapsed from the date of their full-time hire.
- For members hired into an OP&F-covered position on or before July 1, 2013, the minimum retirement age is 48, they must have at least 15 years of service credit and 25 years have elapsed from the date of their full-time hire.

BENEFIT

An annual pension equal to 1.5 percent of the allowable average annual salary multiplied by the number of full years of service credit.

AGE/SERVICE COMMUTED RETIREMENT

ELIGIBILITY

Age 62, 15 years of service credit and still working as a full-time police officer or firefighter.

BENEFIT

An annual pension that uses the same formula as the Normal Service Retirement benefit (up to 25 years of service credit).

ACTUARIALLY REDUCED

ELIGIBILITY

For members hired into an OP&F-covered position after July 1, 2013, age 48 with 25 years of service credit.

BENEFIT

An annual pension reduced to the actuarial equivalent of the amount payable had the member retired at age 52.

OTHER BENEFITS

In addition to retirement benefits, OP&F also provides disability, survivor, and Death Benefit Fund (DBF) benefits. Disability benefits are available to all members and vary by length of service and type of disability. Statutory survivor benefits are specified dollar amounts paid to eligible surviving spouse, children and dependent parents upon the death of an active member or retiree. A one-time lump sum death benefit of $1,000 is payable to the surviving spouse, designated beneficiary or estate, as applicable, of each deceased retired member.

OP&F also administers the Ohio Public Safety Officers DBF, which is funded by the State of Ohio and provides special benefits to eligible survivors of public safety officers who are killed in the line of duty or who die from injuries or disease incurred in the performance of official duties. If the public safety officer had not qualified for age and service retirement these eligible survivors are entitled to receive the member's full base pay, which will be reduced at the member's retirement eligibility date. If the public safety officer would have qualified for age and service retirement, the survivors are eligible for a transitional benefit equal to 50 percent of the monthly base pay. The transitional benefit is paid in addition to any optional payment that may have been selected.

DEFERRED RETIREMENT OPTION PLAN

Effective January 2003, DROP is an optional benefit that allows eligible police officers and firefighters to accumulate a lump sum of money for retirement, subject to the member meeting certain criteria.

At Dec. 31, 2014 and 2013, 3,825 and 3,745 members, respectively, were enrolled in the DROP program, with total values of the DROP accounts equalling $1,304.2 million and $1,245.6 million, respectively.

ELIGIBILITY

When a member is eligible for a normal service retirement they can enter DROP by delaying retirement and continuing to work as a full-time police officer or firefighter.

- For members hired into an OP&F-covered position after July 1, 2013, normal service retirement eligibility is age 52 with at least 25 years of service credit.
- For members hired into an OP&F-covered position on or before July 1, 2013, normal service retirement eligibility is age 48 with at least 25 years of service credit.

BENEFIT

DROP is a cost neutral benefit offered by OP&F. Upon the DROP effective date, the member's pension is calculated as if that were their date of retirement. While the member continues to work and draw their normal salary, the amount they would have received in retirement benefits, a portion of their ongoing OP&F employee contributions and interest, accumulate tax-deferred at OP&F on their behalf. Since the member's pension has already been calculated:

- The years of DROP service do not apply towards the member's normal service retirement.
- If a member earns a higher salary after their DROP effective date due to a raise, job promotion, etc., it will not be used to recalculate their pension and, therefore, will not result in that member receiving a higher pension upon retirement.

The DROP interest rate is set by administrative rule and is subject to change at any time. OP&F credits interest to all DROP balances each month at a rate equal to the 10-year United States Treasury Note Business Day Series, as published by the U.S. Department of the Treasury, with a cap of five percent. This variable interest rate is adjusted quarterly to match the published 10-year U.S. Treasury Note Business Day Series rate for the last trading business day of the preceding quarter and is in effect for the subsequent quarter.

Members whose election to participate in DROP is effective after July 1, 2013 do not qualify for annual cost-of-living allowances (COLA) at any time during DROP. Members whose election to participate in DROP is effective on or before July 1, 2013 will continue to receive a cost-of-living allowance during DROP, but only when they reach 55 years of age and have been participating in DROP for at least one year. Those members whose enrollment date into DROP qualify them for a cost-of-living allowance during DROP will receive three percent of their base pension.

Member contributions are credited to their DROP account based on the number of years of DROP service. For those members whose election to participate in DROP is effective after July 1, 2013, OP&F applies contributions to DROP in the following manner:

Years of DROP Service	Percentage of Member Contributions
Years 1-3	50 percent of member's contributions
Years 4-5	75 percent of member's contributions
Years 6-8	100 percent of member's contributions

For this group of members, the minimum participation in DROP, without penalty, is five years and the maximum is eight years.

- If a member terminates employment within the first five years of joining DROP, then the member forfeits all of their DROP interest. In addition to losing their accumulated interest, members who choose to terminate employment before completing their required participation period cannot withdraw any of the funds in their DROP account until the minimum participation period has expired. The only exception to this rule is if the member dies during the minimum participation period. The member's surviving spouse, designated beneficiary or estate, as applicable, will receive the entire DROP account balance determined at the time of death.
- If a member chooses to continue working after eight years in DROP, the member forfeits all DROP benefits and receives the Normal Service Retirement benefit upon retirement, which will be calculated to include the service credit and salary earned during the DROP participation period.

For those members whose election to participate in DROP was on or before July 1, 2013, member contributions are applied to DROP under the following schedule:

Years of DROP Service	Percentage of Member Contributions
Years 1-2	50 percent of member's contributions
Year 3	75 percent of member's contributions
Years 4-8	100 percent of member's contributions

For this group of members, the minimum participation in DROP, without penalty, is three years and the maximum is eight.

- If a member terminates employment within the first three years of joining DROP, then the member forfeits all of their DROP interest. In addition to losing their accumulated interest, members who choose to terminate employment before completing their required participation period cannot withdraw any of the funds in their DROP account until the minimum participation period has expired. The only exception to this rule is if the member dies during the minimum participation period. The member's surviving spouse, designated beneficiary or estate, as applicable will receive the entire DROP account balance determined at the time of death.
- If a member chooses to continue working after eight years in DROP, the member forfeits all DROP benefits and receives the Normal Service Retirement benefit upon retirement, which will be calculated to include the service credit and salary earned during the DROP participation period.

All DROP members retiring before the eight-year maximum participation period will receive their Normal Service Retirement benefit determined at the time of DROP entry, with the COLA adjustment (if applicable) to date of retirement when eligible. These members will also receive the DROP account balance as a lump sum or monthly annuity.

If a member dies while participating in DROP, the member's surviving spouse, designated beneficiary or estate, as applicable, will receive the entire DROP account balance determined at the time of death. The surviving spouse or contingent dependent beneficiary will receive the greater of the retirement allowance made at the time of DROP entry or the Normal Service Retirement benefit paid with COLA adjustments (if applicable) to the date of death, paid as if the member had elected a 50 percent joint and survivor option at death. All other statutory death benefits will apply.

If the member becomes disabled while in DROP, and has not terminated employment, the member must choose between receiving a disability benefit or DROP and a service retirement benefit. If the member stays in DROP, the disability benefit is forfeited. If the member chooses the disability benefit, the member forfeits all DROP benefits and receives the disability benefit, with service credit during the DROP period included.

REFUNDS

Upon termination of employment, members may withdraw their accumulated employee contributions on deposit with OP&F. Acceptance of a refund cancels the member's rights and benefits in OP&F. Employer contributions to OP&F are not refundable.

HEALTH CARE

OP&F sponsors a comprehensive health care program for eligible benefit recipients and their eligible dependents administered by a third party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. The program includes medical, prescription drugs , dental, vision and reimbursement of Medicare Part B premiums. Benefit recipients pay a portion of the health care cost through a monthly contribution.

Under Ohio law, health care costs paid from the funds of the plan are included in the employer contribution rates, which are currently 19.5 percent and 24 percent of salaries for police and fire employers, respectively. From Jan. 1, 2014 through the present, the Board of Trustees has allocated employer contributions equal to .5 percent of annual covered payroll to the Health Care Stabilization Fund (HCSF). From June 1, 2013 through Dec. 31, 2013, the Board of Trustees allocated employer contributions equal to 2.85 percent of annual covered payroll to the HCSF. From Jan. 1, 2013 through May 31, 2013 the Board of Trustees allocated employer contributions equal to 4.69 percent of annual covered payroll to the HCSF. In 2012, the Board of Trustees allocated employer contributions equal to 6.75 percent of annual covered payroll to the HCSF. The HCSF is part of the Pension Reserve Fund.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

HEALTH CARE PLAN

The funded status of the Pension and Health Care plan as of Jan. 1, 2014, the most recent actuarial valuation date, is as follows:

SCHEDULE OF FUNDING STATUS FOR THE VALUATION YEAR ENDING JAN. 1, 2014

RETIREE HEALTH CARE TRUST FUND (DOLLARS IN MILLIONS)*

Valuation Year Jan. 1	Valuation Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Ratio of Assets to AAL	Active Member Payroll	UAAL as Percentage of Active Member Payroll
2014	$1,053.5	$5,244.5	$4,191.0	20.1%	$1,942.3	215.8%

* See page 40 for multi-year trend information.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

RETIREE HEALTH CARE BENEFITS – HEALTH CARE TRUST FUND

Valuation date: Jan. 1, 2014
Actuarial cost method: Entry Age
Amortization method: Level percent of payroll, open
Remaining amortization period: 30 years
Funding Ratio: 20.01%
Asset valuation method: Fair Value

ACTUARIAL ASSUMPTIONS:

Investment return (discount rate)	4.25%
Projected salary increases	4.25%–11.00%
Payroll increases	3.75%
Inflation assumption	3.25%

Health Care Cost Trends	Initial Rate 3 years 2014 to 2015	2015 to 2016	2016 to 2017	Ultimate Rate	Ultimate Year
Non-Medicare	3.50%	7.00%	6.50%	4.50%	2020
Non-AARP	3.50%	7.00%	6.50%	4.50%	2020
AARP	6.25%	6.00%	5.75%	4.50%	2020
Rx Drug	1.90%	7.00%	6.50%	4.50%	2020
Medicare Part B	5.50%	5.40%	5.30%	5.00%	2019

OP&F's retiree health care plan is partially funded. The discount rate is a blended rate based on the plan and employer rates of return, using the plan rate times the percentage of the Annual Required Contributions (ARC) contributed and the employer rate times the percentage not contributed.

4 – CONTRIBUTIONS AND RESERVES

CONTRIBUTIONS

The ORC Chapter 742 requires contributions by active members and their employers. Contribution rates are subject to annual review by the ORSC. Additionally, an actuary is used to determine the actuarial implications of the requirement. The adequacy of contribution rates is determined annually using the entry age normal actuarial cost method. Rates are at the statutory maximums and the maximum rates have been taken into consideration in the projection of pension benefits for financial accounting measurement purposes.

Rates established by the ORC July 2, 2014 through Dec. 31, 2014:

Percent of active member payroll	Police	Fire	Percent Contributed
Member	11.50%	11.50%	100%
Employer	19.50%	24.00%	100%
TOTAL STATUTORY RATE *	**31.00%**	**35.50%**	**100%**

* Combined member and employer contributions as a percentage of the total active member payroll required and made July 2, 2014 through Dec. 31, 2014.

Rates established by the ORC July 2, 2013 through July 1, 2014:

Percent of active member payroll	Police	Fire	Percent Contributed
Member	10.75%	10.75%	100%
Employer	19.50%	24.00%	100%
TOTAL STATUTORY RATE *	**30.25%**	**34.75%**	**100%**

* Combined member and employer contributions as a percentage of the total active member payroll required and made July 2, 2013 through Dec. 31, 2013, and Jan 1, 2014 through July 1, 2014.

Rates established by the ORC Jan. 1, 2013 through July 1, 2013:

Percent of active member payroll	Police	Fire	Percent Contributed
Member	10.00%	10.00%	100%
Employer	19.50%	24.00%	100%
TOTAL STATUTORY RATE *	**29.50%**	**34.00%**	**100%**

* Combined member and employer contributions as a percentage of the total active member payroll required and made Jan. 1, 2013 through July 1, 2013.

The ORC establishes the length of the amortization period for unfunded pension liability as the primary measure of OP&F's financial status, with a period of 30 years or less being considered satisfactory. This 30-year target was to be attained by Dec. 31, 2006 and maintained thereafter. As of Jan. 1, 2014, the amortization period was 33 years. On Sept. 26, 2012, Ohio signed into law the 30-year funding plan OP&F submitted to ORSC. This pension legislation increased the active member contribution rate from 10 percent to 12.25 percent in annual increments of 0.75 percent each year beginning on July 2, 2013, with the final scheduled increase occuring on July 2, 2015.

The chart below summarizes the member and employer contributions for 2014 and 2013:

SUMMARY OF MEMBER AND EMPLOYER CONTRIBUTIONS

Year Ending Dec. 31	Police Member Contributions	Police Employer Contributions	Percent Contributed	Fire Member Contributions	Fire Employer Contributions	Percent Contributed
2014	$119,721,439	$205,615,523	100%	$104,267,616	$222,273,067	100%
2013	113,580,917	200,944,545	100%	97,892,880	217,238,099	100%

In accordance with the ORC, the State of Ohio is required to contribute additional amounts to finance the cost of certain state-legislated benefit improvements. The total amount contributed by the State of Ohio was $500 thousand and $531 thousand for the years ended Dec. 31, 2014 and 2013, respectively.

LOCAL FUNDS RECEIVABLE

Local governments are required by state statute to pay the unfunded portion of the actuarially-determined liability of the local police and firefighter's relief and pension funds that were merged to form OP&F in 1967. The ORC designates this obligation of the local governments to the "Employers' Accrued Liability." Interest on the outstanding balance is being accrued at the rate of 4.25 percent, compounded semi-annually. Local governments began repayment in 1969 and payments are required to be made until 2035. Between 1969 and 1973, payments of principal and interest were received at incremental semi-annual rates ranging from two percent to four percent of the original receivable balance. Between 1973 and 2035, semi-annual payments of principal and interest are required to be made by the local governments at a rate of five percent of the original receivable balance. The underpaid balance due at Dec. 31, 2014 and 2013, respectively, includes $86,852 and $89,240 due from local governments, which had previously underpaid their semi-annual payment and from local governments that joined OP&F subsequent to 1967 according to a 20-year payment plan.

The following is a summary of the amounts due on the local funds receivable:

Year ending December 2015	$1,868,431
Year ending December 2016	1,868,431
Year ending December 2017	1,868,431
Year ending December 2018	1,868,431
Year ending December 2019	1,868,431
Thereafter	28,342,549
TOTAL PROJECTED PAYMENTS	**37,684,704**
Less future interest portion	(12,429,267)
BALANCE AT DEC. 31, 2014	**$25,255,437**

RESERVES

The ORC requires that several reserve funds be maintained annually for tracking fund activities for both police and fire. Each year-end the reserve funds are managed and allocations are done to reflect the revenue and expense activities and funding balance transfers due to changes in membership status from active to retired.

The Guarantee Fund and Expense Fund are always zero at the end of each year as they are used to fund the Pension Reserve Fund from investment gains and losses and to account for the Administrative Operating Expenses.

As required by the ORC, the following accounts have been established for the reserves held for current and future benefits and are separated between police and fire:

The Police Officers' and Firefighters' Contribution Fund
This fund accumulates the contributions deducted from the salaries of members. Upon retirement, a member's accumulated contributions are transferred to the Police Officers' and Firefighters' Pension Reserve Fund.

The Police Officers' and Firefighters' Employers' Contribution Fund
This fund is the depository for employer contributions. Based on actuarial valuations, amounts are transferred from this account to the Police Officers' and Firefighters' Pension Reserve Fund.

The Police Officers' and Firefighters' Pension Reserve Fund
This fund is the account from which all retirement, disability, DROP, health care and survivor benefits are paid. Included in this Fund is the Health Care Stabilization Fund from which payments for the health care benefits are made. Amounts are transferred into the Pension Reserve Fund from the Contribution Funds and the Guarantee Fund.

The Guarantee Fund
This fund records all investment earnings of OP&F. In addition, contributions from the State of Ohio, exclusive of death benefit contributions, are recorded in this fund. Annually, investment earnings are transferred to the Pension Reserve Fund and the Expense Fund, as defined below.

Ohio law provides that any deficit occurring in any other fund that will not be covered by payments to that fund, as otherwise provided by sections 742.01 to 742.61 of the ORC, must be paid by transfers of amounts from the Guarantee Fund to such fund or funds. Should the amount in the Guarantee Fund be insufficient at any time to meet the amounts payable therefrom, the amount of such deficiency, with regular interest, must be paid by an additional employer rate of current contributions as determined by the actuary and must be approved by the Board of Trustees of OP&F, and the amount of such additional employer contribution will be credited to the Guarantee Fund.

The Expense Fund
This fund is used to record all expenses for the administration and management of OP&F. Annually funds are transferred from the Guarantee Fund to cover expenses incurred.

Fiduciary net position held in trust for the various funds were as follows:

	2014	2013*
Members' Contribution	$2,491,312,368	$2,393,648,384
Employers' Contribution	2,701,051,670	2,907,876,555
Pension Reserve	9,293,025,000	8,918,087,000
TOTAL	**$14,485,389,038**	**$14,219,611,939**

* Effective Jan. 1, 2013 OP&F had a change in accounting principle with retrospective application. For more information see the Notes to the Basic Financial Statements, note number two.

5 – CASH AND INVESTMENTS

CASH AND INVESTMENTS

A summary of cash and short-term securities and investments held at Dec. 31, 2014 and 2013 is as follows:

Category	2014 Fair Value	2013 Fair Value
Cash and Cash Equivalent*	$ 1,017,367,791	$ 650,131,430
U.S. Government Obligations	91,757,899	350,091,438
U.S. Government Agencies	19,868,606	23,393,524
U.S. Government Treasury STRIPS**	107,018,327	96,351,349
Municipal Bond Obligations	1,515,741	5,599,250
Corporate Bonds and Obligations	1,804,769,995	1,886,172,148
Domestic Commingled Bonds	758,473,421	355,464,546
Mortgage and Asset-Backed Obligations	372,731,146	460,202,991
Non U.S. Bonds	386,713,055	317,807,744
Domestic Stocks	1,626,191,933	1,628,905,015
Domestic Pooled Stocks	2,117,847,097	2,134,610,631
International Equities	2,778,182,562	3,445,730,599
Real Estate	1,448,968,196	1,299,051,913
Commercial Mortgage Funds	37,973,026	37,435,551
Private Equity	746,378,386	630,467,741
Private Debt	142,676,127	–
Timber	190,634,093	151,680,688
Master Limited Partnerships	783,177,936	675,116,080
GRAND TOTAL	**$14,432,245,337**	**$14,148,212,638**

The investment type classification is based on the characteristics of the individual securities.
*Cash and cash equivalents are included in cash and short-term investments on the Statement of Fiduciary Net Position.
** STRIPS = Separate Trading of Registered Interest and Principal Securities.

MONEY WEIGHTED RETURN ON INVESTMENT

The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended Dec. 31, 2014, the annual money weighted rate of return on investments, net of investment expense was 6.54%.

CUSTODIAL CREDIT RISK

The custodial credit risk for **deposits** is the risk that, in the event of the failure of a depository financial institution, an organization will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for **investments** is the risk that, in the failure of the counterparty to a transaction, an organization will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

In accordance with ORC 135.18, the Ohio Treasurer of State, the statutory custodian for OP&F, requires that the amount in any demand deposit account not covered by federal deposit insurance be collateralized with securities permitted under ORC 135.18 at 102 percent of the value of the cash. Collateral is held in the Ohio Treasurer of State's name by a third party trustee for the benefit of OP&F. All of OP&F's depository-eligible securities are held in the custodial bank or its agent's nominee, for the benefit of OP&F. Any physical securities are held in the vaults of the custodial bank, or its agent. The custodial bank provides book entry accounting for OP&F's real estate and private market assets. The custody agreement between the custodial bank and the Ohio Treasurer of State has historically restricted the right of the custodial bank or its agents from putting any right, charge, security interest, lien or claim of any kind on the securities they hold. Despite OP&F objections, the Ohio Treasurer of State allowed language in the custody agreement that grants a security interest in OP&F assets. The cash held in foreign local banks for immediate settlement of pending trade transactions are not collateralized.

Deposits exposed to Custodial Credit Risk as of Dec. 31, 2014 and 2013

	2014	2013
Uninsured deposits collateralized with securities held by the pledging financial institution	$508,866	$2,008,954
Uninsured and uncollateralized deposits	$2,388,021	$3,581,288

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating institution. OP&F's risk management policy over credit risk is based on the type of fixed income instruments. For credit risk purposes, OP&F classifies its fixed income securities into three main types: core, high yield and short-term fixed income. The credit risk policies related to these types are as follows:

CORE FIXED INCOME

OP&F's four core fixed income portfolios, all managed externally, contain government, mortgage and asset-backed securities, U.S. Agency and corporate bonds. These external managers invest in securities based on guidelines provided by the OP&F Board of Trustees. It is the policy of OP&F that a security in the core fixed income portfolio shall be rated BBB- or better by two standard rating services at the time of purchase. OP&F allows some of its investment managers to purchase securities that are "not rated" as long as they deem these securities to be at least equivalent to the minimum ratings at the time of purchase.

- Government instruments include those issued by the U.S. Treasury as well as fixed income instruments, other than mortgage-backed securities, of an agency or instrumentality of the U.S. government.
- Mortgage-backed instruments include collateralized mortgage obligations and Real Estate Mortgage Investment Conduits (REMIC's), whose payment of principal and interest is insured by the full faith and credit of the U.S. government, or an agency or instrumentality thereof. Also included in this category are secured assets issued by Government National Mortgage Association (GNMA) project loans, pools and participation certificates, Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC).
- U.S. Agency debt instruments include unsecured or uncollateralized securities issued by U.S. government agencies and government sponsored enterprises.
- Corporate bonds consist of debt instruments issued by domestic corporations or U.S. dollar-denominated debt issued by foreign entities and managed by a U.S. based investment manager.
- Global Inflation Protected Securities consist of bonds whose principal accrues with inflation during the life of the security and the entire accrued principal is paid out at maturity. Secondly, regular coupon payments are based on real rate of return since the interest payments are calculated on the inflation-accrued principal rather than on the nominal principal.

The following tables show ratings by asset class in OP&F's fixed income portfolio as of Dec. 31, 2014 and 2013:

RATINGS BY ASSET CLASS – 2014

S&P Ratings	Corporate Bond Obligations	Domestic Commingled Bonds	Mortgage and Asset-Backed Securities	Municipal Bond Obligations	Non-U.S. Bonds	U.S. Government Agencies	U.S. Government Treasury STRIPS	U.S. Government Treasury Obligations	GRAND TOTAL
AAA	$7.817.088	$ -	$59,641,043	$101,622	$386,713,055	$ -	$ -	$- -	$454,272,808
AA+	12,612,518	315,001,091	259,521,951	-	-	19,868,606	107,018,327	91,757,899	805,780,392
AA	4,426,209	-	2,261,829	315,083	-	-	-	-	7,003,121
AA-	19,823,373	185,010,142	758,133	653,239	-	-	-	-	206,244,887
A+	14,360,041	-	6,241,873	-	-	-	-	-	20,601,914
A	26,678,803	58,449,541	604,666	445,797	-	-	-	-	86,178,807
A-	39,261,662	142,998,797	-	-	-	-	-	-	182,260,459
BBB+	21,598,744	57,013,850	3,385,469	-	-	-	-	-	81,998,063
BBB	49,111,920	-	-	-	-	-	-	-	49,111,920
BBB-	99,613,554	-	3,421,283	-	-	-	-	-	103,034,837
BB+	220,563,276	-	707,403	-	-	-	-	-	221,270,679
BB	304,836,924	-	4,498,411	-	-	-	-	-	309,335,335
BB-	267,437,467	-	761,457	-	-	-	-	-	268,198,924
B+	209,351,262	-	1,410,501	-	-	-	-	-	210,761,763
B	255,279,404	-	350,279	-	-	-	-	-	255,629,683
B-	139,902,927	-	4,870,450	-	-	-	-	-	144,773,377
CCC+	89,130,587	-	152,569	-	-	-	-	-	89,283,156
CCC	8,320,250	-	5,600,063	-	-	-	-	-	13,920,313
CCC-	2,641,150	-	944,449	-	-	-	-	-	3,585,599
CC	-	-	3,804,738	-	-	-	-	-	3,804,738
C	-	-	710,470	-	-	-	-	-	710,470
D	102,637	-	7,322,432	-	-	-	-	-	7,425,069
FFC *	-	-	5,710,026	-	-	-	-	-	5,710,026
NR**	11,900,199	-	$51,651	-	-	-	-	-	11,951,850
GRAND TOTAL	**$1,804,769,995**	**$758,473,421**	**$372,731,146**	**$1,515,741**	**$386,713,055**	**$19,868,606**	**$107,018,327**	**$91,757,899**	**$3,542,848,190**

* FFC = Full Faith and Credit.
** NR = Not Rated.

RATINGS BY ASSET CLASS – 2013

S&P Ratings	Corporate Bond Obligations	Domestic Commingled Bonds	Mortgage and Asset-Backed Securities	Municipal Bond Obligations	Non-U.S. Bonds	U.S. Government Agencies	U.S. Government Treasury STRIPS	U.S. Government Treasury Obligations	GRAND TOTAL
AAA	$14,742,532	$ -	$69,956,588	$958,003	$317,807,744	$ -	$ -	$-	$403,464,867
AA+	15,167,273	-	312,647,386	721,385	-	23,393,524	96,351,349	350,091,438	798,372,355
AA	6,443,126	-	1,413,715	738,953	-	-	-	-	8,595,794
AA-	22,983,612	118,297,758	880,458	1,266,241	-	-	-	-	143,428,069
A+	24,411,001	-	8,803,932	948,638	-	-	-	-	34,163,571
A	49,841,704	118,206,187	2,284,979	966,030	-	-	-	-	171,298,900
A-	75,961,599	59,448,188	-	-	-	-	-	-	135,409,787
BBB+	41,092,068	59,512,413	6,466,105	-	-	-	-	-	107,070,586
BBB	64,949,384	-	80,592	-	-	-	-	-	65,029,976
BBB-	141,245,799	-	3,652,342	-	-	-	-	-	144,898,141
BB+	160,678,913	-	1,391,991	-	-	-	-	-	162,070,904
BB	252,826,167	-	2,647,707	-	-	-	-	-	255,473,874
BB-	340,713,510	-	-	-	-	-	-	-	340,713,510
B+	197,373,705	-	3,440,473	-	-	-	-	-	200,814,178
B	200,698,976	-	44,202	-	-	-	-	-	200,743,178
B-	123,216,006	-	4,575,004	-	-	-	-	-	127,791,010
CCC+	122,891,001	-	167,340	-	-	-	-	-	123,058,341
CCC	16,590,861	-	18,156,017	-	-	-	-	-	34,746,878
CCC-	1,609,425	-	442,496	-	-	-	-	-	2,051,921
CC	4,947,063	-	6,238,512	-	-	-	-	-	11,185,575
C	154,125	-	315,538	-	-	-	-	-	469,663
D	3,142,700	-	8,914,012	-	-	-	-	-	12,056,712
FFC	-	-	7,178,030	-	-	-	-	-	7,178,030
NR	4,491,598	-	505,572	-	-	-	-	-	4,997,170
GRAND TOTAL	**$1,886,172,148**	**$355,464,546**	**$460,202,991**	**$5,599,250**	**$317,807,744**	**$23,393,524**	**$96,351,349**	**$350,091,438**	**$3,495,082,990**

HIGH YIELD FIXED INCOME

As of Dec. 31 2014, OP&F had six high yield fixed-income portfolios, of which five invested in publicly traded securities and one in private debt. All these portfolios were managed externally. The high yield bond asset class consists of the portion of the U.S. corporate bond market that is rated below BBB- by Standard & Poor's 500 (S&P) or below Baa3 by Moody's. Accordingly, credit risks associated with these bonds are greater than with core fixed income bonds. OP&F's policy is to invest in high yield bonds issued by U.S. Corporations with a minimum credit rating of CCC or equivalent. OP&F allows some of its investment managers to purchase securities that are "not rated" as long as they deem these securities to be at least equivalent to the minimum ratings at the time of purchase. It is possible after purchase that the security is downgraded. In the event of an investment guideline violation and in the event of a security downgrade, such that the ratings (Moody's, S&P, or Fitch Investor's Service) are below the allowable minimum security quality, the investment manager will inform OP&F in writing within five business days of such violation. Such notice will include the action the Manager intends to take with regard to the violation and over what time period that action will be taken. Both the method and timing of the violation resolution must be agreeable to OP&F.

SHORT-TERM INVESTMENTS

The short-term investment portfolio consists mainly of commercial paper. OP&F's policy is that, at the time of purchase, the short-term instrument must be rated within the two highest classifications established by two standard rating services. However, it is possible that after the purchase the ratings could change. The following table lists the commercial paper ratings as of Dec. 31, 2014 and 2013.

S&P/Moody's Rating	Fair Value 2014	Percent 2014	Fair Value 2013	Percent 2013
A-1/P-1	$32,744,582	8.71%	$66,293,766	22.02%
A-2/P-1	80,232,767	21.35%	45,999,268	15.28%
A-2/P-2	262,834,708	69.94%	188,803,722	62.70%
GRAND TOTAL	**$375,812,057**	**100.00%**	**$301,096,756**	**100.00%**

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income investments. OP&F primarily uses effective duration to measure the interest rate risk of the core fixed income portfolio. Each investment manager is required to monitor and report the effective duration on a monthly basis. The effective duration of the portfolio is required to be +/- a certain percentage of the benchmark's duration. The benchmark for the U.S. fixed income portfolio (the Barclays Capital U.S. Aggregate Bond Index) had 5.97 years and 5.57 years effective duration as of Dec. 31, 2014 and 2013, respectively. The benchmark for the Non-U.S. fixed income portfolio (which is a custom weighted-average mix of the Barclays country indexes within the Global Inflation-Linked Bond Index) had 15.16 years and 14.10 years effective duration as of Dec. 31, 2014 and 2013, respectively.

Duration is a measure of a fixed income security's cash flows using present values, weighted for cash flows as a percentage of the investment's full price. The duration measurement used is "effective duration" and is provided for each core fixed income portfolio and for the composite of all portfolios. All core fixed income managers are given a range of permissible durations around the duration of their benchmark index. Since portfolio level duration is the best measure of interest rate risk, OP&F does not require its managers to measure or report on the duration of each security sector. OP&F does not measure the duration of their high yield portfolios because interest rate risk is a very small part of the total risk of high yield securities. The major risks for high yield bonds are credit risk and interest rate spread risk. The following table lists the effective duration for OP&F's fixed-income portfolio as of Dec. 31, 2014 and 2013.

Investment Type	Fair Value 2014	Effective Duration 2014	Fair Value 2013	Effective Duration 2013
U.S. Government Treasury Obligations	$91,757,899	5.19	$ 88,908,138	4.62
U.S. Government STRIPS	107,018,327	7.26	96,351,349	6.51
U.S. Government Agencies	19,868,606	5.54	23,393,524	5.22
Mortgage and Asset-Backed Securities	372,731,146	2.98	460,202,991	3.10
Municipal Bond Obligations	1,515,741	16.56	5,599,250	11.96
Corporate Bond Obligations**	167,666,710	3.76	290,007,526	4.58
Domestic Commingled Bonds*	443,472,330	2.32	355,464,546	4.32
U.S. FIXED INCOME EFFECTIVE DURATION	**$1,204,030,759**	**3.45**	**$1,319,927,324**	**4.18**
Non-U.S. Government Bonds***	386,713,055	-	317,807,744	-
TOTAL FIXED INCOME EFFECTIVE DURATION	**$1,590,743,814**	**3.45**	**$1,637,735,068**	**4.18**

* Investment of $315,001,091 for 2014 and $261,183,300 for 2013 both in an inflationary linked bond fund is excluded from duration.

** High yield bonds are excluded from duration.

*** The Non-U.S. Government Bonds consists of international inflationary securities. This investment type is excluded from duration.

COLLATERALIZED MORTGAGE OBLIGATIONS

In general, mortgage-backed securities entitle their holders to receive both principal and interest payments from the payments made by the borrowers of the underlying mortgages over the lives of those loans. The life of the mortgage that underlies a mortgage-backed security can be shortened by several economic events, including borrower refinancing. When interest rates fall and remain very low, a growing number of borrowers will refinance their existing loans causing mortgage-backed security holders to be repaid more quickly than anticipated. This early repayment is a form of market risk assumed by OP&F and other owners of mortgage-backed securities.

To the contrary, when interest rates begin to rise, the refinancing of existing mortgages begins to slow. If the rates remain high for long periods of time, fewer borrowers refinance their mortgages. This causes mortgage-backed security holders to be repaid over longer periods of time. This prolonged repayment is known as extension risk and is another form of market risk assumed by OP&F and other owners of mortgage-backed securities.

These securities are based on cash flows from interest payments on underlying loans. Therefore, they are sensitive to prepayments by the debtor, which may result from a decline in interest rates.

VARIABLE RATE SECURITIES

OP&F's core fixed income and high yield managers are permitted to hold variable-rate coupons whose rates may vary directly or inversely with changes in a related interest rate. As of Dec. 31, 2014 and 2013, OP&F did not hold any security with a variable-rate coupon that had a multiplier greater than one or any security with an inverse variable rate.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. OP&F does not permit more than 10 percent of the core fixed income portfolio to be invested in the securities of any one issuer, and no more than five percent in any one issue on a dollar duration basis, with the exception of U.S. Government or Agency securities. For the high yield portfolio, no more than 10 percent of the entire portfolio at market shall be invested in securities of a single issue or issuer, unless otherwise approved by the Board of Trustees. At Dec. 31, 2014 and 2013, OP&F did not hold investments in any one issuer that represented five percent or more of OP&F's net assets.

SECURITIES LENDING

OP&F participates in domestic and international securities lending programs, as authorized by the Board of Trustees. Securities are loaned to investment broker/dealers (borrower). Securities loaned are collateralized by the borrower at 102 percent of the domestic and 105 percent of the international loaned securities' fair value. OP&F has minimized its exposure to credit risk due to borrower default by having the lending agent bank determine daily that required collateral meets the specified collateral requirements. There are no restrictions on the amount of the securities that can be loaned. Contracts with lending agents require them to indemnify OP&F if the borrowers fail to return the securities or fail to pay OP&F for income distributions by the securities' issuer while the securities are on loan. All securities loans can be terminated on demand and the maturities of the investments made with an acceptable form of the collateral generally matches the maturities of the securities loans.

At year end, OP&F has no credit risk exposure to borrowers because the amounts that OP&F owes the borrowers exceed the amounts the borrowers owe OP&F.

OP&F has not experienced any losses due to credit or market risk on securities lending activity since implementation of the program. OP&F does have the ability to pledge or sell collateral securities in case of a borrower default.

The following represents the balances relating to the securities lending transactions at Dec. 31, 2014 and 2013:

SECURITIES LENT AS OF DEC. 31, 2014

Securities Lent	Underlying Security	Collateral Received	Collateral Fair Value	Type of Collateral
U.S. Government and Treasuries	$183,406,335	$186,701,584	$186,701,584	Cash
Domestic Corporate Fixed Income	302,359,083	310,388,474	310,388,474	Cash
Domestic Equities	555,128,255	580,639,284	580,639,284	Cash
International Equities	113,384,803	116,543,472	116,543,472	Cash
TOTAL SECURITIES LENT	**$1,154,278,476**	**$1,194,272,814**	**$1,194,272,814**	

SECURITIES LENT AS OF DEC. 31, 2013

Securities Lent	Underlying Security	Collateral Received	Collateral Fair Value	Type of Collateral
U.S. Government and Treasuries	$169,038,373	$172,667,711	$172,667,711	Cash
Domestic Corporate Fixed Income	233,218,310	238,880,974	238,880,974	Cash
Domestic Equities	404,834,631	416,833,190	416,833,190	Cash
International Equities	63,429,476	66,686,044	66,686,044	Cash
International Equities	23,131	24,699	24,699	Securities
TOTAL SECURITIES LENT	**$870,543,921**	**$895,092,618**	**$895,092,618**	

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. OP&F's target allocation to international equity holdings was 20.8 percent as of Dec. 31, 2014. While OP&F has no specific policy regarding the international custodial credit risk, OP&F limits its international investment managers to hold five percent or less of their total portfolio in cash. Apart from cash needed for immediate settlement of pending trade transactions, (local cash awaiting repatriation), any excess cash received in OP&F's trust accounts is invested in a U.S. Dollar denominated Short-Term Investment Fund (STIF). For the years ending Dec. 31, 2014 and 2013, OP&F's exposure to foreign currency risk is as follows:

2014 EXPOSURE TO FOREIGN CURRENCY RISK

Currency	Fair Value (Cash Deposits)	Fair Value (Currency Contracts)	Fair Value (Equities)	Fair Value (Private Equities)	Total Fair Value (Cash Deposits and Securities)
Australian Dollar	$ 459,182	$(392,458)	$52,020,016	$ -	$52,086,740
Brazilian Real	81,387	-	13,502,294	-	13,583,681
British Pound	434,509	(227,868)	410,376,497	-	410,583,138
Canadian Dollar	215,196	(516,871)	89,404,301	-	89,102,626
Chilean Peso	27,661	-	8,696,281	-	8,723,942
Danish Kroner	-	-	16,213,167	-	16,213,167
Euro	153,481	(3,148,208)	597,506,602	54,237,683	648,749,558
Hong Kong Dollar	25,476	(3,818)	83,547,820	-	83,569,478
Indonesian Rupiah	27,393	-	7,605,555	-	7,632,948
Japanese Yen	448,885	46,543	300,283,487	-	300,778,915
Malaysian Ringgit	2,483	-	1,657,226	-	1,659,709
Mexican Peso	7,359	-	3,143,883	-	3,151,242
New Turkish Lira	-	-	4,735,281	-	4,735,281
New Zealand Dollar	38,515	-	3,743,885	-	3,782,400
Norwegian Krone	256	-	2,737,991	-	2,738,247
Philippian Peso	-	-	1,075,095	-	1,075,095
Polish Zloty	-	-	4,502,049	-	4,502,049
Singapore Dollar	24,511	-	25,136,808	-	25,161,319
South African Rand	-	-	9,681,811	-	9,681,811
South Korean Won	6	-	41,244,855	-	41,244,861
Swedish Krona	52	(414,805)	22,420,005	-	22,005,252
Swiss Franc	441,518	-	220,216,406	-	220,657,924
Taiwanese New Dollar	-	-	26,792,759	-	26,792,759
Thailand Baht	-	-	9,558,942	-	9,558,942
GRAND TOTAL	**$2,387,870**	**$(4,657,485)**	**$1,955,803,016**	**$54,237,683**	**$2,007,771,084**

2013 EXPOSURE TO FOREIGN CURRENCY RISK

Currency	Fair Value (Cash Deposits)	Fair Value (Currency Contracts)	Fair Value (Equities)	Fair Value (Private Equities)	Total Fair Value (Cash Deposits and Securities)
Australian Dollar	$416,877	$ -	$45,423,954	$ -	$45,840,831
Brazilian Real	-	-	14,853,489	-	14,853,489
British Pound	351,276	(1,495,627)	572,412,377	-	571,268,026
Canadian Dollar	176,046	10,736	91,918,432	-	92,105,214
Chilean Peso	-	-	626,845	-	626,845
Danish Kroner	-	-	40,428,436	-	40,428,436
Euro	127,606	(361,827)	788,081,879	46,313,880	834,161,538
Hong Kong Dollar	17,645	8	153,581,450	-	153,599,103
Indonesian Rupiah	-	-	1,162,185	-	1,162,185
Japanese Yen	-	4,342,680	417,888,400	-	422,231,080
Malaysian Ringgit	-	-	4,613,222	-	4,613,222
Mexican Peso	-	-	10,426,242	-	10,426,242
New Turkish Lira	-	-	2,543,707	-	2,543,707
New Zealand Dollar	40,558	422	255,808	-	296,788
Norwegian Krone	316	-	7,360,680	-	7,360,996
Philippian Peso	-	-	750,166	-	750,166
Polish Zloty	-	-	4,087,497	-	4,087,497
Singapore Dollar	25,725	-	20,441,224	-	20,466,949
South African Rand	-	-	12,950,637	-	12,950,637
South Korean Won	1	-	37,588,289	-	37,588,290
Swedish Krona	63	(24,739)	39,595,371	-	39,570,695
Swiss Franc	493,298	-	215,550,360	-	216,043,658
Taiwanese New Dollar	1,304,862	-	18,478,045	-	19,782,907
Thailand Baht	-	-	5,219,876	-	5,219,876
GRAND TOTAL	**$2,954,273**	**$2,471,653**	**$2,506,238,571**	**$46,313,880**	**$2,557,978,377**

DERIVATIVES

Derivatives are generally defined as investment instruments whose value depends on, or is derived from, the value of an underlying asset, reference rate, or index.

OP&F has classified the following as derivatives:

- Mortgage and Asset-Backed Securities: OP&F invested in Planned Amortization Class and Sequential Pay Real Estate Mortgage Investment Conduit bonds issued by GNMA, FHLMC, and FNMA. Planned Amortization Class bonds are retired according to a payment schedule so as to have a stable average life and yield even if expected prepayment rates change within a specified broad range of prepayment possibilities. Sequential pay bonds begin to pay principal when classes with an earlier priority have paid to a zero balance. Such bonds enjoy uninterrupted payment of principal until paid to a zero balance. In terms of credit risk, the U.S. government explicitly backs GNMA mortgage securities programs and is viewed by the market as implicitly backing FHLMC and FNMA mortgage securities programs.

- Futures Contracts: Futures contracts are contracts to buy or sell units of an index or financial instrument on a specified future date at a price agreed upon when the contract is originated. OP&F had futures exposure with four external managers constituting $1.2 billion and $822.7 million of notional value as of Dec. 31, 2014 and 2013, respectively. These amounts represented 8.6 percent and 5.8 percent of the total portfolio, respectively, in each year. The 2014 increase was due to the termination of one of OP&F's active non-U.S. equity managers and the conversion of approximately 50 percent of the exposure from physical securities to synthetic futures exposure.

Converting this exposure to synthetics was done to maintain market exposure while also increasing liquidity and flexibility.

- Forward-Currency Contracts: Forward currency contracts are legal agreements between two parties to purchase and sell a foreign currency, for a price specified at the contract date, with delivery and settlement in the future. OP&F, through its external investment managers, enters into forward currency contracts to hedge underlying foreign currency exposure in its non-U.S. equity portfolios back to the U.S. dollar or to provide the quantity of foreign currency needed to settle trades. Up to June 2013, OP&F employed two external currency managers, in its portable alpha program, to manage assets in an active currency strategy that attempted to add alpha and did not function merely as a hedging vehicle. However, upon the investment committee's recommendations, in June of 2013 the Board of Trustees adopted a new U.S. Equity Investment Structure. Active currency management was eliminated as a component of the portable alpha program.

All the contracts are valued at the spot foreign exchange rate at Dec. 31, 2014 and 2013. The changes in the value of the open contracts are recognized as unrealized appreciation/depreciation. A realized gain or loss is recorded at the time of the delivery/closing of the contract. The realized gain or loss is the difference between the value of the original contract and the closing/delivery value of such contracts. Both realized and unrealized gains and losses are included in the Statement of Changes in Fiduciary Net Position as net appreciation/depreciation. The following table represents the balances of the outstanding currency transactions as of Dec. 31, 2014 and 2013:

OPEN CURRENCY CONTRACTS AS OF DEC. 31, 2014

Purpose	Fair Value (Outstanding Purchases)	Fair Value (Outstanding Sales)	Unrealized Appreciation/ (Depreciation)
Trade Settlement	$-	$-	$-
Position Hedging	342,757,448	347,414,933	(4,657,485)
GRAND TOTAL	**$342,757,448**	**$347,414,933**	**$(4,657,485)**

OPEN CURRENCY CONTRACTS AS OF DEC. 31, 2013

Purpose	Fair Value (Outstanding Purchases)	Fair Value (Outstanding Sales)	Unrealized Appreciation/ (Depreciation)
Trade Settlement	$17,058,743	$16,956,189	$102,554
Position Hedging	261,857,751	259,488,652	2,369,099
GRAND TOTAL	**$278,916,494**	**$276,444,841**	**$2,471,653**

On delivered/closed currency contracts OP&F had realized losses of $8,097,990 and $18,470,852 in 2014 and 2013, respectively.

- Options: An option is the right, but not the obligation, to buy or sell a specific amount of a given security or other financial assets at a specified price during a specified period of time. OP&F invests in options as part of its portable alpha program. OP&F did not have any exposure in options at Dec. 31, 2014.

OP&F has not violated any legal, regulatory, or contractual provisions by its participation in these types of derivative instruments and there is no known undue credit, market, or legal risk. These instruments were purchased in order to enhance OP&F's overall rate of return.

6 – DEFERRED COMPENSATION PLAN

OP&F does not sponsor a deferred compensation program. OP&F employees are eligible to participate in the deferred compensation plan sponsored by the State of Ohio. The state-sponsored plan was created in accordance with Internal Revenue Code (IRC) Section 457. The plan is available to all OP&F employees and permits them to defer a portion of their salary until future years. Deferred compensation assets are not available to employees until termination, retirement, death, or unforeseeable emergency.

IRC Section 457 requires that the amount of compensation assets deferred under a plan, all property and rights, and all income attributable to those amounts, property or rights, be held in trust for the benefit of the participants. This insulates IRC Section 457 benefits from the claims of an employer's general creditors. Accordingly, OP&F does not include the deferred compensation assets or liabilities of the Ohio Deferred Compensation Plan in its financial statements.

7 – DEFINED BENEFIT PENSION PLAN

OP&F contributes to OPERS, a cost-sharing, multiple-employer plan for all staff. OPERS administers three separate pension plans and provides retirement, disability, and survivor benefits to qualified plan members and beneficiaries. Benefit provisions and contribution requirements are established by the Ohio legislature and are codified in Chapter 145 of the ORC. OPERS issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by visiting www.opers.org/investments/cafr.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For 2014, plan members contributed 10 percent of their annual covered salary, while employers are required to contribute 14 percent. OP&F's contributions to OPERS for the years ending Dec. 31, 2014, 2013 and 2012 were $1,264,620, $1,226,897 and $1,174,837 respectively, equal to the required contributions for each year.

8 – COMPENSATED ABSENCES

As of Dec. 31, 2014, and 2013, $2.3 million, and $2.2 million, respectively, were accrued for unused vacation and sick leave for OP&F employees. To help OP&F reduce and manage the vacation liability, all employees with at least one year of continuous service as of the beginning of the current calendar year are required to use five consecutive workdays of vacation leave each year. Upon termination of employment, employees will be paid for unused vacation time that has been earned through the last day of work. Three-fourths of accrued but unused sick leave will be paid at the employee's base rate upon termination of employment.

9 – SELF-INSURED HEALTH CARE FOR EMPLOYEES OF OP&F

OP&F is self-insured for employee benefits for medical, dental, vision and hospitalization. A Third-party administrator manages the program. OP&F holds a stop-loss policy for claims over $80,000 per employee per year.

10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits described in note seven, OPERS provides post-retirement health care coverage to age and service retirees with qualifying Ohio service credit. OPERS administers a cost-sharing, multiple-employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

OPERS provides medical benefits to retired public employees of public employers who are subject to coverage under Chapter 145 of the ORC. Chapter 145 of the ORC assigns the authority to establish and amend benefit provisions to the OPERS Board of Trustees. OPERS issues a publicly available financial report that includes financial statements and required supplementary information for OPERS. That report may be obtained by visiting www.opers.org/investments/cafr.shtml, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Chapter 145 of the ORC provides that contribution requirements of the participating employers and of plan members to the OPERS (defined benefit pension plan) are established and may be amended by the OPERS Board of Trustees. Participating employers and active pension plan members are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 14 percent and 10 percent of payroll, respectively. Chapter 145 of the ORC states that the employer contribution rate may not exceed 14 percent of payroll and that the employee contribution rate may not exceed 10 percent.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, IRC Section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For the year ended Dec. 31, 2014, the employer contribution allocated to the retiree healthcare plan was two percent of employer contributions. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OPERS Board of Trustees is also authorized to establish requirements for contributions to the retiree healthcare plan by retirees or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The following chart lists OP&F's employer contributions and the amounts allocated to health care.

ANNUAL REQUIRED PENSION AND HEALTH CARE CONTRIBUTIONS

Year Ended	Pension Annual Required Contributions	Pension Percent Contributed	Health Care Annual Required Contributions	Health Care Percent Contributed
2014	$1,264,620	100%	$180,664	100%
2013	1,226,897	100%	87,636	100%
2012	1,174,837	100%	335,668	100%

11 – COMMITMENTS AND CONTINGENCIES

OP&F is a defendant in a number of lawsuits pertaining to matters that are incidental to performing routine business functions. OP&F's management is of the opinion that ultimate resolution of such claims will not result in a material, adverse effect on OP&F's financial position as of Dec. 31, 2014.

OP&F is committed to making additional capital contributions to the following investment types as of Dec. 31, 2014 and Dec. 31, 2013:

Asset Class	Unfunded Commitments	Fair Value At Dec. 31, 2014	Fair Value At Dec. 31, 2013
Private Equity*	$608,409,516	$746,378,386	$630,467,741
Private Debt**	247,093,618	142,676,127	–
Real Estate	270,224,748	1,448,968,196	1,299,051,913
Timber	236,777,479	190,634,093	151,680,688
GRAND TOTAL	**$1,362,505,361**	**$2,528,656,802**	**$2,081,200,342**

* Included in the Private Equity are four Euro based unfunded commitments totaling € 20,337,500 (€ = Euro) ($24,609,392 U.S.D.) as of Dec. 31, 2014.

** Investment in the Private Debt funds commenced in 2014.

12 – STATE OF OHIO PUBLIC SAFETY OFFICERS DEATH BENEFIT FUND

Pursuant to ORC Section 742.62, the Board of Trustees of the OP&F administers the State of Ohio Public Safety Officers Death Benefit Fund. This program was established by the State of Ohio to provide monthly benefit payments to eligible surviving family members of Ohio public safety officers who have been killed in the line of duty or die of a duty–related injury or illness. Funds are disbursed to OP&F on a quarterly basis each state fiscal year (July 1-June 30) and are paid monthly by OP&F to eligible recipients. The unused balance at June 30 is returned to the State. The Public Safety Officers Death Benefit Fund is considered to be an agency fund administered by OP&F and, accordingly, its assets of $732,073 and $1,628,232 and the related liability for unpaid benefits are included in the accompanying financial statements as of Dec. 31, 2014 and 2013, respectively.

13 – ADDITIONAL DISCLOSURES

Ohio enacted pension legislation on Sept. 26, 2012, which was implemented by OP&F in 2013 and 2012. The changes are long-term in nature and will decrease OP&F's unfunded accrued liabilities by an estimated $3.2 billion on an actuarial basis in future actuarial evaluations.

Highlights of the legislative and health care changes include:

- Increase the active member contribution rate from 10 percent to 12.25 percent, in annual increments of 0.75 percent each year beginning on July 2, 2013;
- Raise normal service retirement age from 48 to 52 for new members hired after July 1, 2013 and provides a reduced benefit option for those who still desire to retire at age 48 with 25 years of service;
- Adjust COLAs to the lesser of the Consumer Price Index or three percent for those members who have less than 15 years of service credit as of July 1, 2013;
- Delay COLAs until age 55 for all benefit recipients effective July 1, 2013, excluding statutory survivors and members receiving permanent and total disability benefits;
- Redefine average annual salary as the highest five years of allowable earnings for those members who have less than 15 years of service credit as of July 1, 2013;
- Change the minimum DROP participation period from three years to five years for members who become DROP participants after July 1, 2013;
- Eliminate COLAs during DROP for members who become DROP participants after July 1, 2013. Members already in DROP prior to that date will receive COLAs while in DROP if they are at least age 55 and have participated in the plan for 12 months;
- Reduce the percentage of the member contribution that gets credited to DROP accruals for members who become DROP participants after July 1, 2013;

- Provide a "salary benchmark" under which certain increases are excluded from salary for the purpose of determining average annual salary for members who have 15 or more years of service on or before July 1, 2013;
- Authorizes the Board of Trustees to adjust the age and service credit requirements and member contribution rate (higher or lower) beginning Nov. 1, 2017, and every five years there after, provided the actuary recommends the change;
- Make the payments of employer contributions due monthly rather than quarterly;
- Reduce the amount of employer total annual payroll allocated to the health care trust fund to allow more funding for pensions.

14 – EMPLOYERS' NET PENSION LIABILITY (SURPLUS)

The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

The schedule of Employers' Net Pension Liability presents multi-year trend information about whether the fiduciary net positions are increasing or decreasing over time relative to the total pension liability. These schedules are presented in the Required Supplementary Information section. The Total Pension Liability as of Dec. 31, 2014, is based on the results of an actuarial valuation date of Jan. 1, 2014, and rolled-forward using generally accepted actuarial procedures.

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below.

ACTUARIAL ASSUMPTIONS

Valuation date	Jan. 1, 2014
Actuarial cost method	Entry age
Investment rate of return	8.25%
Projected salary increases	4.25% - 11.00%
Payroll increases	3.75%
Inflation assumptions	3.25%
Cost-of-living adjustments	2.60% and 3.00% simple

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of Dec. 31, 2014 are summarized below:

TARGET ALLOCATIONS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalent	- %	<0.25>%
Domestic Equity	16.0%	4.47%
Non-U.S. Equity	16.0%	4.47%
Core Fixed Income*	20.0%	1.62%
Global Inflation Protected Securities*	20.0%	1.33%
High Yield	15.0%	3.39%
Real Estate	12.0%	3.93%
Private Markets	8.0%	6.98%
Timber	5.0%	4.92%
Master Limited Partnerships	8.0%	7.03%
	120.0%	

Note: Assumptions are geometric.

* Levered 2x.

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

THE COMPONENTS OF THE NET PENSION LIABILITY OF EMPLOYERS AS OF DEC. 31, 2014

Year Ending Dec. 31	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a)-(b)=(c) Net Pension Liability (Surplus)	(b) / (a) Plan Fiduciary Net Pension as a Percentage of Total Pension Liability	(d) Covered Employee Payroll	(c) / (d) Net Pension Liability (Surplus) as a Percentage of Covered Employee Payroll
2014	$18,633,864,837	$13,453,447,836	$5,180,417,001	72.20%	$1,975,281,819	262.26%

Total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payment of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 7.25 percent or one percentage point higher, 9.25 percent than the current rate.

CHANGES IN DISCOUNT RATE

Sensitivity of the Net Pension Liability to Changes in the Discount Rate at Dec. 31, 2014

	1 Percent Decrease	Current Discount Rate	1 Percent Increase
Discount Rate	7.25%	8.25%	9.25%
Total Pension Liability	$20,618,748,202	$18,633,864,837	$16,953,272,050
Plan Fiduciary Net Position	13,453,447,836	13,453,447,836	13,453,447,836
Net Pension Liability (Surplus)	$7,165,300,366	$5,180,417,001	$3,499,824,214

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY*

Total Pension Liability	Year Ending Dec. 31, 2014
Service Cost	$260,581,196
Interest	1,463,046,388
Plan Changes	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments, Including Refunds of Member Contributions	(1,126,154,321)
NET CHANGE IN TOTAL PENSION LIABILITY	597,473,263
TOTAL PENSION LIABILITY - BEGINNING	18,036,391,574
TOTAL PENSION LIABILITY - ENDING (a)	**$18,633,864,837**
Plan Fiduciary Net Position	
Contributions - Employer	$418,493,468
Contributions - Member	223,989,055
Net Investment Income	786,522,451
Benefit Payments, Including Refunds of Member Contributions	(1,126,154,321)
Administrative Expense	(15,480,687)
Other Changes	-
NET CHANGES IN PLAN FIDUCIARY NET POSITION	287,369,966
PLAN FIDUCIARY NET POSITION - BEGINNING	13,166,077,870
PLAN FIDUCIARY NET POSITION - ENDING (b)	**$13,453,447,836**
NET PENSION LIABILITY (SURPLUS) - ENDING (a)-(b)	**$5,180,417,001**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.20%
Covered Employee Payroll	$1,975,281,819
Net Pension Liability as a Percentage of Covered Employee Payroll	262.26%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY (ASSET)*

Year Ending Dec. 31	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a)-(b)=(c) Net Pension Liability (Surplus)	(b) / (a) Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	(d) Covered Employee Payroll	(c) / (d) Net Pension Liability (Surplus) as a Percentage of Covered Employee Payroll
2014	$18,633,864,837	$13,453,447,836	$5,180,417,001	72.20%	$1,975,281,819	262.26%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION TRUST FUND

Year Ending Dec. 31	(a) Statutorily Due Employer Contributions	(b) Actual Employer Contributions	(a)-(b)=(c) Contribution Deficiency (Excess)	(d) Covered Employee Payroll*	(a) / (d) Contributions as a Percentage of Covered Employee Payroll
2014	$417,993,316	$417,993,316	$-	$1,942,269,436	21.52%
2013	349,461,765	349,461,765	-	1,913,382,667	18.26%
2012	286,752,750	286,752,750	-	1,897,413,344	15.11%
2011	278,175,108	278,175,108	-	1,868,502,282	14.89%
2010	285,251,945	285,251,945	-	1,895,195,693	15.05%
2009	277,684,455	277,684,455	-	1,900,935,000	14.61%
2008	276,358,483	276,358,483	-	1,831,438,000	15.09%
2007	278,282,782	278,282,782	-	1,782,851,000	15.61%
2006	234,990,209	234,990,209	-	1,756,230,000	13.38%
2005	228,841,958	228,841,958	-	1,683,554,000	13.59%

* Actuarial Estimate.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF INVESTMENT RETURNS*

	2014
Annual Money Weighted Rate of Return, Net of Investment Expenses	6.54%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY

The total pension liability contained in this schedule was provided by the OP&F's actuary, Buck Consultants, LLC. The net pension liability is measured as the total pension liability less the amount of OP&F's fiduciary net position.

2. SCHEDULE OF EMPLOYER CONTRIBUTIONS

The required employer contributions and percent of those contributions actually made are presented in this schedule.

3. ACTUARIAL ASSUMPTIONS

The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of calculating the actually determined contribution rate. The assumptions and methods used for this actuarial valuation were recommended by the actuary and adopted by the Board of Trustees. Additional information as of the latest actuarial valuation follows.

DEFINED BENEFIT PLAN – PENSION TRUST FUND
ACTUARIAL ASSUMPTIONS

Valuation date	Jan. 1, 2014
Actuarial cost method	Entry age
Amortization method	Level percent of payroll, open
Amortization period	30 years *
Asset valuation method	4-year adjusted fair value with a corridor of 20% of the fair value.
Investment rate of return	8.25%
Projected salary increases	4.25% - 11.00%
Payroll increases	3.75%
Inflation assumptions	3.25%
Cost-of-living adjustments	2.60% and 3.00% simple

* The Annual Required Contributions for 2003-2006 were based on 40 year Amortization. Years 2007 and later use a 30-year amortization basis.

RETIREE HEALTH CARE BENEFITS – HEALTH CARE TRUST FUND
ACTUARIAL ASSUMPTIONS

Valuation date	Jan. 1, 2014
Actuarial cost method	Entry age
Amortization method	Level percent of payroll, open
Amortization period	30 years
Asset valuation method	Fair value
Investment rate of return	4.25%
Projected salary increases	4.25% - 11.00%
Payroll increases	3.75%
Inflation assumptions	3.25%

Health Care Cost Trends	Initial Rate 3 years 2014 to 2015	2015 to 2016	2016 to 2017	Ultimate Rate	Ultimate Year
Non-Medicare	3.50%	7.00%	6.50%	4.50%	2020
Non-AARP	3.50%	7.00%	6.50%	4.50%	2020
AARP	6.25%	6.00%	5.75%	4.50%	2020
Rx Drug	1.90%	7.00%	6.50%	4.50%	2020
Medicare Part B	5.50%	5.40%	5.30%	5.00%	2019

OP&F's retiree health care plan is partially funded. The discount rate is a blended rate based on the plan and employer rates of return, using the plan rate times the percentage of the ARC contributed and the employer rate times the percentage not contributed.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS FOR THE VALUATION YEAR ENDING JAN. 1, 2014

RETIREE HEALTH CARE TRUST FUND (DOLLARS IN MILLIONS)

Valuation Year Jan. 1	Valuation Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Ratio of Assets to AAL	Active Member Payroll	UAAL as Percentage of Active Member Payroll
2014	$1,053.5	$5,244.5	$4,191.0	20.1%	$1,942.3	215.8%
2013	935.6	4,234.8	3,299.2	22.1%	1,913.4	172.5%
2012	780.1	3,698.7	2,918.6	21.1%	1,897.4	153.8%
2011	717.7	3,295.3	2,577.6	21.8%	1,868.5	137.9%
2010	573.4	3,232.4	2,659.0	17.7%	1,895.2	140.3%
2009	438.7	3,163.6	2,724.9	13.9%	1,900.9	143.3%

DESCRIPTION OF SCHEDULE OF FUNDING PROGRESS

Actuarial valuations of an on-going plan involve estimates of the value of reported amounts and assumptions about the probability of occurence of events far into the future. Examples include assumptions about future mortality and cost trends.

Each time there is a loss due to demographic changes, claims experience or a discount rate change, an unfunded accrued liability is created. Also, if actual investment returns are less favorable than assumed investment returns, the difference is added to the unfunded accrued liabilities. Actuarial determined amounts are subject to continued review as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress includes two ratios that provide information about whether the financial strength of OP&F is improving or deteriorating over time. An improvement is indicated when the funded ratio (assets expressed as a percentage of the actuarial accrued liability) is increasing and the ratio of the unfunded actuarial liability to payroll is decreasing.

SCHEDULE OF EMPLOYER CONTRIBUTIONS – RETIREE HEALTH CARE TRUST FUND

Year Ending Dec. 31	(a) Statutorily Due Employer Contributions	(b) Actual Employer Contributions	(a)-(b)=(c) Contribution Deficiency (Excess)	(d) Covered Employee Payroll*	(a) / (d) Contributions as a Percentage of Covered Employee Payroll
2014	$9,895,274	$9,895,274	$-	$1,942,269,436	0.51%
2013	68,720,879	68,720,879	-	1,913,382,667	3.59%
2012	130,285,935	130,285,935	-	1,897,413,344	6.87%
2011	129,297,720	129,297,720	-	1,868,502,282	6.92%
2010	128,774,894	128,774,894	-	1,895,195,693	6.79%
2009	126,649,859	126,649,859	-	1,900,935,000	6.66%
2008	129,544,343	129,544,343	-	1,831,438,000	7.07%
2007	121,721,828	121,721,828	-	1,782,851,000	6.83%
2006	138,940,502	138,940,502	-	1,756,230,000	7.91%
2005	128,183,051	128,183,051	-	1,683,554,000	7.61%

* Actuarial Estimate.

ADDITIONAL INFORMATION

SCHEDULE OF ADMINISTRATIVE EXPENSES *

For the year ended Dec. 31,		2014	2013
Personnel Services	Salaries and Wages	$9,054,187	$9,248,507
	OPERS Contributions	1,264,620	1,226,897
	Insurance	2,319,870	2,141,212
	Fringe Benefits/Employee Recognition	15,287	16,855
	Tuition Reimbursement	16,182	14,208
	TOTAL PERSONNEL SERVICES	**12,670,146**	**12,647,679**
Professional Services	Actuarial	374,141	428,047
	Audit	108,494	102,585
	Custodial Banking Fees	691,279	960,070
	Investment Fees and Consulting	43,484,215	41,206,730
	Other Consulting (Disability, Software, Legal, and Health Care)	819,047	939,074
	Banking Expense	79,289	87,145
	TOTAL PROFESSIONAL SERVICES	**45,556,465**	**43,723,651**
Communications Expense	Printing and Postage	319,106	199,504
	Telephone	89,953	99,252
	Member/Employer Education	11,759	11,004
	Other Communications	85,200	84,000
	TOTAL COMMUNICATIONS EXPENSE	**506,018**	**393,760**
Other Operating Expense	Conferences and Education	72,795	59,276
	Travel	110,007	98,105
	Computer Technology	887,712	708,351
	Other Operating	555,416	532,551
	Warrant Clearing	1,043	1,104
	ORSC Expense	37,722	43,038
	Depreciation Expense - Capital	1,756,352	1,576,831
	TOTAL OTHER OPERATING EXPENSES	**3,421,047**	**3,019,256**
Net Building Expense (includes rent)		**1,240,853**	**1,223,276**
TOTAL OPERATING EXPENSES		**63,394,529**	**61,007,622**
Investment Expenses		**(47,194,004)**	**(45,139,130)**
NET ADMINISTRATIVE EXPENSES		**$16,200,525**	**$15,868,492**

* Includes investment related administrative expenses.

SCHEDULE OF INVESTMENT EXPENSES**

Category	2014	2013
Investment Manager Services	$42,123,017	$39,979,343
Custodial Banking Fees	691,279	960,070
Other Professional Services	1,361,198	1,227,387
Other Direct Investment Expenses	1,638,069	1,609,629
Allocation of Other Administrative Expenses	1,380,441	1,362,701
INVESTMENT EXPENSES	**$47,194,004**	**$45,139,130**

** A portion of the non-Investment Department administrative expenses is allocated to Investment Expense based on the ratio of investment staff to total OP&F staff.

ADDITIONAL INFORMATION

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - PUBLIC SAFETY OFFICERS DEATH BENEFIT FUND

PUBLIC SAFETY OFFICERS DEATH BENEFIT FUND FOR THE YEAR ENDING DEC. 31, 2014

	Balance Dec. 31, 2013	Additions	Subtractions	Balance Dec. 31, 2014
Assets:				
Cash and Short-term Investments	$1,628,232	$20,000,000	$20,896,159	$732,073
TOTAL ASSETS	**1,628,232**	**20,000,000**	**20,896,159**	732,073
Liabilities:				
Due to State of Ohio	1,628,232	20,000,000	20,896,159	732,073
TOTAL LIABILITIES	**$1,628,232**	**$20,000,000**	**$20,896,159**	$732,073

PUBLIC SAFETY OFFICERS DEATH BENEFIT FUND FOR THE YEAR ENDING DEC. 31, 2013

	Balance Dec. 31, 2012	Additions	Subtractions	Balance Dec. 31, 2013
Assets:				
Cash and Short-term Investments	$456,661	$20,000,000	$18,828,429	$1,628,232
TOTAL ASSETS	**456,661**	**20,000,000**	**18,828,429**	1,628,232
Liabilities:				
Due to State of Ohio	456,661	20,000,000	18,828,429	1,628,232
TOTAL LIABILITIES	**$456,661**	**$20,000,000**	**$18,828,429**	$1,628,232

2014 Comprehensive Annual Financial Report

Investment Section

Ohio Police & Fire Pension Fund

Ohio Police & Fire Pension Fund
140 East Town Street • Columbus, Ohio 43215
www.op–f.org • 888-864-8363

INVESTMENT REPORT (PREPARED THROUGH A COMBINED EFFORT WITHIN THE INVESTMENT DEPARTMENT)

INTRODUCTION

The investment authority of OP&F is specified in Chapter 742 of the ORC. Importantly, the ORC requires that the Board of Trustees and other fiduciaries discharge their duties solely in the interest of the participants and beneficiaries, for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering OP&F. Within the guidelines of the ORC, OP&F has developed an internal Investment Policy that provides for appropriate diversification of assets, and an acceptable expected return on investments after consideration of investment risks. Investment performance returns are prepared by Wilshire Associates. Investment activities are presented on a trade date basis and measurements are calculated using time weighted rates of return consistent with investment industry standards.

SIGNIFICANT DEVELOPMENTS IN 2014

Near the middle of 2014, OP&F conducted an "asset only" allocation analysis to consider a higher targeted allocation to master limited partnerships (MLPs). The results showed that asset allocation policies with higher allocations to MLPs offered improved risk-adjusted returns and improved risk balance vs. OP&F's then asset allocation policy. As a result, OP&F adopted a new long-term asset allocation policy that included reduced targets for U.S. equity, non-U.S. equity and core fixed income and increased targets for global inflation protected securities and MLPs. In conjunction, near the end of the year, OP&F adopted an updated transition implementation plan for moving OP&F's assets from their current allocation to the new asset allocation policy adopted earlier in the year. Additionally, OP&F adopted an updated series of transitional policy benchmarks to establish a preset "roadmap" to reach the policy benchmark over the course of several years.
OP&F's core fixed income and high yield allocations garnered significant attention in 2014. As for core fixed income, given the uncertainty of the direction of interest rates and expected increase in future bond market volatility, OP&F continued to implement a non-traditional fixed income mandate comprising roughly one-third of core fixed income assets. An additional four strategies, as outlined below, were approved as part of this non-traditional fixed income mandate. With respect to high yield, OP&F continued its evaluation of direct lending strategies to fill the remaining underweight to high yield. Throughout the year, OP&F made commitments to several funds as indicated below. Along with the aforementioned accomplishments, other significant noteworthy investment endeavors and issues addressed last year include the following:

- Approved investments in the following Pacific Investment Management Co. (PIMCO) strategies as part of the non-traditional fixed income mandate:
  - Multi-Asset Volatility Fund, Absolute Return Fund, Global Credit Opportunities Fund and Tactical Opportunities Fund.
  - Made commitment to PIMCO Bravo Fund II LP.
- Began to work toward an allocation in direct lending strategies:
  - Made commitments to MC Credit Fund I, KKR Lending Partners II, Tennenbaum Fund I and GSO European Senior Debt Fund.
- Amended investment manager guidelines for Forest Investment Associates and Russell Portable Alpha Overlay Services mandates.
- Terminated mandate with Thornburg Investment Management and transitioned assets to Russell Implementation Services to manage, on an interim basis, ACWI ex-U.S. exposure.
- Completed annual evaluation of OP&F's real estate strategic portfolio for possible rebalancing.
- Completed transition of Bridgewater Global Inflation Protected Securities mandate from separate account to commingled funds.
- Hired TorreyCove Capital Partners to provide non-discretionary private markets advisory/consulting services.
- Continued to work toward target allocation in private markets:
  - Made commitments to BDCM Opportunity Fund IV, Francisco Partners IV, Glendon Opportunities Fund, Montauk TriGuard Fund VI, and NGP Natural Resources XI.
- Continued to work toward target allocation in real estate:
  - Made commitments to AEW Partners VII and Greystar Equity Partners VIII.
- Continued to work toward target allocation in timber:
  - Increased the commitment amount for Forest Investment Associates.
- Amended OP&F's Real Estate Strategic Plan.
- Approved the 2015 Real Estate Investment Plan.

- Approved the 2014 Private Markets Investment Plan.
- Amended OP&F's Proxy Voting Policy.
- Amended OP&F's Investment Policy and Guidelines statement.
- Amended OP&F's Private Markets Investment Policy.
- Worked toward long-term allocation targets by rebalancing between overweight/underweight asset classes.

ECONOMIC ENVIRONMENT

The U.S. economy stumbled out of the gate in the first quarter of 2014 as quarterly real gross domestic product (GDP) fell a negative 2.1 percent. However, the economy rebounded as second quarter real GDP came in at 4.6 percent before improving further still to register a stronger 5.0 percent rate of growth in the third quarter. Growth moderated in the fourth quarter but still turned in a respectable 2.2 percent annualized rate. For all of 2014, the economy grew 2.4 percent after a 2.2 percent increase in 2013 and also marked five years of positive growth following the negative results of 2008 and 2009. The employment picture continued to brighten as the string of monthly job gains dating back to October 2010 remained unbroken throughout 2014. On average, nearly 260,000 people found jobs each month over the course of the year. Meanwhile, the unemployment rate, which ended 2013 at 6.7 percent, eased lower to 6.1 percent by mid-year. Continued job gains over the second half of the year took the unemployment rate steadily lower to end the year at 5.6 percent. Another winter slowdown and recent signs of a thaw have taken the latest reading in April 2015 at 5.4 percent. Aided by this growth in employment, consumer confidence continued to improve to levels approaching its healthier pre-2008 levels. The Federal Reserve and other major central banks have been paying particularly close attention to the level of inflation as fears of deflation continue to haunt the developed world. The Consumer Price Index (CPI), on a year over year basis, registered levels between 0.8 and 2.1 percent, but the trend was lower. The CPI ended calendar year 2014 at that low point of 0.8 percent year over year. A steep drop in crude oil prices beginning in mid-2014 helped put downward pressure on inflation, keeping it well below the FOMC's (Federal Open Market Committee) goal of 2.0 percent. Falling import prices also contributed to reduced price pressures as a significant second-half rally by the U.S. dollar weighed on net exports. While noteworthy, wage pressures have yet to emerge, average hourly earnings have been slowly creeping higher. Home sales regained their positive momentum as interest rates fell throughout the year. Finally, auto sales continued to recover, ultimately reaching levels not seen since before the "Great Recession."

The Federal Reserve kept its federal funds rate target at the historically low range of 0 to 0.25 percent throughout 2014 and so far in 2015. Importantly, however, the Federal Reserve, in October, finally called to an end its latest Quantitative Easing program (QE3), which had begun in September 2012. Starting in December 2013, the FOMC cut its monthly asset purchases to $75 billion kicking off the tapering process. The Federal Reserve proceeded to cut $10 billion from its asset purchases at each of its six meetings leading up to the end of QE3 in October. The decision to end the purchase program reflected the substantial improvement in the outlook for the labor market. The FOMC also sought to cushion this move by emphasizing through its forward guidance that in deciding how long to maintain its current federal funds target, it would consider a number of indicators to determine progress toward its growth and inflation objectives. The FOMC indicated that it would be patient in beginning to normalize monetary policy. As already mentioned, that patience carried through into the new year as well. Notably, on Feb. 3, 2014, Janet Yellen took over as Chair of the Board of Governors to become the first woman to lead the Federal Reserve System.

Weak economic growth in developed market economies prevailed in the first half of 2014, but growth improved toward the end of the year, supported in part by lower oil prices and by increasingly accommodative monetary policies. The euro-area economy barely grew in the third quarter and unemployment remained near record highs, but the pace of economic activity accelerated in the fourth quarter. The Ukraine crisis and the sanctions imposed on Russia had a negative effect on the German economy. Euro-area bond yields, with the exception of Greece, tumbled dramatically over the course of the year aided in part by the hope for a more aggressive and supportive monetary policy from the European Central Bank (ECB). Still, the ever present concern over Greek finances threatened to revive financial strains that could hurt growth in the overall euro-area economy. Japanese real GDP contracted in the third quarter, following a tax hike related decline in the second quarter, but it rebounded toward the end of the year as exports and household spending increased. In moves designed to aid the struggling economy, the Bank of Japan in October increased its already huge quantitative easing program and Japan's $1.2 trillion public pension fund also took a more aggressive stance by increasing its investments in stocks. The move is part of Prime Minister Shinzo Abe's efforts to make Japan stocks more attractive and speed up the nation's economic recovery. Meanwhile, in 2014, China's economy grew at its slowest pace in 24 years. China's GDP expanded 7.4 percent down from 7.7 percent growth in 2013. The Chinese economy has been struggling with a slowing property market, a deflationary environment and persistent overcapacity problems. In a surprise move, China's central bank cut interest rates in November for the first time since 2012, as the government had shown an acceptance of slower growth with the economy transitioning from a focus on investment and toward domestic consumption. Despite the slowing economy last year, China's Shanghai Composite turned in a spectacular 58 percent return.

So far in 2015, global equity markets have generally risen with non-U.S. equities outpacing U.S. equities and both investment grade and high yield bonds turning in low, but positive returns. Recently, both the U.S. dollar and global interest rates have reversed course either interrupting or ending strong rallies in both markets. Despite the unemployment rate continuing its steady decline to reach 5.4 percent in April, the U.S. economy added fewer jobs in the first four months of 2015 than it did in the same periods in 2014 and 2013. The CPI on a year-over-year basis has so far failed to reach positive territory registering either a negative 0.1 percent or 0 percent. First quarter real GDP was barely positive, coming in at a worrisome 0.2 percent growth rate; although, another difficult winter, especially in the Northeast, likely explains much of that weakness. The Federal Reserve has continued to hold its federal funds target steady at 0 to 0.25 percent. The Federal Reserve also modified its forward guidance language to indicate the possibility of a federal funds rate boost as early as June, but most market participants now consider September as more likely. Still, the Federal Reserve continues to expect that, even after employment and inflation are near their target levels, economic conditions may warrant keeping the target federal funds rate below levels viewed as normal in the longer run. Elsewhere in other developed economies, economic growth is still weak, but the fear of deflation lingers. Both economic growth and inflation remain below the Bank of England's (BOE) targets. As a result, the BOE is likely to further delay any interest rate increase, especially if the Conservatives prevail in an upcoming election. Meanwhile, in effort to aid the euro-area economy, the ECB, in March, finally kicked off its own quantitative easing program. The euro-area had modestly positive growth in the first quarter aided by lower oil prices and a weaker currency, but the region still faces the uncertainties that are Greece and the Ukraine. In Japan, the Bank of Japan (BOJ) is fully engaged in an ongoing, aggressive quantitative easing program. A weak yen, low oil prices and an improving labor market are expected to aid growth this year. However, there has been little progress in implementing the pro-growth reforms the country sorely needs. In China, the debt overhang and the resulting contraction in spending are negatively impacting credit growth and economic growth. As a result, China has taken a number of steps to boost economic activity, including three interest rate cuts since November. To sum up, the global recovery, led by the U.S., continues but is at risk from a slowing China, uncertainty over the fate of Greece and is still dependent on the easy monetary policies of major central banks. Add to that, from the geopolitical headlines, ongoing tensions between Russia and Ukraine and investors remain on edge. With the U.S. finally emerging from a difficult first quarter and the ECB and BOJ both fully engaged in quantitative easing programs, global risk assets should remain in favor for the better part of the year. Yet, a critical question still to be answered is how the U.S. economy and its capital markets as well as those of other major countries will react when the Federal Reserve finally takes action to raise the federal funds rate off its long held zero-bound target. Continued central bank easing in Europe, Japan and China increases the odds that the global economy and markets will be able to weather a move by the Federal Reserve, which, when it comes, is likely to be done in a cautious, measured fashion.

TOTAL FUND

The total portfolio, on a trade date basis, was valued at $14.16 billion at the start of 2014 and ended the year at $14.43 billion. Strong absolute returns in U.S. equity, global inflation protected securities, MLPs, real estate, private markets and timber (real estate, private markets and timber returns are lagged by one quarter), weak results for core fixed income and high yield and negative results for non-hedged international equity combined to lead OP&F's total investment portfolio to a modest absolute return for the year. For calendar year 2014, the total portfolio's investment return was 6.79 percent gross of fees compared to a policy index return of 6.87 percent. This slight underperformance of the total portfolio's policy index by 8 basis points (bps) was disappointing as it detracted from the prior year's besting of the policy index by a healthy 233 bps. Strong relative performance from OP&F's MLP, real estate and high yield managers and an overweight to U.S. equity all benefited the portfolio relative to its policy benchmark. However, these positives were more than offset by OP&F's U.S. equity, international equity and private markets managers falling short of their composite benchmarks along with the negative effect of an underweight to real estate. Last year's underperformance of the policy surprisingly placed OP&F's portfolio return in the 35th percentile of Wilshire's Master Trusts – All Plans Universe. With 2014's result, OP&F's three-year annualized gross of fees return now stands at 12.95 percent, while the five-year annualized gross of fees return is 11.36 percent and the 10-year gross of fees return is 7.61 percent. The disappointing 2014 results versus the policy index still kept OP&F's three-year relative return above the policy index return of 12.08 percent for the same period, while OP&F's five-year return also beat the policy return of 10.19 percent and the 10-year return bested the policy return of 6.80 percent. As mentioned earlier, the total portfolio's 2014 results ranked in the 35th percentile of Wilshire's Master Trusts – All Plans Universe, while the three-year, five-year and 10-year results ranked in the 19th, 8th and 11th percentiles, respectively, of that same peer universe. So far in 2015, returns from asset classes in which OP&F invests are generally a bit ahead of their early 2014 results with non-U.S. equity doing much better than in 2014 and MLPs doing much worse. The ultimate 2015 full year results are likely to hinge on the capital markets' reactions to if and when the U.S. Federal Reserve begins to raise short-term interest rates.

The Board of Trustees and staff believe that a well-diversified portfolio will serve OP&F well over the long-term. As mentioned in prior reports, the Board of Trustee's 2010 adoption of and continued reaffirmation of risk parity and the ongoing implementation of that strategy demonstrate that OP&F's approach to creating a well-diversified portfolio has changed over the years. A combination of lower long-term equity targets inherent in risk parity and a generally rising stock market over the past several years have kept the equity portfolio above its allocation target; thus, making it a natural source of funds to diversify into growing fixed income and alternatives exposures and an increased master limited partnerships allocation. An ongoing shift out of equities has kept OP&F from any forced rebalancing efforts over the past year, but staff closely monitors the portfolio status relative to asset class allocation ranges. In addition to forcing OP&F to sell high and buy low, a disciplined rebalancing policy removes human emotion from the decision making process. As evident in the Board of Trustee's risk parity approach and recent asset class structure decisions, OP&F has and will continue to evaluate non-correlated, non-traditional strategies and asset classes in its search for optimal risk-adjusted returns.

EQUITIES

World equity markets continued to advance in a modestly positive fashion. Ongoing concerns about possible European recession and deflation, Greece leaving the European Union, Russia-Ukraine tensions and extreme violence in the Middle East contributed to increased volatility of global stock markets. Investors weighed the uncertain and turbulent markets and fled to the relative safety of U.S. stocks, which contributed to the U.S. market's superior results in 2014. All told, stock markets collectively closed the year having generated positive annual returns as measured by the Morgan Stanley Capital International (MSCI) All Country World Index (ACWI) All Cap Index, which posted a 4.30 percent gain in 2014.

2014 was plagued by geopolitical issues in Europe, Russian sponsored conflict in the Ukraine, outbreaks of violence across the Middle East, and a widespread epidemic of the Ebola virus in Africa. Despite these challenges, at year-end, the U.S. market continued to be a primary driver of global growth, outperforming other developed markets as well as emerging markets in 2014. On the whole, large-cap outperformed small-cap. This was particularly evident in the U.S. market with the performance of the Russell 1000 Index surpassing the Russell 2000 Index by a margin of over 8.0 percent. Global growth outperformed global value for the first time since 2011. Across developed market indexes, it was value stocks that continued to persevere, but only by small margins. The greatest performance differential between growth and value was experienced in emerging markets, where growth stocks returned 10 percent more than their value counterparts. Asia-Pacific countries from both emerging and frontier markets dominated the lists of top performing countries. The most important development in global currency markets was the strengthening of the U.S. dollar in the second half of 2014. Foreign currency exposure had a significant detrimental impact on a non-hedged U.S. based investor.

U.S. EQUITY MARKET

U.S. equities posted good performance in 2014. The U.S. stock market finished the year strong despite a basically flat December. The Wilshire 5000 Total Market Index ended 2014 with a 12.71 percent return, compared to a great 2013 return of 33.06 percent. The Wilshire 5000 did, however, slightly underperform the S&P 500's 13.69 percent return. Large capitalization stocks nearly doubled small cap stocks for the year, up 13.4 percent versus 6.8 percent using representative Wilshire indices.

Equity investors shrugged off some notable events during the year, including a negative quarter for real GDP growth, numerous geopolitical events and the end of the Federal Reserve's third round of quantitative easing. The second half of 2014 saw major changes in two important economic factors, oil prices and the U.S. dollar. Oil declined from late June through the end of the year with crude oil falling to a $55 handle. The U.S. dollar also began a sustained rise around mid-year with the U.S. Dollar Index versus major currencies rising more than 12 percent.

OP&F's 2014 U.S. equity composite return was 11.27 percent gross of fees compared to the Wilshire 5000's 12.71 percent return placing OP&F behind its U.S. equity benchmark by 144 bps.

NON-U.S. EQUITY MARKET

Europe ended 2014 modestly in the black with the MSCI Europe index (local currency) reporting 4.66 percent return for the year. However, for U.S. dollar investment in the same markets the MSCI European index showed a negative 6.18 percent return demonstrating the negative impact of the very strong U.S. dollar on un-hedged investors like OP&F. European economic growth slowed relative to that of the U.S. economy. Inflation rates in Europe fell to levels that sparked fears of deflation, leading many investors to expect continued intervention by central banks to jump-start economic growth. Asian markets showed sustained good performance despite Japan's descent into recession. The MSCI Pacific index, in local currencies, showed a 7.89 percent return for the year, but a negative

2.70 percent return in U.S. dollar terms. China's economic slowdown, when combined with Russia's recent struggles with a sagging ruble and tumbling oil prices, held back emerging market performance overall with the MSCI Emerging Markets (local currency) Index reporting a 5.17 percent return for the year. In general, as noted above, the U.S. dollar's appreciation against other world currencies in 2014 significantly reduced dollar-based investors' gains.

The MSCI ACWI ex-U.S. Iran/Sudan Free IMI Index, representing both developed and emerging international markets posted a negative 3.89 percent return for 2014. Meanwhile, OP&F's international managers' composite return was a negative 5.56 percent gross of fees, which left it 167 bps behind OP&F's international equity policy benchmark.

MASTER LIMITED PARTNERSHIPS

MLPs overall had modestly positive performance in 2014 with the Alerian MLP Index returning 4.80 percent while the S&P 500 returned 13.69 percent. It is interesting to note that MLPs as a class have now underperformed the S&P 500 for three straight years (by 8.89 percent in 2014, 4.83 percent in 2013 and 11.2 percent in 2012). Multiple consecutive years of underperformance versus the broader markets has not happened since the dot.com period of 1996-1998, when the MLP space was smaller and not as developed as it is now.

In 2014, the surprising driver of return in MLP space was the dramatic movement of oil prices. As supply increased significantly and outstripped global demand, oil prices tumbled worldwide. Since most MLPs are focused on midstream transportation of petroleum and petroleum products, the market-wide decline in MLPs in response to tumbling oil prices seemed to be a "throw the baby out with the bathwater" reaction. Crude oil prices fell more than 40 percent over the last half of the year, with natural gas sliding roughly 30 percent over the same timeframe.

MLPs in general suffered the impact of sharply lower oil prices in the fourth quarter, losing most of their 2014 gains. However, OP&F has a midstream focused allocation to maintain a more conservative stance. The OP&F MLP composite return was 16.91 percent gross of fees in 2014, while the benchmark Alerian MLP Index had a return of 4.80 percent giving OP&F's MLP managers a robust 1,211 bps advantage.

FIXED INCOME

Yields on U.S. Treasury securities rose at maturities between one month and three years and fell by progressively increasing amounts at maturities of five years or longer. As a result, the yield curve flattened. The difference in yield between 30-year U.S. Treasury bond and one-month U.S. Treasury bills was 274 bps at the end of the 2014, compared to 396 bps at the end of 2013. In general, credit spreads increased over the course of the year. The TED spread—the difference between the rates on three-month interbank Eurodollar loans and three-month Treasury bills—started around 18 bps and ended the year around 22 bps. More importantly, the difference between yields on investment grade bonds and Treasury securities increased slightly, as did the difference in yields between speculative grade and investment grade bonds and Treasury securities. The weaker investment grade corporate credits underperformed late in 2014. The BBB sector had been producing the best returns most of the year, but in the fourth quarter that sector returned only 0.5 percent versus returns of 1.9 percent and 1.7 percent for the AA and A credits, respectively. For the full year, however, the BBB returns were marginally higher than the AA or A returns.

All but one of OP&Fs fixed income portfolios had positive returns in 2014, but they had mixed performances relative to their benchmarks. All told, OP&F's core fixed income composite returned 4.07 percent gross of fees versus the Barclays Aggregate Index return of 5.97 percent for 2014, which represents underperformance of 190 bps. OP&F's Global Inflation Protected Securities manager's return was 19.43 percent gross of fees, while the Inflation Linked Policy return was 18.76 percent for the year, representing a 67 bps outperformance.

HIGH YIELD

Corporate high yield bonds finished 2014 on a weak note. The plunging price of crude oil heightened risk aversion and triggered falling prices in not just the energy sector, but also rippled across the overall high yield market. As increasingly cautious investors reduced their fund holdings, portfolio managers, in turn, were forced to sell more bonds to raise cash, which forced prices lower and caused the process to feed on itself. Fortunately, the high yield market enjoyed a nice rally right after its mid-December plunge, mirroring a recovery in the stock market.

The second half of 2014 was a very bad period for the high yield corporate market. At one point in December, average yields in this market were almost 250 bps higher than in mid-June. Even after a fairly strong rally in the second half of December, the market recorded a total return of -3.0 percent in the second half. This correction was especially hard in the CCC and weaker credits. That index recorded a negative 8.0 percent return in the second half and a negative 2.5 percent return for the full year, the poorest performance since 2008. In contrast, the BB index showed returns of a negative 0.6 percent for the second half and 5.3 percent for the full year.

OP&F also made its first commitments to private direct lending funds. While OP&F had no explicit allocation to this strategy, the value, if underwritten correctly, was compelling compared to similar quality public market credits. It was the similarity in credit quality that led OP&F to categorize these investments within the high yield allocation and will help reduce a long-standing underweight versus high yield's target allocation.

OP&F's composite high yield return was 2.81 percent gross of fees in 2014, while its benchmark, the Credit Suisse First Boston (CSFB) Developed Countries High Yield Index, returned 1.85 percent; thus, OP&F's managers collectively beat the benchmark by 96 bps.

REAL ESTATE

Real estate markets continued their recovery in 2014, driven by both favorable capital market conditions and a fairly steady improvement in demand-side fundamentals. Nationally, new supply remained subdued, though development was occurring in certain markets, particularly for multifamily properties.

Over the 12 months ended Sept. 30, 2014, the total real estate portfolio delivered an 18.57 percent return gross of fees. Net of fees, the portfolio delivered a return of 16.27 percent over that period, exceeding the Open End Diversified Core Equity (ODCE) index net of fees by 488 bps. Figures in this section are presented as of Sept. 30, 2014 due to the fact that private market reporting lags public market reporting.

OP&F's real estate portfolio has also performed well over the long run. Over the 10 years ended Sept. 30, 2014, it delivered a 7.38 percent return net of fees, exceeding the ODCE index by roughly 120 bps per year. The portfolio is structured with a goal of exceeding the index by 50 bps per year over full market cycles.

Over the past several years, value was added through allocation decisions, through investment selection, and by participation in exclusive opportunities. Over the past year, OP&F's non-core Tactical Portfolio has been a very strong contributor to returns, delivering a 20.5 percent return net of fees, as investments that OP&F made in earlier stages of the recovery began to mature.

Looking forward, OP&F anticipates that returns from the lower-risk Strategic Portfolio will be driven by current income and by income growth, rather than by the broad capital market uplift that drove appreciation returns for the past several years. In anticipation of this shift, OP&F removed its overweight to the Strategic Portfolio during 2013. In the Strategic Portfolio, OP&F will continue to benefit from significant fee reductions that it has received in exchange for its efforts to seed new open-end funds. These fee savings, as well as other benefits given to founding investors, provide a meaningful advantage relative to the ODCE benchmark.

In the Tactical Portfolio, where OP&F seeks to generate higher returns over full market cycles by accepting higher calculated risks, the pace of new investments will continue to be measured. While OP&F continues to see and pursue attractive opportunities in this space, those opportunities have become less abundant, and targeted returns have declined, as the market recovery has advanced. This is particularly true in the United States.

In addition to seeking to achieve its return target, OP&F remains focused on Real Estate's other strategic objectives of diversifying OP&F's broader portfolio and serving as a partial inflation hedge. Each investment is selected based on its risk/return profile and on its perceived ability to achieve other strategic objectives.

OP&F's total real estate exposure increased during the 12 months ended Sept. 30, 2014 from 9.7 percent to 9.8 percent. Exposure was increased by approximately $125 million in new contributions and over $190 million in investment profit, net of fees. The impact of these drivers was moderated by (1) nearly $220 million in distributions and (2) strong returns in the public equities market, which increased the total plan size. Current exposure is slightly below the range for real estate of 10 percent to 14 percent. OP&F is maintaining its philosophy of investing patiently and prioritizing risk-adjusted returns ahead of market exposure.

PRIVATE MARKETS

For the year ended Sept. 30, 2014 (private market returns are lagged by one quarter), OP&F's private markets portfolio provided a net return, on a time weighted basis, of 18.34 percent. It should be noted that evaluating private markets performance over short time periods can be misleading. Saying that, for the ten-year period ending Sept. 30, 2014, the portfolio provided an annualized net return of 12.49 percent. In 2014, OP&F adopted changes to how it will measure the performance of the private markets portfolio going forward. The new methodology calls for measuring the performance of the private markets portfolio on a dollar weighted or internal rate of return (IRR) basis and comparing this performance, net of fees, against the Wilshire 5000 Index plus a premium, calculated using an industry standard public market equivalent basis to reflect the private markets program's actual cash flows over full market cycles. OP&F's preferred method is the Long-Nickels Index Comparison Method. Secondarily, the private markets program's ancillary performance objective will be to rank above the median IRR of a representative private markets investment universe, such as the Thompson Reuters Private Equity Fund Performance database, or equivalent.

Much like the last couple of years, although capital markets faced some headwinds in 2014, risk-based assets, such as private markets, posted a solid year. In terms of the two most prominent private markets subsectors, venture capital and private equity (i.e. mostly buyouts), the one-year pooled return, net to limited partners, for the Cambridge Associates LLC U.S. Private Equity Index was 18.09 percent as of Sept. 30, 2014, while the Cambridge Associates LLC U.S. Venture Capital Index returned 24.46 percent. Looking beyond the U.S., in dollar terms, the one-year pooled return, net to limited partners, for the Cambridge Associates LLC Global ex U.S. Developed Markets Private Equity and Venture Capital Index was 10.88 percent, while the Cambridge Associates LLC Global Emerging Markets Private Equity and Venture Capital Index returned 17.51 percent.

With respect to the state of private markets, assessing metrics such as fundraising, investment activity and exit environments across venture capital and buyouts provides insights on the health of the industry as a whole. Seeing that the venture capital industry is U.S. centric, assessing these metrics only in the U.S. provides an adequate proxy for global activity levels. Across all the aforementioned metrics, the U.S. venture capital market was strong in 2014. In particular, the exit environment for venture-backed companies is healthy given strong equity markets and trade sale activity. One downside to the strength of the U.S. venture capital market is that higher valuation levels exist, which may impact returns going forward. Like the U.S. venture capital market, the North American buyout industry was strong in 2014 across all three of the aforementioned metrics. Similar to U.S. venture capital, the strength of these metrics, coupled with the availability and low cost of leverage, has led to elevated purchase price multiples for North American buyout transactions. With respect to the European buyout industry, the announcement by the European Central Bank to conduct quantitative easing may provide the impetus for stronger equity markets, more available and lower cost leverage, all of which may propel a stronger environment for European buyouts going forward. On the other hand, it may lead to higher purchase price multiples as well.

OP&F continues to work prudently toward its 8.0 percent target allocation to the private markets asset class. On an invested basis, private markets comprised approximately 5.1 percent of OP&F's total assets as of year-end. In the future, OP&F will continue to work toward its 8.0 percent target by focusing on domestic and global direct partnerships, and on an opportunistic basis, funds-of-funds (both U.S. and non-U.S.) and secondary partnerships. OP&F recently hired a dedicated private markets investment consultant to assist in sourcing, screening and conducting due diligence on potential opportunities. OP&F believes that implementing its private markets exposure mainly through direct partnerships will allow OP&F to achieve better risk-adjusted, net of fees, returns for the program, reduce costs and successfully implement the annual investment plans. As always, OP&F and the private markets consultant will prudently recommend commitments that allow the private markets portfolio to remain compliant with its policies and guidelines.

TIMBER

As previously stated, OP&F hired its first timberland investment managers in 2012. Since that time, the managers have spent their time looking for opportunities and building diversified portfolios of timberlands, across geographies, species and age classes. By the end of the 2014, OP&F had committed $410 million to the asset class, of which $173.2 million had been called. Distributions since inception have been minimal, totaling $1.4 million. For the year ended Sept. 30, 2014 (timber returns are lagged by one quarter), OP&F's timberland portfolio provided a net time weighted return of 7.89 percent versus its policy benchmark (CPI + 5 percent) return of 5.79 percent. Given the relative youth of the investments made to date and the long-term nature of the asset class, returns are not yet meaningful.

Although fragile, the timber market continues to rebound. From a valuation and return perspective, The National Council of Real Estate Investment Fiduciaries (NCREIF) Timberland Index had a total return in 2014 of 10.48 percent. This index is generally regarded as the best proxy for U.S. private timberlands financial performance. The total return of 10.48 percent consisted of a 2.87 percent income return and an appreciation return of 7.46 percent. From a demand perspective, global demand for timber based end products continues to grow due to an increasing world population, which tends to lead to future household formations, driving future housing starts and home remodeling endeavors. Coupled with the increase in world population, a rising standard of living and an aging population in certain parts of the world are leading to an increased use of paper based hygiene products. Finally, the demand for wood pellets continues to increase as the demand for alternative sources of energy, such as bioenergy, continues to grow as countries around the globe continue to seek ways to reduce their carbon emissions. On the supply front, the availability of land for timber production continues to experience a secular decline given increased urbanization and development and conservation efforts which restricts the harvesting of timber. From an investment perspective, putting these factors together, a solid foundation for the future performance of timberland appears to be taking shape. On the transaction front, the value of U.S. timberland changing hands in 2014 was nearly $3.0 billion. International markets, such as Latin America, Australia and New Zealand, also remained active for transaction activity. The expectation is that transaction activity will continue to be vigorous in 2015 on a global basis.

On an invested basis, timber comprised approximately 1.3 percent of OP&F's total assets as of year-end. In the future, OP&F will continue to work toward its 5 percent target allocation to timber by reviewing existing relationships for further investment and by looking at a number of new managers. As always, OP&F continues to look for ways to diversify its timber portfolio in order to achieve the highest risk-adjusted returns as well as manage the timber portfolio to comply with its policy objectives and guidelines.

2015 DEVELOPMENTS AND CHALLENGES AHEAD

Two areas of focus in 2015 for OP&F will be the continued evaluation of the appropriate structure of the remaining two-thirds of OP&F's core fixed income allocation as well as conducting a closed search for an additional global inflation protected securities manager. Below are some of the other items already addressed in 2015 and a number that still lie ahead:

- Amended OP&F's Investment Policy and Guidelines statement.
- Amended OP&F's Proxy Voting Policy.
- Amended OP&F's Derivatives Policy Statement.
- Approved the 2015 Private Markets Investment Plan.
- Continued to work toward target allocation in private markets:
  - Made commitments to Blackstone Capital Partners VII, Rhône Partners V, TA XII and EQT Partners VII.
  - Rescinded 2014 recommendation to commit to BDCM opportunity Fund IV.
- Continued to work toward target allocation in real estate:
  - Made commitments to Blackstone Real Estate Partners VIII and Gerrity Retail Fund 2.
  - Enrolled in the dividend reinvestment plan for Lion Industrial Trust.
- Amended investment manager guidelines for PIMCO Core Plus Portfolio, PIMCO Unconstrained Bond Portfolio and Russell Policy Implementation Overlay Services mandates.
- Convert PIMCO Core Plus Portfolio and PIMCO Unconstrained Bond Portfolio mandates from commingled funds to separate accounts.
- Implement the 2015 Private Markets Investment Plan.
- Implement the 2015 Real Estate Investment Plan.
- Work towards asset allocation implementation plan or total portfolio policy benchmark exposure targets.
- Evaluate composition of Real Estate Strategic Portfolio for possible rebalancing.
- Continue due diligence on timberland investment management organizations and work towards targeted allocation in timber.

Two other initiatives that OP&F is evaluating at this time are the possibility of implementing a currency hedge for OP&F's non-U.S. equity exposure as well as alternative foreign currency execution options. Other initiatives that may come to fruition in 2015 are an updated U.S. Equity investment structure analysis as well as evaluation and potential modeling of new, accretive investment ideas such as opportunistic and real asset allocations as part of a broader asset allocation analysis. From an operational standpoint, OP&F continues to look for ways to improve the efficiency of and reduce the costs of OP&F's operations.

INVESTMENT PORTFOLIO SUMMARY

INVESTMENT PORTFOLIO SUMMARY - AS OF DEC. 31, 2014

Investment Type	Percent of Net Investment Value	Fair Value
Cash and Cash Equivalent	7.05%	$ 1,017,367,791
U.S. Government Obligations	0.64%	91,757,899
U.S. Government Agencies	0.14%	19,868,606
U.S. Government Treasury STRIPS	0.74%	107,018,327
Municipal Bond Obligations	0.01%	1,515,741
Corporate Bonds and Obligations	12.50%	1,804,769,995
Domestic Commingled Bonds	5.25%	758,473,421
Mortgage and Asset-Backed Obligations	2.58%	372,731,146
Non-U.S. Bonds	2.68%	386,713,055
Domestic Stocks	11.27%	1,626,191,933
Domestic Pooled Stocks	14.67%	2,117,847,097
International Equities	19.25%	2,778,182,562
Real Estate	10.04%	1,448,968,196
Commercial Mortgage Funds	0.26%	37,973,026
Private Equity	5.17%	746,378,386
Private Debt	0.99%	142,676,127
Timber	1.32%	190,634,093
Master Limited Partnerships	5.43%	783,177,936
TOTAL FAIR VALUE – CASH AND SECURITIES	99.99%	**$14,432,245,337**
Accrued Income	0.23%	33,600,905
Sales Receivable	0.16%	22,581,472
Purchases Payable	(0.38)%	(54,921,490)
TOTAL INVESTMENT NET ASSET VALUE*	**100.00%**	**$ 14,433,506,224**

* Trade Date Basis.

TEN LARGEST COMMON STOCKS (BY FAIR VALUE)

Stock	Shares	Fair Value
Novartis AG-Reg Shs	487,490	$45,307,404
Roche Holdings AG-Genusschein	152,090	41,311,419
Toyota Motor Corp.	542,400	34,192,077
Williams Cos.	642,805	28,887,657
Nestle SA-Registered	390,995	28,705,364
Oneok Inc.	514,512	25,617,552
KDDI Corp.	387,200	24,663,633
Akzo Nobel N.V.	351,556	24,524,329
UBS Group AG	1,397,319	24,032,790
Reed Elsevier N.V.	953,189	22,883,582

TEN LARGEST BONDS AND OBLIGATIONS (BY FAIR VALUE)

Description	Coupon	Maturity Date	Par Value	Fair Value
Loomis Sayles Senior Loan Fund	-	Dec. 31, 2099	$26,765,000	$26,965,484
U.S. Treasury STRIPS	-	May 15, 2020	15,801,000	14,327,241
U.S. Treasury STRIPS	-	Aug. 15, 2017	11,706,000	11,406,326
VPI Escrow Corp.	6.375	Oct. 15, 2020	9,845,000	10,288,025
U.S. Treasury Note	3.125	May 15, 2019	9,138,000	9,741,291
Realogy Corp.	-	Oct. 10, 2016	7,513,613	7,532,397
U.S. Treasury STRIPS	-	Nov. 15, 2017	7,245,000	7,017,290
Lucent Technologies Inc.	6.450	March 15, 2029	7,230,000	6,904,650
TransDigm Inc.	-	Feb. 28, 2020	6,894,472	6,755,349
RFCSP Strip Principal	-	July 15, 2020	7,492,000	6,654,394

TEN LARGEST REAL ESTATE HOLDINGS (BY FAIR VALUE)

Description	Fair Value
JP Morgan Strategic Property Fund	$179,360,695
Prudential PRISA	178,495,603
UBS Trumbull Property Fund	125,985,983
Heitman Core Property Fund	117,812,591
Jamestown Premier Property Fund	108,605,133
Morgan Stanley Prime Property Fund	78,751,322
LaSalle Property Fund, LP	66,580,249
Lion Industrial Trust	66,147,724
Blackstone Real Estate Partners VII	64,911,777
Greystar Equity Partners VII	43,697,999

A complete listing of portfolio holdings can be obtained by calling (614) 228-2975.

SCHEDULE OF INVESTMENT RESULTS (FOR THE YEAR ENDED DEC. 31, 2014)

	Annualized Rates of Return		
	1-Year	3-Year	5-Year
U.S. Equity			
OP&F	**11.27%**	**19.89%**	**16.35%**
Wilshire 5000	12.71%	20.29%	15.54%
International Equity			
OP&F	**(5.56)%**	**11.09%**	**6.70%**
International Equity Policy Benchmark *	(3.89)%	9.11%	4.50%
Fixed Income			
OP&F - Core	**4.07%**	**3.07%**	**5.03%**
Barclays Aggregate	5.97%	2.66%	4.45%
OP&F - High Yield (HY)	**2.81%**	**8.06%**	**9.00%**
CSFB Developed Countries HY	1.85%	7.92%	8.68%
OP&F - GIPS	**19.43%**	**7.06%**	**13.90%**
Barclays Global Inflation Linked Bond Index	18.76%	5.41%	9.06%
OP&F - Commercial Mortgages **	**8.56%**	**6.84%**	**8.35%**
Barclays Mortgage Index **	3.78%	2.07%	3.48%
Master Limited Partnerships			
OP&F	**16.91%**	**NA**	**NA**
Alerian MLP Index	4.80%	NA	NA
Real Estate **			
OP&F	**18.57%**	**15.56%**	**13.81%**
NCREIF ODCE Index	11.39%	11.27%	11.35%
Private Markets **			
OP&F	**18.34%**	**13.08%**	**13.88%**
Wilshire 5000 + 3%	21.45%	26.49%	19.14%
Timber **			
OP&F	**8.99%**	**NA**	**NA**
CPI + 5%	5.79%	NA	NA
Total Portfolio			
OP&F	**6.79%**	**12.95%**	**11.36%**
Policy Index***	6.87%	12.08%	10.19%

* International Equity benchmark is a blend of the MSCI ACWI ex U.S. (Net) through June 30, 2011, the MSCI ACWI ex U.S. Iran/Sudan Free (I/S Free) from July 1, 2011 through Sept. 30, 2012 and the MSCI ACWI ex U.S. Iran/Sudan Free IMI Index from Oct. 1, 2012 forward.

** One quarter in arrears.

*** Interim Policy Index: 20.8 percent Wilshire 5000, 20.8 percent MSCI ACWI ex-U.S. Iran/Sudan Free IMI Index, 11.5 percent Barclays Aggregate, 15 percent Credit Suisse First Boston (CSFB) Dev. Countries HY, 6.5 percent Global Treasury Inflation Protected Securities (TIPS) Custom, 12 percent NCREIF ODCE Index Lagged, 5 percent Wilshire 5000 + 3 percent Lagged, 3.5 percent CPI + 5 percent (Net), 5 percent Alerian MLP Index.

- Long-Term Policy: 16 percent Wilshire 5000, 16 percent MSCI ACWI ex-U.S. Iran/Sudan Free IMI Index, 20 percent Barclays Aggregate, 15 percent CSFB Dev. Countries HY, 20 percent Global TIPS Custom, 12 percent NCREIF ODCE Index Lagged, 8 percent Wilshire 5000 + 3 percent Lagged, 5 percent NCREIF Timberland Lagged, 8 percent Alerian MLP Index (adds to 120 percent as "Risk Parity" approach uses 2x levered Global Inflation - Protected Securities and 2x levered core fixed income).

Time Weighted methodology, based upon fair market values, is used when calculating performance.

INVESTMENT CONSULTANTS AND MONEY MANAGERS (FOR THE YEAR ENDED DEC. 31, 2014)

INVESTMENT CONSULTANTS
TorreyCove Capital Partners
(The) Townsend Group
Wilshire Associates

INVESTMENT MANAGERS – U.S. EQUITY
AQR Capital Management
Bridgewater Associates, LP
Columbia Asset Management
Grosvenor Capital Management, LP
N.A. Investcorp, LLC
Russell Implementation Services, Inc.
State Street Global Advisors

INVESTMENT MANAGERS – INTERNATIONAL EQUITY
Causeway Capital Management, LLC
Dimensional Fund Advisors
Franklin Templeton
Pyramis Global Advisors
Russell Implementation Services, Inc.
Thornburg Investment Management, Inc.

INVESTMENT MANAGERS - REAL ESTATE
AEW Capital Management
(The) Blackstone Group
CB Richard Ellis Investors, LLC
Clarion Partners
Colony Capital, LLC
DivcoWest Real Estate Services, LLC
DLJ Real Estate Capital Partners, Inc.
Exeter Property Group
Fortress Japan Opportunity Management, LLC
Fremont Realty Capital, LP
Greystar Investment Group, LLC
Heitman Capital Management, LLC
Hunt Investment Management
Jamestown Premier GP, LP
JP Morgan Investment Management, Inc.
LaSalle Investment Management
Lone Star Funds
Lubert-Adler Management Co., LLC
Morgan Stanley Real Estate Advisors, Inc.
Prudential Real Estate Investors
Savanna Investment Management, LLC
Starwood Capital Group
Stockbridge Real Estate Fund
TA Realty Associates
Tricon Capital Group, Inc.
TriGate Capital
UBS Realty Investors, LLC
USAA Eagle Real Estate GP, LLC
VBI Real Estate
Walton Street Capital, LLC
Westbrook Partners, LLC

OTHER PROFESSIONAL CONSULTANTS
(see page iv)

INVESTMENT MANAGERS – FIXED INCOME
Bridgewater Associates, LP
JPMorgan Investment Advisors, Inc.
Loomis Sayles & Company, LP
MC Credit Partners, LP
MacKay Shields, LLC
Neuberger Berman
Pacific Investment Management Company, LLC
PENN Capital
Prima Capital Advisors, LLC
Western Asset Management

INVESTMENT MANAGERS – PRIVATE EQUITY
Abbott Capital Management, LLC
Adams Street Partners
Advent International
Athenian Venture Partners
Blue Chip Venture Partners, LP
Blue Point Capital Partners, LP
Coller Capital
Conway MacKenzie
Francisco Partners
Glendon Capital Management, LP
GTCR, LLC
HarbourVest Partners, LLC
Harvest Partners
Horsley Bridge Partners, LLC
(The) Jordan Company
Kirtland Capital Partners
Landmark Equity Partners
Leonard Green & Partners, LP
Lexington Capital Partners
Linsalata Capital Partners
Montauk TriGuard Management, Inc.
Morgenthaler Venture Partners
NGP Energy Capital Management
Northgate Capital Group
Park Street Capital
Peppertree Partners, LLC
Primus Venture Partners
(The) Riverside Company
Summit Partners
TA Associates, LP
Warburg Pincus
Wilshire Private Markets, LLC

INVESTMENT MANAGERS – MASTER LIMITED PARTNERSHIPS
Harvest Fund Advisors, LLC
Salient Capital Advisors, LLC
Tortoise Capital Advisors, LLC

INVESTMENT MANAGERS - TIMBER
Brookfield Timberlands Management
Forest Investment Associates
Global Forest Partners
Hancock Timber Resource Group

SECURITIES LENDING AGENTS
Key Bank Securities Lending
JP Morgan Chase

SCHEDULE OF BROKERS' FEES PAID (FOR THE YEAR ENDED DEC. 31, 2014)

Broker Name	Fees Paid	Units Traded	Average Cost Per Unit
Goldman Sachs	$427,928	14,217,163	$0.0301
Morgan Stanley & Co., Inc.	335,528	48,287,000	0.0069
Instinet	312,434	32,940,468	0.0095
Credit Suisse First Boston	290,128	22,568,585	0.0129
Citigroup Global Markets	254,151	42,023,220	0.0060
Merrill Lynch Pierce Fenner Smith	249,448	45,596,098	0.0055
UBS Securities	172,786	15,376,254	0.0112
JP Morgan Securities, LLC	164,679	18,760,946	0.0088
Barclays Bank PLC	155,302	10,918,389	0.0142
Jefferies & Co., Inc.	114,922	6,744,492	0.0170
RBC Capital Markets	106,498	5,849,552	0.0182
Deutsche Bank	98,796	6,225,359	0.0159
Macquarie Securities, Inc.	97,464	20,506,072	0.0048
Bloomberg Tradebook	87,035	10,318,517	0.0084
Cantor Fitzgerald & Co., Inc.	79,006	3,091,798	0.0256
Wells Fargo Securities	66,942	3,978,250	0.0168
Liquidnet, Inc.	52,416	4,002,199	0.0131
Sanford C. Bernstein	49,665	2,566,385	0.0194
HSBC Securities, Inc.	48,971	2,769,161	0.0177
Investment Technology Group	48,375	5,102,536	0.0095
Exane	47,582	1,413,761	0.0337
FBR Capital Markets	45,218	1,507,276	0.0300
BTIG, LLC	45,038	2,963,686	0.0152
Nomura Securities International, Inc.	43,040	2,007,205	0.0214
Kepler Capital Markets	31,987	1,168,372	0.0274
Davy Stockbrokers	29,533	1,461,312	0.0202
SG Americas Securities	29,189	1,171,833	0.0249
UBS Ag	28,823	1,222,861	0.0236
CLSA Securities	26,782	3,085,369	0.0087
Jonestrading Institutional Services	25,234	842,436	0.0300
Robert W. Baird & Co.	21,427	716,956	0.0299
Keefe Bruyette & Woods, Inc.	20,548	843,571	0.0244
Brokers Less than $20,000	328,321	18,566,744	0.0177
TOTAL	**$3,935,196**	**358,813,826**	**$0.0110**

INVESTMENT POLICY AND GUIDELINES

Minor formatting edits have been made to the Board of Trustees approved investment policy and guidelines in order to provide style consistency throughout the CAFR.

1. INTRODUCTION

The purpose of this Investment Policy and Guidelines (Policy or Statement) is to define the framework for investing the assets (Total Portfolio) of the Ohio Police & Fire Pension Fund (OP&F or Plan). This Statement is intended to provide general principles for establishing the goals of OP&F, the allocation of assets and the employment of outside asset management. The statutory investment authority of the Investment Committee/Board of Trustees (the Board of Trustees or the Board) is set forth in Sections 742.11 to 742.113 and Sections 742.114, 742.116 of the Ohio Revised Code (ORC), as amended from time to time.

The objectives of OP&F have been established in conjunction with a comprehensive review of the current and projected financial requirements. These objectives are:

- To have the ability to pay all benefit and expense obligations when due.
- To maintain the purchasing power of the current assets and all future contributions by maximizing the rate of return on OP&F's assets at a reasonable level of risk.
- To achieve and maintain a fully funded status with regard to the accumulated benefit obligation over a 30-year amortization period.
- To control the costs of administering OP&F and managing the investments.

The investment objectives of the Total Portfolio are:

- Long-term returns on Plan investments, in addition to contributions received from members and employers, should satisfy any current funding obligations of the Plan when and as prescribed by law and, once the Plan is fully funded, should keep pace with the growth of Plan liabilities.
- The investment performance goal for the Total Portfolio is to meet or exceed the return of the Total Portfolio policy benchmark over a full market cycle, generally measured over three to five years, without taking on additional risk as measured by standard deviation of returns. The Total Portfolio policy benchmark is a weighted average, based on the allocation target defined in Section three below, of each asset class benchmark.

In order to achieve these objectives, the Board of Trustees will conduct itself in accordance with ORC Section 742.11, which provides "The Board and other Fiduciaries shall discharge their duties with respect to OP&F solely in the interest of the participants and beneficiaries." These duties shall also be carried out with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and like aims", as referenced in ORC Section 742.11. All aspects of this Statement should be interpreted in a manner consistent with OP&F's objectives. At least annually, the Board shall review and adopt policies, objectives or criteria for the operation of the investment program and make such changes as appropriate.

Investment policies and Investment Manager(s) guidelines referenced in this document are separate policies governing specific aspects of managing the Total Portfolio and are not reproduced in this Statement, but are incorporated by reference as governing documents of the Plan.

2. DEFINITION OF RESPONSIBILITIES

A. INVESTMENT COMMITTEE/BOARD OF TRUSTEES

The statutory investment authority of the Board with regard to the Plan is set forth in Chapter 742, as described above, provides that in its capacity as a fiduciary, the Investment Committee/Board of Trustees must discharge its duties in a prudent manner and for the exclusive benefit of the participants and beneficiaries of the Plan.

In discharging its duties, the responsibilities of the Investment Committee/Board of Trustees pursuant to this Policy include the following:

- Establish the strategic investment policy (Asset Allocation Policy) for OP&F in accordance with the above goals, and periodically review the Asset Allocation Policy in light of any changes in actuarial variables and/or market conditions.
- Approve the investment structure for applicable asset classes identified in the Asset Allocation Policy.
- Select qualified Investment Consultant(s) and Investment Manager(s) to advise on and manage OP&F's assets recognizing the goals set forth in ORC Sections 742.11 and 742.116.
- Monitor and review the performance of selected Investment Manager(s) to determine achievement of goals and compliance with policy guidelines.
- Monitor the costs of the investment operations at least annually.
- Review, at least annually, the current investment policies of OP&F and make such changes as appropriate.

- Review applicable annual investment plan(s) prepared by the staff and/or Investment Consultant(s). As conditions warrant, revise the annual investment plan(s) as the year progresses.
- Monitor investment activity for compliance with Board policies and adherence by Investment Manager(s) to strategy and direction.
- Review the overall investment performance to determine whether it meets established benchmarks.
- Evaluate and assign all Investment Manager(s) to a rating category as outlined in OP&F's Investment Manager Monitoring and Evaluation Policy.
- Review suggested changes or additions to the functions and operations regarding the investment operations of similar institutional investors.
- Review the proposed investment department annual operating budget and report its recommendations to the Finance Committee.
- Fulfill any other responsibilities as provided in the ORC and Investment Committee Charter.

The Investment Committee/Board of Trustees may authorize others such as OP&F staff, and may utilize the services of external advisors, such as actuaries, auditors, consultants and legal counsel, to implement decisions made by the Board. The comments and recommendations of such parties will be considered by the Board in conjunction with Board discussion of the issues for the purpose of making informed and prudent decisions.

B. STAFF

Staff will be the primary liaison between the Investment Committee/Board of Trustees and the Investment Consultant(s), the Investment Manager(s), and the custodial bank(s). In doing so, the staff will:

- Manage OP&F assets under its care and/or control in accordance with this Policy's objectives and guidelines set forth herein.
- Implement Board decisions regarding asset allocation, investment structure, Investment Manager(s) selection, and portfolio rebalancing procedures.
- Coordinate the Investment Manager(s) selection, evaluation, and retention decisions for the Plan's investments, consistent with OP&F's Investment Manager Search Policy.
- Monitor both internally and externally managed assets to ensure compliance with guidelines set forth in this Policy.
- Establish a process to promptly vote all proxies and related actions in a manner consistent with OP&F's long-term interests and objectives set forth herein and OP&F's Proxy Voting Policy. Maintain detailed records of said voting of proxies and related actions and comply with all regulatory objectives related thereto.
- Manage the overall liquidity in the Total Portfolio to ensure timely payment of member benefit payments and Plan expenses and the investment of contributions consistent with established asset allocation and portfolio rebalancing policies.
- Report to the Board at least quarterly regarding the status of the Total Portfolio and its performance for various time periods. Meet with the Board at least annually to report on their performance and compliance with goals and objectives.
- Acknowledge and agree in writing to their fiduciary responsibility to fully comply with this Policy set forth herein, and as modified in the future.

C. INVESTMENT CONSULTANT(S)

The Investment Committee/Board of Trustees may retain an investment consulting organization or organizations (the Investment Consultant(s)) to assist in the overall strategic investment direction of the Total Portfolio, or specific asset classes, and its implementation. Each such Investment Consultant(s), in recognition of its role as a fiduciary of the Plan, will assume specific duties. These duties shall generally include the following:

- Provide independent and unbiased information.
- Assist in the development of this Policy and other policies that govern the Plan investments.
- Monitor compliance with this Policy.
- Assist in the development and recommendation of strategic asset allocation targets, investment structure, and rebalancing procedures, or, the development of investment structure for a specified asset class.
- Assist in development of performance measurement standards.
- Assist in the Investment Manager(s) search and selection process consistent with OP&F's Investment Manager Search Policy.

- Monitor, evaluate and report to the Board on Total Portfolio and/or Asset Class and Investment Manager(s) performance on an ongoing basis.
- Conduct due diligence when an Investment Manager(s) fails to meet a standard.
- Establish a procedural due diligence search process.

D. INVESTMENT MANAGER(S)

The Investment Committee/Board of Trustees may, from time to time, cause the Plan to retain one or more qualified investment managers (Investment Manager(s)) to manage a portion of the Plan assets. When applicable, the Investment Committee/ Board of Trustees shall approve each Investment Manager(s) guidelines, which may set forth the purpose, Investment Manager(s) philosophy and approach, authorized investments, prohibitions, typical portfolio characteristics, performance objectives and evaluation, and Investment Manager(s) communications. The Investment Manager(s) have certain responsibilities that include the following:

- Manage OP&F assets under its care, custody, where applicable, and/or control in accordance with this Policy's objectives and guidelines set forth herein and its governing agreement with OP&F.
- Exercise full investment discretion over the assets in their care within the guidelines set forth in this Policy and, where applicable, the specific guidelines established for the Investment Manager(s) in the governing agreements with OP&F.
- Constructing a portfolio of securities that reflects the execution of a specific investment strategy.
- Promptly inform the Board and staff in writing regarding all changes of a material nature pertaining to the firm's organization and professional staff.
- If directed, promptly vote all proxies and related actions in a manner consistent with OP&F's long-term interests and objectives set forth herein and OP&F's Proxy Voting Policy. Each Investment Manager(s) designated to vote shall keep detailed records of said voting of proxies and related actions and will comply with all regulatory obligations related thereto.
- Provide reporting to the Board or staff or Investment Consultant(s) quarterly regarding the status of the portion of the Total Portfolio managed by the Investment Manager(s) and its performance for various time periods. Meet with the Board or staff or Investment Consultant(s) annually or as needed to report on their performance and compliance with goals and objectives.
- Acknowledge and agree in writing to their fiduciary responsibility to fully comply with this Policy set forth herein, and as modified in the future.

E. OFFICE OF THE OHIO TREASURER/BOARD OF DEPOSIT/CUSTODIAN(S)

Per Section 742.11 of the ORC, the Treasurer of the State of Ohio (the Treasurer of State) is designated as custodian of investment assets. As custodian, the Treasurer of State or its designee (as described below) will be responsible for holding and safekeeping Plan assets, settling purchases and sales of securities; and identifying and collecting income which becomes due and payable on assets held. The Treasurer of State may engage a qualified bank or trust company, as authorized agent of the Treasurer of State, to perform certain services on behalf of the Treasurer of State to fulfill its responsibilities as custodian.

3. ASSET ALLOCATION AND REBALANCING

It is the responsibility of the Board to determine the allocation of assets among distinct capital and private markets. The allocation will be completed in a manner consistent with commonly recognized financial principles. Application of these principles is expected to lead to a portfolio with the highest level of return consistent with the risk tolerance of OP&F.

The procedure for determining the allocation will consider the relevant characteristics of the liabilities and potential assets of OP&F. The liability considerations shall include, but not be limited to, current and expected future values of the benefits, contributions and total assets. These factors are important for identifying the investment horizon of OP&F and its cash flow requirements. The asset characteristics considered shall include, but not be limited to, the potential return relative to the potential risk, and diversification characteristics.

The asset allocation must be consistent with the investment standards specified in ORC Section 742.11.

The risk/return characteristics of OP&F shall be reviewed on a periodic basis (no less than every five years) through a comprehensive asset liability valuation study. The goal of the study shall be to formulate an Asset Allocation Policy which maximizes return while minimizing overall risk through the most efficient combination of acceptable asset classes under the prudent person standard.

Based on an asset liability valuation study, which analyzed the expected returns, risk and correlations of various asset classes, projected liabilities and the risks associated with alternative asset mix strategies, the Board has established the following Asset Allocation Policy:

Asset Class	Long-Term Target Allocation–Notional Exposure	Range
Domestic Equity	16.0%	±5.5%
Non-U.S. Equity	16.0%	±5.5%
TOTAL EQUITY	**32.0%**	±5.5%
Core Fixed Income	20.0%	±7.0%
Global Inflation Protected Securities	20.0%	±4.0%
High Yield	15.0%	±4.5%
TOTAL FIXED INCOME	**55.0%**	±7.5%
Real Estate	12.0%	±3.5%
Private Markets	8.0%	±2.5%
Timber	5.0%	±2.0%
Master Limited Partnerships (MLP or MLPs)	8.0%	±1.5%
TOTAL ALTERNATIVES	**33.0%**	±6.0%
Cash Equivalents	–%	±0.5%
TOTAL	**120.0%**	

Asset Class	Long-Term Target Allocation–Market Value
Domestic Equity	16.0%
Non-U.S. Equity	16.0%
Core Fixed Income	10.0%
Global Inflation Protected Securities	10.0%
High Yield	15.0%
Real Estate	12.0%
Private Markets	8.0%
Timber	5.0%
MLPs	8.0%
Cash Equivalents	–%
TOTAL	**100.0%**

The most recent study has shown that this is a favorable asset mix for meeting longer-term goals under multiple market conditions. In addition, this study incorporates the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

The Asset Allocation Policy represents a long-term strategy and thus, the Total Portfolio should strategically meet its performance objectives in the long term but not necessarily every year.

Short-term market shifts may cause the asset mix to drift from the allocation targets. Should the target percentage fall out of the indicated range for a particular asset class, the staff shall direct rebalancing transactions to reallocate assets from the over-allocated asset class to the under-allocated asset class. This rebalancing discipline is intended to encourage "buying low" and "selling high" and to keep the Total Portfolio invested at an appropriate overall risk level. Except when there is a perceived extraordinary downside risk in a particular asset class, movement outside the normal ranges should be avoided. Investments in private markets and private real assets (real estate and timber) are generally less liquid than investments in public markets securities and are typically implemented via periodic commitments to funds with limited partnership structures. As a result, actual allocations to these asset classes may deviate from their strategic targets for extended periods. Actual vs. target deviations for these asset classes shall not be considered in violation of the Asset Allocation Policy. Under/overweights to these asset classes shall be invested in public markets securities with the most similar risk/return characteristics as a short-term proxy for the private asset classes. To assist in rebalancing, OP&F may retain a derivative overlay Investment Manager(s) which may provide several benefits including: (1) reduce OP&F's tracking error relative to our target allocations; (2) improve Total Portfolio returns; and (3) reduce the administrative burden associated with management of monthly cash flows.

The Board may adopt interim Asset Allocation Policy target allocations to reflect the transition from previous policy target allocations to new policy target allocations. The interim target allocations will reflect dollar cost averaging and/or opportunistic implementation to most prudently reach the new policy target allocations over time.

4. INVESTMENT IMPLEMENTATION

The implementation of an investment portfolio designed to achieve the Total Portfolio objectives must be consistent with governing statutes as specified in Sections 742.11 to 742.113, 742.114, 742.116 and with the Ohio-Qualified Investment Manager Policy, the Ohio-Qualified Broker Policy, and OP&F's Broker Policy.

Where appropriate, OP&F will invest assets through the use of qualified Investment Manager(s). The allocations to these Investment Manager(s) will be made in accordance with the results of the asset liability valuation study, investment structure analysis, and established procedures.

For a complete description of the selection of Investment Manager(s), please see OP&F's Investment Manager Search Policy.

5. ASSET CLASS OBJECTIVES, CHARACTERISTICS AND INVESTMENT STRUCTURE

Investment structure targets will be established within applicable asset classes to address risk and return factors present in the respective asset class. For example, the domestic equity composite portfolio structural targets will be established to ensure style (growth vs. value) and market capitalization neutrality relative to the overall market, and to address active versus passive implementation decisions. External Investment Manager(s) will be hired to implement the structural targets in a diversified manner and will therefore have derived target weightings within the overall investment program. Where applicable, these are set forth below.

A. DOMESTIC EQUITY

Investment Objectives

Total return of the domestic equity composite portfolio should exceed the return of the Wilshire 5000 Index over a three-year period on an annualized basis. Total return of each Investment Manager(s) portfolio should rank above the median when compared to their peer group, if applicable, over a three-year period on an annualized basis and should exceed their benchmark return as specified in each Investment Manager(s) guidelines or applicable documentation.

Investment Characteristics

The main focus of investing will be on companies headquartered and/or domiciled in the United States. The domestic equity composite portfolio shall have similar portfolio characteristics as that of the Wilshire 5000 Index, and should not exhibit any size (market capitalization) or style (value vs. growth) bias.

Investment Structure

The structure of the domestic equity composite portfolio will be diversified among passive and active investment strategies as follows:

1. Passive Large Capitalization Core Exposure

The passive large capitalization core component has a target allocation of 50 percent of the domestic equity composite portfolio. This passive portfolio is intended to provide broad market exposure for and diversification to OP&F's domestic equity composite portfolio through holdings in large capitalization equities or futures and is to be constructed so as to match the characteristics and return of the Russell 1000 Index.

2. Active Large Capitalization Portable Alpha Exposure

The active large capitalization portable alpha component has a target allocation of 40 percent of the domestic equity composite portfolio, comprised of 22 percent to global macro strategies and 18 percent to market neutral strategies. The overall objective is to provide risk-adjusted returns greater than the return of the Standard & Poor's (S&P) 500 Index. S&P 500 market exposure, obtained through the use of derivatives and/or physicals, will be combined with strategies that represent diversified sources of alpha with a broad range of risk characteristics. For a complete description of the appropriate use of derivatives, please see OP&F's Derivatives Policy Statement.

3. Active Small Capitalization Core Exposure

The active small capitalization core component has a target allocation of 10 percent of the domestic equity composite portfolio.

B. NON-U.S. EQUITY

Investment Objectives

Total return of the Non-U.S. equity composite portfolio should exceed the return of the Morgan Stanley Capital International All Country World Index ex-U.S. Investible Market Index – Iran and Sudan Free (MSCI ACWI-ex U.S. IMI I/S Free) over a three-year period on an annualized basis. Total return of each Investment Manager(s) portfolio should rank above the median when compared to their peer group, if applicable, over a three-year period on an annualized basis and should exceed their benchmark return as specified in each Investment Manager(s) guidelines or applicable documentation.

Investment Characteristics

The main focus of investing will be on companies headquartered or domiciled in the MSCI ACWI-ex U.S. IMI countries, which includes both developed and emerging markets. The Non-U.S. Equity composite portfolio shall have similar portfolio characteristics as that of the MSCI ACWI-ex U.S. IMI I/S Free.

Investment Structure

Non-U.S. equity assets will be managed solely on an active basis in order to exploit the perceived inefficiencies in the Non-U.S. equity markets. The structure of the Non-U.S. equity composite portfolio will be diversified among active all capitalization ACWI-ex U.S. strategies and dedicated ACWI-ex U.S. small capitalization strategies as follows:

1. Active All Capitalization ACWI-ex U.S. Exposure

The Active All Capitalization ACWI-ex U.S. component has a target allocation of 75 percent of the Non-U.S. equity composite portfolio.

2. Active ACWI-ex U.S. Small Capitalization Exposure

The dedicated Active ACWI-ex U.S. Small Capitalization component has a target allocation of 25 percent of the Non-U.S. equity composite portfolio.

C. FIXED INCOME

1. CORE

Investment Objectives

Total return of the core fixed income composite should exceed the applicable levered return of the Barclays Aggregate Index over a three-year period on an annualized basis. Total return of each Investment Manager(s) portfolio should rank above the median when compared to their peer group, if applicable, over a three-year period on an annualized basis and exceed their benchmark return as specified in each Investment Manager(s) guidelines or applicable documentation.

Investment Characteristics

The main focus of investing will be a diversified mix of traditional and non-traditional fixed income securities and/or strategies. Each Investment Manager(s) portfolio shall have similar portfolio characteristics as that of their respective benchmark, however, Investment Manager(s) may have broad investment guidelines to allow for greater flexibility in expressing each Investment Manager(s) core investment themes and therefore, the core fixed income portfolio, as well as each Investment Manager(s) portfolio, may exhibit different portfolio characteristics as that of the Barclays Aggregate Index and respective benchmark, respectively.

Investment Structure

Core fixed income assets will be managed solely on an active basis in order to exploit the perceived inefficiencies in traditional and non-traditional fixed income markets. Given the core fixed income allocation target set forth in the Asset Allocation Policy above, the core fixed income composite portfolio may be levered up to 2.0x.

2. GLOBAL INFLATION PROTECTED SECURITIES (GIPS)

Investment Objectives

Total return of the GIPS composite portfolio should exceed the return of a custom weighted-average mix of the Barclays country indexes within the Global Inflation-Linked Bond Index over a three-year period on an annualized basis. Total return of each Investment Manager(s) portfolio should exceed their benchmark return as specified in each Investment Manager(s) guidelines or applicable documentation. In addition, there is a portable alpha component to the GIPS composite portfolio whereas the overall objective is to provide risk-adjusted returns greater than the return of the custom weighted-average mix of the Barclays country indexes within the Global Inflation-Linked Bond Index.

Investment Characteristics

The main focus of investing will be a diversified mix of global inflation-linked securities. The GIPS composite portfolio, as well as each Investment Manager(s) portfolio, shall have similar portfolio characteristics as that of a custom weighted-average mix of the Barclays country indexes within the Global Inflation-Linked Bond Index.

Investment Structure

GIPS assets will be managed on an active basis. Given the GIPS allocation target set forth in the Asset Allocation Policy above, the GIPS composite portfolio will be levered approximately 2.0x. GIPS exposure, obtained through the use of derivatives and/or physical bonds, may be combined with a strategy that provides a diversified source of alpha with customized risk tolerances. Implementation of the GIPS composite portfolio will be consistent with OP&F's Derivatives Policy Statement, which provides a complete description of the appropriate use of derivatives in the Plan.

3. COMMERCIAL MORTGAGES

The commercial mortgage composite portfolio represents an existing portfolio that is being liquidated over time.

Investment Objectives

While in existence, the total return of the commercial mortgage composite portfolio should exceed the return of the Barclays Mortgage Index; both the returns for the commercial mortgage composite portfolio and Barclays Mortgage Index are lagged one quarter.

Investment Characteristics

While in existence, the main focus of investing will be on commercial mortgage whole loans which provide for fixed income payments derived from underlying property cash flows. Risk shall be controlled through diversification strategies and the retention of qualified Investment Manager(s) with acceptable loan underwriting and/or commercial mortgage acquisition experience.

Investment Structure

While in existence, commercial mortgage assets will be managed solely on an active basis in order to exploit the perceived inefficiencies in the commercial mortgage market. OP&F will utilize commingled fund investments to manage its commercial mortgage allocation.

D. HIGH YIELD

Investment Objectives

Total return of the high yield fixed income composite portfolio should exceed the return of the CS First Boston High Yield Index, Developed Countries Only over a three-year period on an annualized basis. Total return of each Investment Manager(s) portfolio should rank above the median when compared to their peer group, if applicable, over a three-year period on an annualized basis and should exceed their benchmark return as specified in each Investment Manager(s) guidelines or applicable documentation.

Investment Characteristics

The main focus of investing will be on below investment grade fixed income securities, those securities rated below BBB- or equivalent. Positions may include publicly traded high yield bonds as well as public and private bank loans and direct lending strategies. The high yield fixed income composite portfolio shall have similar portfolio characteristics as that of the CS First Boston High Yield Index, Developed Countries Only, or a blended benchmark of the aforementioned index, leveraged loan indices and direct lending strategies. Each Investment Manager(s) portfolio shall have similar portfolio characteristics as that of their respective benchmark.

Investment Structure

High yield fixed income assets will be managed solely on an active basis in order to exploit the perceived inefficiencies in the high yield fixed income markets and to minimize the probability of exposure to securities in default.

E. REAL ESTATE

Investment Objectives

The primary role of real estate in the Total Portfolio is to provide: (1) an inflation hedge, (2) diversify the Total Portfolio by providing a return that has a low or negative correlation with stock and bond returns and (3) provide a total return that is competitive on a risk–adjusted basis with stocks and bonds and is accretive to OP&F achieving its long-term target rate of return. The return target for the real estate composite portfolio is set forth in OP&F's Real Estate Strategic Plan. Both the returns for the real estate composite portfolio and respective benchmark(s) are lagged one quarter.

Investment Characteristics

Investments will adhere to certain risk management and diversification criteria set forth in OP&F's Real Estate Strategic Plan.

Investment Structure

The target allocation of Total Portfolio assets to real estate will be established by OP&F's long-term Asset Allocation Policy. In order to meet this allocation target, it will generally be necessary to make commitments in excess of the target because of the contribution and distribution cash flow characteristics inherent in the underlying real estate investments.

F. PRIVATE MARKETS

Investment Objectives

The private markets composite portfolio is designed to provide an attractive risk-adjusted rate of return to OP&F. The performance objective for the private markets composite portfolio and for individual investments is set forth in OP&F's Private Markets Investment Policy. Both the returns for the private markets composite portfolio and respective benchmark are lagged one quarter.

Investment Characteristics

Investments will be diversified by certain criteria as set forth in OP&F's Private Markets Investment Policy.

Investment Structure

OP&F may utilize any of the following types of vehicles in implementing the private markets composite portfolio: fund-of-funds, partnerships, limited liability companies or group trusts. OP&F may also participate in secondary offerings or purchase private markets placements from other investors on the secondary market. Annual commitment targets to such investments will be established by OP&F's Private Markets Investment Plan. As stated in OP&F's Private Markets Investment Policy, in order to meet the target allocation of Total Portfolio assets to private markets investments, it will generally be necessary to make commitments in excess of the target because of the contribution and distribution cash flow characteristics inherent in the underlying individual private markets investments.

G. TIMBER

Investment Objectives

The primary performance objective, along with the strategic objectives, of the timber composite portfolio will be set forth in OP&F's Timberland Investment Policy. Both the returns for the timber composite portfolio and respective benchmark are lagged one quarter.

Investment Characteristics

Investments will be diversified by certain criteria as set forth in OP&F's Timberland Investment Policy.

Investment Structure

The target allocation of Total Portfolio assets to timber will be established by OP&F's long-term Asset Allocation Policy. In order to meet this allocation target, it will generally be necessary to make commitments in excess of the target because of the contribution and distribution cash flow characteristics inherent in the individual timberland investments, with the exception of investments in timberland-focused public Real Estate Investment Trusts (REITs) or exchange traded funds.

H. MASTER LIMITED PARTNERSHIPS (MLP)

Investment Objectives

Total return of the MLP composite portfolio should exceed the return of the Alerian MLP Index over a three-year period on an annualized basis. Total return of each Investment Manager(s) portfolio should rank above the median when compared to their peer group, if applicable, over a three-year period on an annualized basis and should exceed their benchmark return as specified in each Investment Manager(s) guidelines or applicable documentation.

Investment Characteristics

The main focus of investing will be on publicly traded partnership units of energy-focused MLP companies. The MLP composite portfolio as well as each Investment Manager(s) portfolio shall have similar portfolio characteristics as that of the Alerian MLP Index.

Investment Structure

MLP assets will be managed solely on an active basis in order to exploit the perceived inefficiencies in the MLP publicly-traded partnership markets.

I. CASH EQUIVALENTS

Investment Objectives

Total return of the cash equivalents composite portfolio should exceed the 91-day Treasury Bill rate of return over rolling twelve-month periods. To provide effective cash management when investing cash balances, emphasis is placed on the protection of principal through the purchase of higher quality money market instruments, while at the same time attempting to achieve the highest available return.

Investment Characteristics

Authorized investments, minimum short-term credit ratings, portfolio concentration limits and maturity limits for the short-term investment fund (STIF) shall be set forth in OP&F's Short-Term Cash Management Policy. In addition, the frequency of credit reviews of approved issuers of commercial paper will be based on the short-term credit rating of the issuer and set forth in OP&F's Short-Term Cash Management Policy.

Investment Structure

Staff is responsible for the cash management function, which is described in OP&F's Short-Term Cash Management Policy.

6. PROXY VOTING

OP&F's Board of Trustees believes that common stock proxies are valuable and should be voted in the long-term interests and objectives of the Plan set forth herein and OP&F's Proxy Voting Policy. Common stock proxies may be executed by the Sr. Investment Officer or the Chief Investment Officer, or their designees. Staff or their designee that exercises a proxy vote shall keep detailed records of said voting of proxies and related actions and will comply with all regulatory obligations related thereto and the policies set forth in OP&F's Proxy Voting Policy. Staff shall provide a semi-annual summary report of proxy voting actions to the Investment Committee/Board of Trustees.

7. SECURITIES LENDING

The investment objective for the securities lending program is to generate incremental income within a high quality investment program that safeguards the return of principal, maintains adequate daily liquidity, ensures diversification and tightly controls exposure to fluctuating interest rates. The program may be operated by a bank trustee or a third party lending agent. Marking to market shall be performed daily by the agent(s) and a minimum average of at least 102 percent for domestic, and 105 percent for Non-U.S. collateral shall be diligently maintained. Securities lending reports shall be provided monthly by the agent(s) to staff. Staff will present a semi-annual summary report to the Investment Committee/ Board of Trustees.

8. INVESTMENT MANAGER MONITORING AND EVALUATION POLICY

The purpose of OP&F's Investment Manager Monitoring and Evaluation Policy is to establish the process and discipline for managing the Investment Manager(s) relationship. The policy states the process, responsibilities and important factors for consideration in the monitoring and evaluation process. For a complete description of the monitoring and evaluation process, please see OP&F's Investment Manager Monitoring and Evaluation Policy.

9. COMMUNICATIONS

Each Investment Manager(s) will provide hard copy reports at least quarterly, including performance measurement, asset inventories, transaction summaries, market commentary or anything else deemed significant at the time of reporting. Each Investment Manager(s) is expected to meet with OP&F's Board or staff or Investment Consultant(s) annually or as needed.

10. INVESTMENT MANAGER SEARCH POLICY

When applicable, the selection of Investment Manager(s) will be conducted under a Request for Proposal (RFP) process and the search may be on a closed or open manager universe basis. For a complete description of the selection of Investment Manager(s), please see OP&F's Investment Manager Search Policy.

11. SECURITIES LITIGATION POLICY

The Securities Litigation Policy has been adopted to ensure that OP&F takes prudent, effective, appropriate, and efficient actions to protect and increase the value of OP&F investments and to ensure that OP&F receives all money or assets which are due it as a result of the resolution of class action suits in a cost effective manner consistent with the Board's fiduciary duties. For a complete description of the policy objectives, monitoring, reporting requirements and procedures, please see OP&F's Securities Litigation Policy.

12. IRAN AND SUDAN DIVESTMENT POLICY

As required by uncodified provisions of Chapter 742 of the ORC, OP&F has adopted an Iran and Sudan Divestment Policy, the purpose of which is to divest and restrict the purchase of stocks and bonds issued by a publicly traded company with scrutinized business operations in Iran and Sudan, subject to the fiduciary responsibilities of the Board of Trustees, as set forth in Chapter 742 of the ORC. For a complete description of the responsibilities, process, reporting requirements, etc., please see OP&F's Iran and Sudan Divestment Policy.

2014 Comprehensive Annual Financial Report

Actuarial Section

Ohio Police & Fire Pension Fund

Ohio Police & Fire Pension Fund
140 East Town Street • Columbus, Ohio 43215
www.op–f.org • 888-864-8363

REPORT OF ACTUARY

buckconsultants A Xerox Company

Oct. 17, 2014

Board of Trustees
Ohio Police & Fire Pension Fund
140 East Town Street
Columbus, Ohio 43215

Members of the Board:

Ohio Police & Fire retained Buck Consultants, LLC (Buck) to complete this actuarial valuation of the Ohio Police & Fire Pension Fund (OP&F). This report presents the results of the annual actuarial valuation of the assets and liabilities of OP&F as of Jan. 1, 2014, prepared in accordance with Chapter 742 of the Ohio Revised Code (ORC), as amended by Senate Bill No. 340. The valuation takes into account all of the promised benefits to which members are entitled, including pension and survivor benefits.

The principal results of the valuation do not take into account Medicare Part B premium reimbursements or any other health care benefits. However, at the request of the Ohio Retirement Study Council (ORSC), supplemental results have been prepared that do take into account Medicare Part B premium reimbursements and are presented in Table 1A in the report.

The purpose of the valuation is to determine the financial status of OP&F on an actuarial basis and to provide disclosure information in accordance with and in compliance with the parameters set forth in Governmental Accounting Standards Board (GASB) Statement No. 25. Statement No. 25 was amended by Statement No. 67 and is effective with OP&F's fiscal year ending Dec. 31, 2014. Buck Consultants will provide information required under Statement No. 67 in a separate report for OP&F's year-end disclosure. (Buck prepares a separate valuation of OP&F retiree health care benefits in accordance with and in compliance with the parameters set forth in Statement No. 43.) Use of this report for any other purpose may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. No one may make any representations or warranties based on any statements or conclusions contained in this report without the written consent of Buck.

The valuation was based on the actuarial assumptions and methods that have been adopted by the Board of Trustees, including a valuation interest rate of 8.25 percent per annum compounded annually. The assumptions were effective Jan. 1, 2012 and recommended by the actuary based on a five-year experience review covering the period 2007-2011. Actuarial Standards of Practice require that the likelihood and extent of future mortality improvements be considered. We have reflected future mortality improvement in the valuation. Additional assumptions related to the benefit provision changes under Senate Bill No. 340 were employed for this valuation.

Assets and Membership Data
OP&F reported to the actuary the individual data for members as of the valuation date. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the pension trust fund taken into account in the valuation was based on financial statements prepared for us by OP&F.

Funding Objectives and Progress
The actuary uses an actuarial cost method to determine the portion of OP&F's liabilities accrued by the members as of the valuation date and the portion that is attributable to future years of service. The rate of contribution necessary to systematically fund the future service liabilities, the normal cost rate, is calculated under the cost method to be a level percentage of active member payroll. The portion of the liabilities accrued as of the valuation date, the actuarial accrued liability (AAL), is compared to a market-related, actuarial value of OP&F's assets. The amount of liabilities in excess of the assets is called the unfunded actuarial

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accrued liability (UAAL).

The actuary determines how many years are required by OP&F to completely amortize the UAAL (the funding period), using the member and employer contributions reduced by the amount allocated to health care and the amount of normal cost for the year. For 2003-2012, the funding period was infinite years, meaning the annual contribution toward the unfunded when compared to the unfunded amount was not sufficient to pay it off. For 2013, the pension funding period is 47 years. For 2014, reflecting favorable asset investment gains and an increase in the allocation of contributions to pension funding due to reducing the allocation of contributions for health care from 2.85 percent to 0.50 percent, the pension funding period is 33 years.

Section 742.16 of the ORC, as adopted by Senate Bill No. 82, sets forth an objective that the funding period is no more than 30 years. If the funding period exceeds 30 years, a plan shall be developed and presented by the Board of Trustees to the ORSC to reduce the funding period to not more than 30 years. Section 742.14 of the ORC, as amended by Senate Bill No. 340, sets forth that the next 30-year funding plan be developed and presented not later than 90 days after the Board of Trustees' receipt of the Jan. 1, 2016 actuarial valuation.

The funded ratio (i.e., the ratio of actuarial assets to the AAL) determined as of Jan. 1, 2014 is 66.7 percent, compared to 64.2 percent determined as of Jan. 1, 2013. Taking into account the Medicare Part B premium reimbursements, the funded ratio would be 64.8 percent.

Financial Results and Membership Data

The valuation report shows detailed summaries of the financial results of the valuation and membership data used in preparing this valuation. The actuary prepared supporting schedules included in the Actuarial and Statistical Sections of the OP&F Comprehensive Annual Financial Report. The actuary prepared the trend data schedules included in the Financial Section of the OP&F Comprehensive Annual Financial Report.

The valuation assumptions were chosen by the Board of Trustees with the advice of the actuary. The assumptions used to develop the Jan. 1, 2014 valuation are individually reasonable and in combination represent our best estimate of anticipated experience under the Plan.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. Because of limited scope, Buck performed no analysis of the potential range of such future differences.

The undersigned are Enrolled Actuaries, Associates of the Society of Actuaries and Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. This report has been prepared in accordance with all Applicable Actuarial Standards of Practice. We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.

Respectfully submitted,

Larry Langer, FCA, ASA, EA, MAAA
Principal, Consulting Actuary

Paul R. Wilkinson, ASA, EA, MAAA
Director, Consulting Actuary

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DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS

Assumptions

The actuarial assumptions were adopted as of Jan. 1, 2012, based on a five-year experience review covering the period 2007-2011. The next review of the actuarial assumptions is to be completed for adoption with the Jan. 1, 2017 valuation.

INTEREST RATE: 8.25 percent per annum, compounded annually.

SALARY INCREASE RATES: Assumed annual salary increases are as follows:

Years of Service	Salary Increase Rate
Less than 1	11.00%
1	9.50%
2	8.50%
3	6.50%
4	5.00%
5 or more	4.25%

DROP INTEREST RATE: 4.5 percent per annum, compounded annually.

COLA: Three percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and three percent.

WITHDRAWAL RATES: The following sample withdrawal rates are based on age and service (for causes other than death, disability, or retirement).

POLICE

	Years of Service										
Age	0	1	2	3	4	5	6	7	8	9	10+
25	10.3%	6.3%	3.5%	4.4%	3.9%	2.2%	2.1%	2.0%	1.8%	1.8%	1.5%
30	10.4%	5.8%	4.4%	3.5%	3.2%	3.0%	2.9%	2.5%	2.2%	1.8%	1.5%
35	13.0%	5.3%	3.2%	3.8%	3.5%	3.4%	3.2%	3.1%	2.5%	1.7%	1.3%
40	14.0%	6.0%	4.6%	4.5%	4.1%	3.9%	3.3%	3.2%	1.8%	1.5%	0.9%
45	16.0%	6.3%	6.1%	5.9%	5.2%	4.3%	3.5%	3.5%	2.1%	1.2%	0.8%
50	18.0%	8.3%	8.1%	7.5%	6.5%	5.3%	4.1%	4.0%	3.9%	3.1%	1.5%
55	20.0%	12.0%	10.0%	9.4%	8.0%	6.5%	5.2%	5.1%	4.9%	4.5%	1.7%
60	20.0%	12.0%	10.0%	9.4%	8.0%	6.5%	5.2%	5.1%	4.9%	4.5%	1.7%

FIREFIGHTERS

	Years of Service										
Age	0	1	2	3	4	5	6	7	8	9	10+
25	2.8%	2.2%	1.6%	1.5%	1.2%	1.1%	1.0%	1.0%	0.9%	0.9%	0.8%
30	3.8%	1.6%	1.8%	1.7%	1.6%	1.3%	1.2%	1.1%	1.0%	1.0%	0.9%
35	4.2%	3.4%	2.1%	2.0%	1.9%	1.4%	1.3%	1.25%	1.1%	0.9%	0.8%
40	4.5%	3.6%	2.2%	2.1%	2.0%	1.5%	1.4%	1.3%	1.2%	1.0%	0.6%
45	4.6%	3.8%	2.7%	2.6%	2.5%	1.9%	1.6%	1.4%	1.3%	1.1%	0.5%
50	6.1%	4.4%	4.0%	3.8%	3.5%	2.7%	2.4%	2.2%	2.1%	1.5%	1.1%
55	6.1%	5.0%	5.0%	5.0%	4.0%	3.5%	2.4%	2.2%	2.0%	1.5%	1.1%
60	6.1%	5.0%	5.0%	5.0%	4.0%	3.5%	2.4%	2.2%	2.0%	1.5%	1.1%

RATES OF DISABILITY

The following are sample rates of disability and occurence of disability by type:

Age	Police	Firefighters
20	.002%	.004%
30	.255%	.063%
40	.732%	.454%
50	1.126%	.891%
55	.933%	1.350%
60	.966%	1.331%
64	1.441%	3.126%

On duty permanent and total	23%
On duty partial	61%
Off duty ordinary	16%

RETIREMENT RATES

The following rates of retirement apply to members not in DROP.

Age	Police	Firefighters
48	10%	10%
49-52	5%	5%
53-54	11%	5%
55-57	11%	10%
58-59	5%	13%
60	15%	20%
61	25%	20%
62	25%	50%
63	25%	20%
64	25%	25%
65-69	35%	25%
70	100%	100%

DEFERRED RETIREMENT OPTION PLAN ELECTIONS

90 percent of members who do not retire when first eligible are assumed to elect DROP.

DROP RETIREMENT RATES

The following rates of retirement apply to members in DROP on or before July 1, 2013.

	Police - Years in DROP								
Age	0	1	2	3	4	5	6	7	8
48	5%								
49	5%	5%							
50	4%	5%	5%						
51	4%	5%	5%	10%					
52	4%	5%	5%	10%	10%				
53	4%	5%	5%	10%	10%	12%			
54	4%	5%	5%	10%	10%	12%	14%		
55	5%	5%	5%	15%	15%	12%	17%	30%	
56	5%	5%	5%	15%	15%	12%	17%	30%	100%
57	5%	5%	5%	15%	15%	12%	17%	30%	100%
58	5%	5%	5%	15%	15%	12%	17%	30%	100%
59	16%	5%	5%	15%	16%	15%	18%	32%	100%
60	16%	5%	5%	15%	16%	15%	18%	32%	100%
61	16%	5%	5%	15%	16%	15%	18%	32%	100%
62	16%	5%	5%	15%	16%	15%	18%	32%	100%
63	16%	5%	5%	15%	16%	15%	18%	32%	100%
64	19%	5%	5%	17%	17%	16%	19%	35%	100%
65-69	19%	5%	5%	17%	17%	16%	19%	35%	100%

	Firefighters - Years in DROP								
Age	0	1	2	3	4	5	6	7	8
48	2%								
49	4%	3%							
50	4%	3%	3%						
51	4%	3%	3%	10%					
52	4%	3%	3%	10%	12%				
53	4%	3%	3%	10%	12%	13%			
54	4%	3%	3%	10%	12%	13%	15%		
55	5%	3%	3%	12%	12%	13%	17%	27%	
56	5%	3%	3%	12%	12%	13%	17%	27%	100%
57	5%	3%	3%	12%	12%	13%	17%	27%	100%
58	5%	3%	3%	17%	16%	15%	20%	35%	100%
59	6%	3%	3%	17%	16%	15%	20%	35%	100%
60	6%	3%	3%	17%	16%	15%	20%	35%	100%
61	6%	3%	3%	17%	16%	15%	20%	35%	100%
62	6%	3%	3%	17%	16%	15%	20%	35%	100%
63	30%	3%	3%	20%	20%	20%	20%	40%	100%
64	30%	3%	3%	20%	20%	20%	20%	40%	100%
65-69	30%	3%	3%	20%	20%	20%	20%	40%	100%
70	100%	100%	100%	100%	100%	100%	100%	100%	100%

The same rates apply for members entering DROP after July 1, 2013, except the rates for years three and four are replaced with the rates for year two.

RETIREMENT AGE FOR INACTIVE VESTED PARTICIPANTS

Commencement at age 48 and 25 years of service from full-time hire date, whichever is later.

MORTALITY

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

CREDITED SERVICE

Credited service on the valuation date, as provided by OP&F, includes all service credited under the plan, including service transferred from other municipal plans and purchased service. The valuation assumes future service will be credited at the rate of one year per worked, with no assumed future crediting of transferred service or purchased service.

415 LIMITS

Benefits are limited by the IRC Section 415, assumed to increase 3.25 percent per annum.

FUTURE EXPENSES

The normal cost is increased by all administrative expenses budgeted, net of the State Subsidy received from the State of Ohio.

UNKNOWN DATA FOR MEMBERS

Same as those exhibited by members with similar known characteristics.

PERCENT MARRIED

75 percent of active members are assumed to be married.

AGE OF SPOUSE

Wives are assumed to be three years younger than their husbands.

OPTIONAL FORM ELECTION

33 percent of service retirees and 10 percent of disability retirees are assumed to elect the 50 percent Joint and Survivor pension. If the joint annuitant predeceases the retiree, assume the retiree's benefit increases 17.65 percent.

DEPENDENT PARENTS

Costs based upon allowance for mortality (same rates as for beneficiaries), but no specific allowance for change in dependency status.

DEPENDENT CHILDREN

Each member is assumed to have two children, born when the member was age 26. Dependency is assumed to cease when the child is 22.

MEDICARE PART B PREMIUM TREND RATES

The Medicare Part B premium subsidy ($104.90 per month for 2014) is assumed to increase as follows:

Year	Increase
2014	5.50%
2015	5.40%
2016	5.30%
2017	5.20%
2018	5.10%
2019 and Later	5.00%

MEDICARE PART B PREMIUM REIMBURSEMENT

90 percent of members are assumed to be eligible for reimbursement once they reach age 65.

METHODS

ACTUARIAL COST METHOD

Projected benefit method with individual level percentage entry age normal cost and AAL. Gains and losses are reflected in the accrued liability.

ASSET VALUATION METHOD

A four-year moving average market value of assets that spreads the difference between the actual investment income and the expected income on the market value (based on the valuation interest rate) over a period of four years. The actuarial value shall not be less than 80 percent or more than 120 percent of market value.

PAYROLL GROWTH

Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent.

DATA

CENSUS AND ASSETS

The valuation was based on members of OP&F as of the valuation date and does not take into account future members. All census and asset data was supplied by OP&F.

PLAN SUMMARY

SUMMARY OF BENEFITS AND CONTRIBUTION PROVISIONS

The following is intended to summarize the key provisions valued in this valuation. Members of OP&F and other parties should not rely on this summary as a substitute for or legal interpretation of the laws and rules covering this retirement plan.

MEMBERSHIP

Membership in OP&F is mandatory under Ohio law for all full–time police officers employed by Ohio municipalities and appointed under the required statutory provisions. Membership is also mandatory for all full-time firefighters employed by Ohio municipalities, townships, villages, joint fire districts or other political subdivisions. In order to become members of OP&F, full-time firefighters are required to satisfactorily complete, or have satisfactorily completed, a firefighter training course approved under former Section 3303.07, Section 4765.55 or conducted under Section 3737.33 of the ORC.

ELIGIBILITY FOR MEMBERSHIP

Full-time police officers or firefighters are eligible for membership in OP&F immediately upon commencement of employment as a full-time police officer or firefighter.

CONTRIBUTIONS

Employer and member contributions are established by statute and both are due monthly. Employers of police officers pay 19.5 percent of salary; employers of firefighters pay 24 percent of salary. Members contributed 10 percent of salary through July 1, 2013. On July 2, 2013, the member contribution rate increased by 0.75 percent to 10.75 percent. On July 2, 2014, the rate increased to 11.5% and the final scheduled increase to 12.25% will occur on July 2, 2015.

Employer Contribution Rates - Percentage of Active Member Payroll

Time Frame of Rates	Police	Fire
Jan 1, 1986 thru Present	19.50%	24.00%

Member Contribution Rates - Percentage of Active Member Payroll

Time Frame of Rates	Police	Fire
July 2, 2015 and Thereafter	12.25%	12.25%
July 2, 2014 thru July 1, 2015	11.50%	11.50%
July 2, 2013 thru July 1, 2014	10.75%	10.75%
Sept. 9, 1988 thru July 1, 2013	10.00%	10.00%

BENEFITS

SERVICE RETIREMENT

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary.

Since average annual salary is subject to certain statutory and administrative limitations, not all salary, earnings, or compensation may be used in the calculation. OP&F calculates allowable average annual salary as follows:

- For OP&F members with 15 or more years of service credit as of July 1, 2013, average annual salary is an average of the three years of highest allowable earnings, regardless of when in their career the highest years occurred. Allowable average annual salary means one-third of the total salary during the three years for which the total earnings were greatest. Members with more than 15 years of service credit will have their pension benefit calculated based on a three year allowable average annual salary. A "salary benchmark" is established for these members under which certain increases are excluded from salary for the purpose of determining allowable average annual salary.

- For OP&F members with less than 15 years of service credit as of July 1, 2013, average annual salary is an average of the five years of highest allowable earnings, regardless of when in their career the highest years occurred. Allowable average annual salary means one-fifth of the total salary during the five years for which the total earnings were greatest. Members with less than 15 years of service credit will have their pension benefit calculated based on a five year allowable average annual salary with no benchmarking included.

NORMAL SERVICE RETIREMENT

ELIGIBILITY

- For members hired into an OP&F-covered position after July 1, 2013, minimum retirement age is 52 with at least 25 years of service credit.

- For members hired into an OP&F-covered position on or before July 1, 2013, minimum retirement age is 48 with 25 years of service credit.

BENEFIT

An annual pension equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service, 2.0 percent for each of the next five years of service, and 1.5 percent for each year of service in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service.

SERVICE COMMUTED RETIREMENT

ELIGIBILITY

- For members hired into an OP&F-covered position after July 1, 2013, the minimum retirement age is 52, they must have at least 15 years of service credit and 25 years have elapsed from the date of their full-time hire.
- For members hired into an OP&F-covered position on or before July 1, 2013, the minimum retirement age is 48, they must have at least 15 years of service credit and 25 years have elapsed from the date of their full-time hire.

BENEFIT

An annual pension equal to 1.5 percent of the allowable average annual salary multiplied by the number of full years of service credit (up to 25 years).

AGE/SERVICE COMMUTED RETIREMENT

ELIGIBILITY

Age 62, 15 years of service credit and still working as a full-time police officer or firefighter.

BENEFIT

An annual pension that uses the same formula as for the Normal Service Retirement benefit.

ACTUARIALLY REDUCED

ELIGIBILITY

For members hired into an OP&F-covered position after July 1, 2013, age 48 with 25 years of service credit.

BENEFIT

An annual pension reduced to the actuarial equivalent of the amount payable had the member retired at age 52.

RIGHTS UPON SEPARATION FROM SERVICE

DEFERRED PENSION

If a member meets the years of service credit requirement for any of the service retirement pension benefits but leaves service before attaining the minimum retirement age, a pension becomes payable upon attainment of the qualifying age and filing the appropriate paperwork with OP&F.

REFUND OF EMPLOYEE CONTRIBUTIONS

Upon separation from service, a member can receive the contributions that he or she made to the plan or the employee share of member contributions picked-up on the member's behalf by their employer. Employer contributions are not refundable.

TERMINATION BEFORE RETIREMENT WITH 25 YEARS SERVICE CREDIT

BENEFIT

Same as the Normal Service Retirement benefit, except benefit commences once the member reaches minimum retirement age.

- For members hired into an OP&F-covered position after July 1, 2013, minimum retirement age is 52.
- For members hired into an OP&F-covered position on or before July 1, 2013, minimum retirement age is 48.

TERMINATION BEFORE RETIREMENT WITH 15 YEARS SERVICE CREDIT

BENEFIT

Same as the Service Commuted Retirement, except benefit commences once the member reaches minimum retirement age and 25 years have elapsed from the date of full-time hire.

- For members hired into an OP&F-covered position after July 1, 2013, the minimum retirement age is 52.
- For members hired into an OP&F-covered position on or before July 1, 2013, the minimum retirement age is 48.

TERMINATION BEFORE RETIREMENT WITH LESS THAN 15 YEARS SERVICE CREDIT

BENEFIT

A lump sum amount equal to the sum of the member's contributions to OP&F.

DEFERRED RETIREMENT OPTION PLAN

ELIGIBILITY

When a member is eligible for a normal service retirement they can enter DROP by delaying retirement and continuing to work as a full-time police officer or firefighter.

- For members hired into an OP&F-covered position after July 1, 2013, normal service retirement eligibility is age 52 with at least 25 years of service credit.
- For members hired into an OP&F-covered position on or before July 1, 2013, normal service retirement eligibility is age 48 with at least 25 years of service credit.

BENEFIT

DROP is a cost neutral benefit offered by OP&F. Upon the DROP effective date, the member's pension is calculated as if that were their date of retirement. While the member continues to work and draw their normal salary, the amount they would have received in retirement benefits accumulates tax-deferred at OP&F on their behalf, as well as a portion of their OP&F employee contributions and interest. Since the member's pension has already been calculated:

- The years of DROP service do not apply towards the member's normal service retirement.
- If a member earns a higher salary after their DROP effective date due to a raise, job promotion, etc., it will not be used to recalculate their pension and, therefore, will not result in that member receiving a higher pension upon retirement.

The DROP interest rate is set by administrative rule and is subject to change at any time. OP&F credits interest to all DROP balances each month at a rate equal to the 10-year United States Treasury Note Business Day Series, as published by the U.S. Department of the Treasury, with a cap of five percent. This variable interest rate is adjusted quarterly to match the published 10-year U.S. Treasury Note rate for the last trading business day of the preceding quarter and is in effect for the subsequent quarter.

Members whose election to participate in DROP is effective after July 1, 2013 do not qualify for annual cost-of-living allowances (COLA) at any time during DROP. Members whose election to participate in DROP is effective on or before July 1, 2013 will continue to receive a cost-of-living allowance during DROP, but only when they reach 55 years of age and have been participating in DROP for at least one year. Those members whose enrollment date into DROP qualify them for a cost-of-living allowance during DROP will receive three percent of their base pension.

Member contributions are credited to their DROP account based on the number of years of DROP service. For those members whose election to participate in DROP is effective after July 1, 2013, OP&F applies contributions to DROP in the following manner:

Years of DROP Service	Percentage of Member Contributions
Years 1-3	50 percent of member's contributions
Years 4-5	75 percent of member's contributions
Years 6-8	100 percent of member's contributions

For this group of members, the minimum participation in DROP, without penalty, is five years and the maximum is eight.

- If a member terminates employment within the first five years of joining DROP, then the member forfeits all of their DROP interest. In addition to losing their accumulated interest, members who choose to terminate employment before completing their required participation period cannot withdraw any of the funds in their DROP account until the minimum participation period has expired. The only exception to this rule is if the member dies during the minimum participation period. The member's surviving spouse, designated beneficiary or estate, as applicable, will receive the entire DROP account balance determined at the time of death.
- If a member chooses to continue working after eight years in DROP, the member forfeits all DROP benefits and receives the Normal Service Retirement benefit upon retirement, which will be calculated to include the service credit earned during the DROP participation period.

For those members whose election to participate in DROP was on or before July 1, 2013, member contributions are applied to DROP under the following schedule:

Years of DROP Service	Percentage of Member Contributions
Years 1-2	50 percent of member's contributions
Year 3	75 percent of member's contributions
Years 4-8	100 percent of member's contributions

For this group of members, the minimum participation in DROP, without penalty, is three years and the maximum is eight.

- If a member terminates employment within the first three years of joining DROP, then the member forfeits all of their DROP interest. In addition to losing their accumulated interest, members who choose to terminate employment before completing their required participation period cannot withdraw any of the funds in their DROP account until the minimum participation period has expired. The only exception to this rule is if the member dies during the minimum participation period. The member's surviving spouse, designated beneficiary or estate, as applicable will receive the entire DROP account balance determined at the time of death.
- If a member chooses to continue working after eight years in DROP, the member forfeits all DROP benefits and receives the Normal Service Retirement benefit upon retirement, which will be calculated to include the service credit earned during the DROP participation period.

All DROP members retiring before the eight-year max receive their Normal Service Retirement benefit determined at the time of DROP entry, with the COLA adjustment (if applicable) to date of retirement when eligible. These members will also receive the DROP account balance as a lump sum or monthly annuity.

If a member dies while participating in DROP, the member's surviving spouse, designated beneficiary or estate will receive the entire DROP account balance determined at the time of death. The surviving spouse or contingent dependent beneficiary will receive the greater of the retirement allowance made at the time of DROP entry or the Normal Service Retirement benefit paid with COLA adjustments (if applicable) to the date of death, paid as if the member had elected a 50 percent joint and survivor option at death. All other statutory death benefits will apply.

If the member becomes disabled while in DROP, and has not terminated employment, the member must choose either to receive a disability benefit or a service retirement with DROP. If the member chooses the disability benefit, the member forfeits all DROP benefits and receives the disability benefit, with service credit during the DROP period included.

COST-OF-LIVING ALLOWANCES

Retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on Sept. 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

DISABILITY BENEFITS

Members who become unable to perform their official duties and whose earning capacities are impaired may qualify for disability benefits. Disability benefits are classified as either service-incurred (on-duty) or non-service-incurred (off-duty) and differ in eligibility requirements and benefit formulas. Annual medical evaluations are required for disability benefit recipients who would not have met the age and service requirements for a Normal Service Retirement, unless the Board of Trustee waives this requirement based upon an OP&F physician's certification that the disability is ongoing and further evaluation would not be cost effective. Annual earnings statements are also required to be submitted to OP&F.

PERMANENT AND TOTAL DISABILITY (ON-DUTY)

ELIGIBILITY

No age or service requirement.

BENEFIT

An annual benefit equal to 72 percent of allowable average annual salary.

PARTIAL DISABILITY (ON-DUTY)

ELIGIBILITY

No age or service requirement.

BENEFIT

An annual benefit fixed by the Board of Trustees to be a certain percent up to 60 percent of the allowable average annual salary. If the member has 25 or more years of service credit, the annual disability benefit is equal to the Normal Service Retirement amount.

NON-SERVICE INCURRED DISABILITY (OFF-DUTY)

ELIGIBILITY

Any age and five years of service credit.

BENEFIT

An annual amount is the percent awarded by the Board of Trustees and may not exceed 60 percent of the allowable average annual salary. Service credit over 25 years cannot be used in calculating an off-duty disability award.

PRE–RETIREMENT SURVIVOR ANNUITY

ELIGIBILITY

Upon death before retirement, but after having satisfied the requirements for a Normal Service Retirement or an Age/Service Commuted retirement.

BENEFIT

The surviving spouse or contingent dependent beneficiary will receive the equivalent of a 50 percent joint and survivor annuity, calculated under the assumption that the decedent had retired effective the day following his/her death.

STATUTORY SURVIVOR BENEFITS

ELIGIBILITY

Upon death of any active or retired member of OP&F.

BENEFIT

Surviving Spouse's Benefit
An annual amount equal to $6,600 ($550 monthly), plus an annual COLA of three percent of the original base benefit, paid each July 1, beginning July 1, 2000. The benefit is paid to the surviving spouse for life.

If the spouse is receiving a full death benefit under the Death Fund Benefit statute, the spouse's Statutory Surviving Benefit is $4,920 ($410 monthly). The Death Benefit Fund is funded by the State of Ohio and provides special benefits to eligible survivors of public safety officers who are killed in the line of duty or who die from injuries or disease incurred in the performance of official duties. These eligible survivors are entitled to receive the member's full monthly salary, which will be reduced at the member's retirement eligibility date. These death benefit payments are in addition to any optional payment plan benefits elected by the member.

Surviving Child's Benefit
An annual amount equal to $1,800 ($150 monthly), payable until such child attains age 18 or marries, whichever occurs first. The payment can continue to an unmarried full–time student until age 22. A dependent disabled child, regardless of age at time of member's death, is entitled to a benefit until death or recovery. A COLA of three percent of the original base is payable each July 1.

Dependent Parents' Benefit
If there is no surviving spouse or dependent children, an annual amount of $2,400 ($200 monthly) is payable to one dependent parent or $1,200 ($100 monthly) each to two dependent parents for life or until dependency ceases or remarriage. A COLA of three percent of the original base is payable each July 1.

LUMP SUM DEATH BENEFIT

ELIGIBILITY

Upon death of any retired or disabled member of OP&F.

BENEFIT

A lump sum payment of $1,000 is paid to the member's surviving spouse or, if no surviving spouse, to a designated beneficiary. If there is no surviving spouse or beneficiary, then it is paid to the member's estate.

Survivors	Monthly Pension	Causes of Termination
Widow / Widower	current amount + future COLA	• Death
Minor child	current amount + future COLA	• Death • Marriage • Attainment of age 18
Dependent disabled child	current amount + future COLA	• Death • Recovery from disability
Student	current amount + future COLA	• Death • Marriage • Attainment of age 22 • Loss of student status
One dependent parent Two dependent parents	current amount + future COLA 1/2 current amount (each) + future COLA	• Death • Re-marriage • Termination of dependency

Benefit Type	Base Monthly Benefit Amount	Base Monthly Benefit Amount Plus Increases Through July 1, 2012	Monthly Increase Effective July 1, 2013
Spouse *	$550	$776.60**	$16.50
Child	150	211.80***	4.50
One Parent	200	282.40****	6.00
Two Parents	100	141.20	3.00

* Spouse's benefit is $410 if spouse is receiving a full death benefit under the Death Fund Benefit statute. There is no annual increase on this benefit payment.

** On July 1, 2000 The Statutory Surviving Spouse Benefit increased by $12.10 per month. This increase was a percentage of the original benefit amount, equaling the percentage increase in the CPI plus unused prior increases, to a maximum of three percent. Every year after 2000, the monthly increase was $16.50 or three percent of the base benefit.

*** On July 1, 2000 The Statutory Surviving Child Benefit increased by $3.30 per month. This increase was a percentage of the original benefit amount, equaling the percentage increase in the CPI plus unused prior increases, to a maximum of three percent. Every year after 2000, the monthly increase was $4.50 or three percent of base benefit.

**** On July 1, 2000 The Statutory Surviving One Parent Benefit increased by $4.40 per month. This increase was a percentage of the original benefit amount, equaling the percentage increase in the CPI plus unused prior increases, to a maximum of three percent. Every year after 2000, the monthly increase was $6.00 or three percent of base benefit.

ANNUITIES

Effective Feb. 28, 1980, for those members who are retiring on either a service pension or a disability benefit, optional annuity plans can be chosen, subject to certain limitations. The member can elect actuarially reduced benefits under a joint and survivor annuity, life annuity certain and continuous, or multiple beneficiary annuity plan. The optional annuity plans allow the member's beneficiary(ies) to receive a lifetime payment upon the member's death.

ANNUITY TYPES

SINGLE LIFE ANNUITY

This plan pays the maximum retirement allowance that the member is entitled to receive and, upon the member's death, none of the pension or benefit is continued to any beneficiary. For unmarried members, this is the standard annuity plan. Married members may elect this plan only if the spouse consents to the selection in writing.

JOINT AND SURVIVOR ANNUITY (JSA)

Under this plan, a member designates that, upon his or her death, a certain percentage of the member's actuarially reduced benefit is continued to a surviving designated beneficiary for life. Any percentage between one percent and 100 percent of the member's reduced pension may be continued to the surviving designated beneficiary, but the percent continued may be limited based on the beneficiary's age.

If a member is married at the time benefits are elected, the standard plan is a 50 percent JSA continuing one-half of the member's reduced monthly benefit to his or her surviving spouse. If the member wants to select a plan which provides for the continuation of benefits for someone other than the spouse or less than 50 percent JSA to the spouse, the spouse must consent in writing to this choice. This plan automatically terminates upon death of the beneficiary, to be effective the month following OP&F's receipt of notice of death, or it may be cancelled upon divorce with the consent of the member's spouse or a specific court order, at which point the annuity reverts to the single life annuity to the member. The elected option may be cancelled within one year after benefits commence, with the consent of the beneficiary.

MULTIPLE BENEFICIARY ANNUITY

Under the multiple beneficiary annuity plan, a member may designate up to four beneficiaries at the time of retirement so that, upon death, a certain percentage of the member's actuarially reduced benefit is continued to the surviving designated beneficiaries for their lives. If the member is married at the time of retirement, the spouse must consent in writing for an annuity selection that provides for less than 50 percent JSA payable to the spouse.

LIFE ANNUITY CERTAIN AND CONTINUOUS (LACC)

This plan provides a lifetime allowance to the member and will only be paid to a designated beneficiary if the member dies and the period elected by the member has not expired. The minimum guarantee period is five years and the maximum is 20 years. 100 percent of the member's reduced pension continues to the beneficiary for the guarantee period selected. The elected option may be cancelled within one-year after benefits commence, with the consent of the beneficiary. If the member is married at the time of retirement, the spouse must consent in writing for an annuity selection that provides for less than a 50 percent JSA payable to the spouse.

GROUP HEALTH INSURANCE AND MEDICARE

Commencing Jan. 1, 1974, the Board of Trustees may contract for group health insurance on the basis of part or all of the cost of the premium for the coverage to be paid by OP&F. Medical and prescription drug coverage sponsored by OP&F are not vested rights and are subject to change at any time upon action of the Board of Trustees.

Effective Jan. 1, 1977, OP&F is mandated to pay the premium for supplemental Medicare (Part B) up to the statutory maximum provided the benefit recipient is not eligible for reimbursement from any other sources. By law, OP&F is required to pay monthly to each recipient of service benefits, disability benefits and survivor benefits not less than $96.40, with the exception that OP&F cannot pay an amount that exceeds the amount paid by the recipient for the coverage. Once OP&F obtains the proper documentation from the service retiree, disability retiree or surviving beneficiary of their enrollment in the Medicare program, Medicare (Part B) premium payments begin. Note: This benefit is not included in the principal valuation results, but is included in the retiree health care valuation results.

Effective July 1992, retirees and survivors make monthly medical benefit contributions, which are credited to the Health Care Stabilization Fund. These contributions are reviewed on an annual basis to determine adequacy with the rising cost of health care. In 2004, a new contribution strategy was implemented. Retirees and survivors now pay a percentage of the full cost of the benefit. The percentage ranges from 25 percent to 100 percent for themselves and dependents based on the year of retirement.

TIERED RETIREMENT PLAN – COLA OR TERMINAL PAY (NON-COLA)

Members retiring on or after July 24, 1986, who had 15 or more years of service as of Jan. 1, 1989 are allowed to select between two different pension calculation plans. Under the terminal pay method, a pension is calculated using terminal payments such as accrued sick leave and vacation compensation to increase the average annual salary, but subject to certain limitations and these members do not receive cost-of-living adjustments. Under the COLA method, no terminal payments are added, but the pension is subject to annual increases once the member attains the age of 55 and has been receiving a pension benefit for at least one year. The COLA method is the automatic calculation method for an active member with fewer than 15 years of service as of Jan. 1, 1989.

OP&F members who have 15 or more years of service credit as of July 1, 2013 and who are not receiving a benefit from OP&F, and members who are receiving a pension that became effective before July 1, 2013, will receive a COLA once they have received pension benefits for at least one year and have attained the age of 55. The COLA amount will be equal to three percent of the member's base pension benefit.

OP&F members who have less than 15 years of service credit as of July 1, 2013 will receive a COLA once they have received a pension for at least one year and have attained the age of 55. The COLA amount will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Persons who are statutory survivors or are receiving permanent and total disability benefits will continue to receive the COLA regardless of age.

POST-RETIREMENT COST-OF-LIVING ALLOWANCE (COLA)

Members who retired prior to July 24, 1986 or their surviving beneficiaries under optional plans are entitled to cost-of-living increases. The annual increase is paid on July 1st of each year. The annual COLA increase is $360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

RE-EMPLOYED RETIREE'S DEFINED CONTRIBUTION PLAN BENEFIT

Effective June 30, 1991, every person who is retired under an Ohio public pension plan and who is re-employed in an OP&F covered position must contribute to OP&F at the same rate as other police officers or firefighters. The employer pays the normal rate as well. If the re-employed member terminates employment before age 60, Ohio law allows the member to receive a lump sum payment of post-retirement employee contributions made during the period of re-employment, plus interest. If the member waits until age 60 to receive this benefit, he or she can choose to receive either a lump sum payment in an amount equal to twice his or her contributions, plus interest, or a lifetime annuity paid monthly. If, after calculation, the member's lifetime monthly annuity is less than $25, the member may only select the lump sum payment option. Spousal consent may be required before payment can occur.

ANALYSIS OF FINANCIAL EXPERIENCE - PENSION TRUST FUND

GAINS AND LOSSES AS OF JAN. 1, 2014 AND JAN. 1, 2013

	Experience Gain (Loss)	
Type of Activity	**2014**	**2013**
Plan Experience:		
Turnover		
If more liabilities are released by withdrawal separations from active membership than assumed, there is a gain. If smaller releases, there is a loss.	$(9,005,087)	$(9,379,013)
Retirement		
If members retire at older ages than assumed, there is a gain. If younger, there is a loss.	2,074,994	4,162,443
Death among retired members and beneficiaries		
If more deaths occur than assumed, there is a gain. If fewer deaths than assumed, there is a loss.	4,614,595	(361,462)
Disability Retirants		
If disability claims are less than assumed, there is a gain. If more claims, there is a loss.	13,304,806	13,335,860
Salary increase/decrease		
If there are smaller pay increases than assumed, there is a gain. If greater increases, there is a loss.	101,583,243	154,641,716
Return to work		
If participants return to work with previous service restored, there is a loss.	(1,535,632)	(1,747,867)
New Entrants		
If new entrants join OP&F, there is a loss.	(5,249,686)	(4,465,577)
Deaths among actives		
If claims costs are less than assumed, there is a gain. If more claims costs, there is a loss.	(2,508,111)	(1,734,810)
Investments		
If there is a greater investment return than assumed, there is a gain. If less return, there is a loss.	447,649,124	(627,390,032)
Other Experience and Payroll Growth		
If other experience, including less than expected payroll growth, increases the unfunded liability, there is a loss. Otherwise, there is a gain.	(96,420,632)	91,946,958
NET GAIN (OR LOSS) DURING THE YEAR DUE TO PLAN EXPERIENCE	**$454,507,614**	**$(380,991,784)**

SHORT-TERM SOLVENCY TEST

A short-term solvency test is one means of checking a system's progress under its funding program. In a short-term solvency test, the plan's valuation assets are compared with: 1) Active member contributions on deposit; 2) The liabilities for future benefits to present retired lives; 3) The liabilities for service already rendered by active members. In a system that has been following the discipline of level percent of payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. Generally, if the system has been using level cost financing, the funding portion of liability 3 will increase over time. Liability 3 being fully funded is very rare.

SHORT-TERM SOLVENCY TEST - PENSION TRUST FUND (DOLLARS IN THOUSANDS)

	Valuation as of Jan. 1	(1) Active Member Contributions	(2) Retirants and Beneficiaries	(3) Active Members (Employer Financed Portion)	Valuation Assets	Portion of Accrued Liabilities Covered by Valuation Assets (1)	(2)	(3)
Police	2014	$1,171,496	$5,368,637	$2,583,711	$6,088,816	100%	92%	–%
Fire	2014	1,028,465	3,924,388	2,501,058	4,974,383	100%	100%	1%
Police	2013	1,131,664	5,166,808	2,532,580	5,670,069	100%	88%	–%
Fire	2013	974,362	3,751,279	2,451,195	4,607,962	100%	97%	–%
Police	2012	1,100,146	4,960,051	2,969,900	5,694,783	100%	93%	–%
Fire	2012	965,598	3,581,800	2,769,204	4,614,176	100%	100%	2%
Police	2011	1,100,251	4,368,659	3,008,219	5,885,449	100%	100%	14%
Fire	2011	956,559	3,132,521	2,818,228	4,795,563	100%	100%	25%
Police	2010	1,067,209	4,216,219	2,926,199	5,975,121	100%	100%	24%
Fire	2010	916,033	3,004,267	2,700,815	4,818,972	100%	100%	33%
Police	2009	1,026,597	4,077,113	2,832,235	5,163,648	100%	100%	2%
Fire	2009	874,756	2,895,243	2,601,180	4,145,508	100%	100%	14%

ACTIVE MEMBER VALUATION DATA - PENSION TRUST FUND

Valuation as of Jan. 1	Number of Employers		Number of Active Members*		Average Annual Salary		Percentage of Average Annual Salary Increases		Annual Payroll (Millions)
	Police	Fire	Police	Fire	Police	Fire	Police	Fire	
2014	532	386	14,841	12,764	$68,724	$70,087	0.8%	1.0%	$1,942.3
2013	531	380	14,745	12,699	68,163	69,359	1.6%	1.0%	1,913.4
2012	537	380	14,854	12,769	67,094	68,663	2.2%	1.6%	1,897.4
2011	533	384	15,293	12,929	65,649	67,559	2.0%	2.0%	1,868.5
2010	536	385	15,581	13,038	64,373	66,223	1.4%	1.7%	1,895.2
2009	539	382	15,889	13,173	63,480	65,097	3.1%	3.3%	1,900.9

* Includes rehired retirees.

RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS - PENSION TRUST FUND (DOLLARS IN THOUSANDS)

	Added to rolls		Removed from rolls		Rolls end of year				
Year Ended Dec. 31	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Percentage Change in Allowance	Average Annual Allowances	Percentage Change in Membership
2013	1,361	$44,842	1,044	$23,851	27,561	$890,288	4.42%	$32.30	1.17%
2012	1,390	48,249	1,225	19,469	27,243	852,602	5.58%	31.30	0.61%
2011	1,783	65,572	779	16,397	27,078	807,550	8.52%	29.82	3.85%
2010	1,165	34,553	803	15,721	26,074	744,144	4.74%	28.54	1.41%
2009	1,128	30,920	733	14,566	25,712	710,463	4.52%	27.63	1.56%
2008	1,046	25,590	607	12,825	25,317	679,769	4.18%	26.85	1.76%

CALCULATION OF ACTUARIAL VALUE ASSETS

Item						Amount
1. Market Value of Assets as of Dec. 31, 2013						$11,920,512,944
2. Determination of Deferred Gain (Loss)						
	Return on Market Value of Assets					
Year	Actual	Expected	Gain/(Loss)	Percentage Deferred	Deferred Amount	
2013	$1,893,854,624	$953,408,015	$940,446,609	75%	$705,334,957	
2012	1,531,042,478	878,042,138	653,000,340	50%	326,500,170	
2011	210,581,639	908,664,044	(698,082,405)	25%	(174,520,601)	
2010	1,551,247,761	814,871,444	736,376,317	–%	–	
	Total Deferred Gain (Loss)				857,314,526	
	Total Deferred Loss					(857,314,526)
3. Adjustment for 20 percent corridor						–
4. Actuarial Value of Assets available for benefits (1) - (2) + (3)						$11,063,198,418

CALCULATION OF ACTUARIAL VALUE ASSETS

Item						Amount
1. Market Value of Assets as of Dec. 31, 2012						$10,602,833,997
2. Determination of Deferred Gain (Loss)						
	Return on Market Value of Assets					
Year	Actual	Expected	Gain/(Loss)	Percentage Deferred	Deferred Amount	
2012	$1,531,042,478	$878,042,138	$653,000,340	75%	$489,750,255	
2011	210,581,639	908,664,044	(698,082,405)	50%	(349,041,203)	
2010	1,551,247,761	814,871,444	736,376,317	25%	184,094,079	
2009	1,791,285,588	692,630,189	1,098,655,399	–%	–	
	Total Deferred Gain (Loss)				324,803,131	
	Total Deferred Loss					(324,803,131)
3. Adjustment for 20 percent corridor						–
4. Actuarial Value of Assets available for benefits (1) - (2) + (3)						$10,278,030,866

EMPLOYER CONTRIBUTION RATES (1967 - PRESENT)*

	Employer Rates	
Time Frame of Rates	Police	Fire
Jan. 1, 1986 thru Present	19.50%	24.00%
Jan. 1, 1985 thru Dec. 31, 1985	20.03%	24.59%
Jan. 1, 1984 thru Dec. 31, 1984	21.35%	24.59%
Jan. 1, 1983 thru Dec. 31, 1983	18.45%	23.57%
Jan. 1, 1982 thru Dec. 31, 1982	16.62%	22.39%
Jan. 1, 1981 thru Dec. 31, 1981	15.60%	20.72%
Jan. 1, 1980 thru Dec. 31, 1980	15.70%	19.87%
Jan. 1, 1979 thru Dec. 31, 1979	18.40%	20.11%
Jan. 1, 1978 thru Dec. 31, 1978	17.53%	18.90%
Jan. 1, 1977 thru Dec. 31, 1977	15.34%	16.77%
Jan. 1, 1976 thru Dec. 31, 1976	14.02%	15.57%
Jan. 1, 1975 thru Dec. 31, 1975	12.49%	13.78%
Jan. 1, 1974 thru Dec. 31, 1974	12.88%	13.60%
Jan. 1, 1973 thru Dec. 31, 1973	12.85%	13.41%
Jan. 1, 1972 thru Dec. 31, 1972	12.96%	13.26%
Jan. 1, 1971 thru Dec. 31, 1971	12.81%	12.96%
Jan. 1, 1970 thru Dec. 31, 1970	15.52%	15.52%
Jan. 1, 1969 thru Dec. 31, 1969	14.68%	14.49%
Jan. 1, 1968 thru Dec. 31, 1968	13.66%	13.50%
Jan. 1, 1967 thru Dec. 31, 1967	13.55%	13.13%

* For employer billing purposes, the September 1988 billing was carried through Sept. 30, 1988 and was not cut off at Sept. 8, 1988. The same goes for the employee rates for the most part.

MEMBER CONTRIBUTION RATES

	Member Rates	
Time Frame of Rates	Police	Fire
July 2, 2015 and thereafter	12.25%	12.25%
July 2, 2014 thru July 1, 2015	11.50%	11.50%
July 2, 2013 thru July 1, 2014	10.75%	10.75%
Sept. 9, 1988 thru July 1, 2013	10.00%	10.00%
Aug. 1, 1986 thru Sept. 8, 1988	9.50%	9.50%
March 1, 1980 thru July 31, 1986	8.50%	8.50%
Jan. 1, 1968 thru Feb. 28, 1980	7.00%	7.00%
Jan. 1, 1967 thru Dec. 31, 1967	6.00%	6.00%

SCHEDULE OF FUNDING PROGRESS

FOR THE VALUATION YEAR ENDING JAN. 1, 2014

PENSION TRUST FUND (DOLLARS IN MILLIONS)*

Valuation Year Jan. 1	Valuation Assets*	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Ratio of Assets to AAL	Active Member Payroll	Funding Period inYears
2014	$11,063 .2	$16,577.8	$5,514.6	66.7%	$1,942.3	33 years
2013	10,278.0	16,007.9	5,729.9	64.2%	1,913.4	47 years
2012	10,309.0	16,346.7	6,037.7	63.1%	1,897.4	Infinite
2011	10,681.0	15,384.4	4,703.4	69.4%	1,868.5	Infinite
2010	10,794.1	14,830.7	4,036.6	72.8%	1,895.2	Infinite
2009	9,309.2	14,307.1	4,997.9	65.1%	1,900.9	Infinite

* The amounts reported in this schedule do not include assets or liabilities for post-employment health care benefits.

RETIREE HEALTH CARE TRUST FUND (DOLLARS IN MILLIONS)

Valuation Year Jan. 1	Valuation Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Ratio of Assets to AAL	Active Member Payroll	UAAL as Percentage of Active Member Payroll
2014	$1,053.5	$5,244.5	$4,191.0	20.1%	$1,942.3	215.8%
2013	935.6	4,234.8	3,299.2	22.1%	1,913.4	172.5%
2012	780.1	3,698.7	2,918.6	21.1%	1,897.4	153.8%
2011	717.7	3,295.3	2,577.6	21.8%	1,868.5	137.9%
2010	573.4	3,232.4	2,659.0	17.7%	1,895.2	140.3%
2009	438.7	3,163.6	2,724.9	13.9%	1,900.9	143.3%

SHORT-TERM SOLVENCY TEST - RETIREE HEALTH CARE TRUST FUND (DOLLARS IN THOUSANDS)

					Portion of Actuarial Accrued Liabilities Covered By Valuation Assets		
Valuation Year Jan. 1	(1) Active Member Contributions	(2) Retirees, Survivors, and Inactive Members	(3) Employer-Financed Portion of Active Members	Reported Assets	Liability (1)	Liability (2)	Liability (3)
2014	$–	$2,571,338	$2,673,221	$1,053,534	–%	40.97%	–%
2013	–	2,280,017	1,954,750	935,605	–%	41.04%	–%
2012	–	2,180,929	1,517,848	780,142	–%	35.77%	–%
2011	–	1,615,031	1,680,282	717,730	–%	44.44%	–%
2010	–	1,609,184	1,623,207	573,399	–%	35.63%	–%
2009	–	1,539,441	1,624,181	438,658	–%	28.49%	–%

RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS - RETIREE HEALTH CARE TRUST FUND (DOLLARS IN THOUSANDS)

	Added to Rolls		Removed from Rolls		Rolls End of Year			
Year Beginning Jan. 1	Number	Annual Subsidy	Number	Annual Subsidy	Number	Annual Subsidy	Average Annual Subsidy	Increase in Average Subsidy
2013	1,710	$8,008	1,639	$7,540	26,794	$125,482	$4.683	$.083
2012	2,361	10,862	1,682	7,397	26,723	122,943	4.601	.203
2011	2,241	9,855	1,593	6,378	26,044	114,528	4.397	.394
2010	1,579	6,322	1,491	6,497	25,396	101,679	4.004	(.354)
2009	1,568	6,833	1,626	6,244	25,308	110,286	4.358	.517
2008	1,218	4,678	2,638	9,345	25,366	97,414	3.840	.298

ANALYSIS OF FINANCIAL EXPERIENCE - RETIREE HEALTH CARE TRUST FUND

GAINS AND LOSSES AS OF JAN. 1, 2014 AND JAN. 1, 2013

	Experience Gain (Loss)	
Type of Activity	**Jan. 1, 2014**	**Jan. 1, 2013**
Plan experience:		
Turnover		
If more liabilities are released by withdrawal separations from active membership than assumed, there is a gain. If smaller releases, there is a loss.	$(2,485,621)	$312,371
Retirement		
If members retire at older ages than assumed, there is a gain. If younger, there is a loss.	(11,491,271)	(1,556,992)
Disability Retirement		
If disability claims are less than assumed, there is a gain. If more claims, there is a loss.	16,462,068	10,672,859
New Entrants		
If new entrants join OP&F, there is a loss.	(1,819,245)	(4,017,317)
Deaths		
If more deaths occur than assumed, there is a gain. If fewer deaths than assumed, there is a loss.	64,735,083	53,910,320
Claims Costs		
If per capita costs or trend rates are less than assumed, there is a gain. Otherwise there is a loss.	132,825,323	174,287,593
Investment		
If there is a greater investment return than assumed, there is a gain. If less return, there is a loss.	111,629,684	78,769,442
Other Experience		
If all other experience, including but not limited to data changes, increases the unfunded liability, there is a loss. Otherwise, there is a gain.	(350,477,198)	102,976,351
NET GAIN (OR LOSS) DURING THE YEAR DUE TO PLAN EXPERIENCE	**(40,621,177)**	**415,354,627**
Change assumptions effective Jan. 1, 2014 and Jan. 1, 2013	**(612,516,661)**	**(648,202,636)**
TOTAL NET GAIN (OR LOSS)	**$(653,137,838)**	**$(232,848,009)**

2014 Comprehensive Annual Financial Report

Statistical Section

Ohio Police & Fire Pension Fund

Ohio Police & Fire Pension Fund

140 East Town Street • Columbus, Ohio 43215
www.op–f.org • 888-864-8363

STATISTICAL OBJECTIVES

STATISTICAL OBJECTIVES

The objectives of the statistical section are to provide additional historical perspective, context, and relevant details to assist readers in using information in the financial statements, notes to the financial statements, and required supplementary information in order to understand and assess OP&F's overall financial condition. In support of these objectives, OP&F reports information in this section in compliance with GASB Statement 44, Economic Condition Reporting: The Statistical Section. This statement establishes standardized reporting requirements relative to the supplementary information provided in this section.

The schedules that follow show financial trend information about the growth of OP&F's assets for the past 10 years. These schedules provide detailed information about the trends of key sources of additions and deductions to OP&F's assets, which assist in providing a context framing how OP&F's financial position has changed over time. The financial trend schedules presented are:

- Changes in Fiduciary Net Position.
- Benefit Expenses by Type.
- Revenues by Source.
- Expenses by Type.
- DROP Program Balances.

The schedules beginning on page 93 show revenue capacity information, demographic and economic information, and operating information. The demographic and economic information is designed to assist in understanding the environment in which OP&F operates. The operating information is intended to provide contextual information about OP&F's operations to assist in assessing OP&F's economic condition. The revenue capacity information, the demographic and economic information and the operating information presented include:

- Active Member and Total Payroll Base Statistics.
- Active Membership Data.
- Retired Membership by Type of Benefits.
- Retired Membership by Type of Benefits and Average Annual Allowance.
- Retirees and Beneficiaries Statistics.
- Average Monthly Benefit Payments.
- Member Health Care Contributions.
- State of Ohio Subsidy Payments.
- Schedule of Average Benefits.
- OP&F's Cost of Living Allowance (COLA) History.
- Employer Contribution Rates.
- Member Contribution Rates.
- Health Care Allocation Rates from Employer Contributions.
- Actuarial Interest Rates.
- DROP and Reemployed Interest Rates.
- DROP Member Count Roll Forward.
- Actuarial Valuation Information – Pension Trust Fund.
- Actuarial Valuation Information – Retiree Health Care Trust Fund.
- Historical Annual Investment Results.
- Number of Employer Units.
- Principal Participating Employers.
- OP&F Employee Budgeted Position Counts.
- Personnel Salaries by Year.
- OP&F Budget.
- Other Operating Statistics.
- Death Benefit Fund.

To help readers of this CAFR, OP&F has added a List of Professional Acronyms and Symbols at the end of the statistical section.

FINANCIAL TRENDS

CHANGES IN FIDUCIARY NET POSITION

COMBINED TRUST FUND (DOLLARS IN MILLIONS)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Additions										
Employer Contributions	$427.8	$418.2	$417.0	$407.5	$414.0	$404.3	$405.9	$400.0	$374.0	$357.0
Member Contributions and Purchases	224.0	211.4	177.5	176.8	175.5	168.4	172.5	165.1	167.4	167.8
Investment Income	860.7	2,053.0	1,657.9	229.6	1,651.8	1,894.9	(3,832.9)	1,163.1	1,629.8	847.3
Health Care Contributions	70.0	66.6	65.1	62.5	58.9	59.1	57.0	56.0	58.5	55.2
Other Revenues	25.2	28.5	30.7	40.5	25.8	24.3	26.0	22.3	25.1	11.4
TOTAL ADDITIONS	**1,607.7**	**2,777.7**	**2,348.2**	**916.9**	**2,326.0**	**2,551.0**	**(3,171.5)**	**1,806.5**	**2,254.8**	**1,438.7**
Deductions										
Benefit Payments	1,310.5	1,302.5	1,236.4	1,204.2	1,132.1	1,085.1	1,021.0	965.0	945.0	876.8
Refund of Member Contributions	15.2	16.0	26.5	22.0	15.8	15.7	17.7	15.1	18.0	16.4
Administrative Expenses	16.2	15.9	15.4	15.4	15.1	16.3	16.0	16.3	16.8	15.9
TOTAL DEDUCTIONS	**1,341.9**	**1,334.4**	**1,278.3**	**1,241.6**	**1,163.0**	**1,117.1**	**1,054.7**	**996.4**	**979.8**	**909.1**
CHANGES IN FIDUCIARY NET POSITION	**265.8**	**1,443.3**	**1,069.9**	**(324.7)**	**1,163.0**	**1,433.9**	**(4,226.2)**	**810.1**	**1,275.0**	**529.6**
FIDUCIARY NET POSITION – BEGINNING OF YEAR	**14,219.6**	**12,776.3***	**10,468.5**	**10,793.2**	**9,630.2**	**8,196.3**	**12,422.5**	**11,612.4**	**10,337.4**	**9,807.8**
FIDUCIARY NET POSITION – END OF YEAR	**14,485.4**	**14,219.6**	**11,538.4**	**10,468.5**	**10,793.2**	**9,630.2**	**8,196.3**	**12,422.5**	**11,612.4**	**10,337.4**
Reserve Fund Balances:										
Employers' Contribution Reserves	2,701.1	2,907.9	873.8	901.6	1,515.9	674.6	(524.8)	3,998.7	3,654.8	2,686.8
Members' Contribution Reserves	2,491.3	2,393.7	2,122.8	2,065.8	2,056.8	1,983.2	1,901.3	1,815.6	1,731.3	1,642.7
Health Care Contribution Reserves	1,031.9	1,053.5	935.6	780.1	717.7	573.4	438.7	527.0	436.6	343.0
Pension Reserves	8,261.1	7,864.5	7,606.2	6,721.0	6,502.8	6,399.0	6,381.1	6,081.2	5,789.7	5,664.9
TOTAL FIDUCIARY NET POSITION	**$14,485.4**	**$14,219.6**	**$11,538.4**	**$10,468.5**	**$10,793.2**	**$9,630.2**	**$8,196.3**	**$12,422.5**	**$11,612.4**	**$10,337.4**

* Effective Jan. 1, 2013 OP&F had a change in accounting principle with retrospective application. For more information see the Notes to the Basic Financial Statements, note number two.

FINANCIAL TRENDS

CHANGES IN FIDUCIARY NET POSITION

PENSION TRUST FUND (DOLLARS IN MILLIONS)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Additions										
Employer Contributions	$418.0	$349.5	$286.7	$278.2	$285.2	$277.7	$276.4	$278.3	$235.0	$228.8
Member Contributions and Purchases	224.0	211.4	177.5	176.8	175.5	168.4	172.5	165.1	167.4	167.8
Investment Income	779.8	1,893.9	1,531.0	210.6	1,551.3	1,791.3	(3,697.1)	1,113.1	1,567.1	819.4
Health Care Contributions	-	-	-	-	-	-	-	-	-	-
Other Revenues	7.2	12.9	9.5	11.9	9.1	9.5	10.7	8.7	10.4	7.5
TOTAL ADDITIONS	**1,429.0**	**2,467.7**	**2,004.7**	**677.5**	**2,021.1**	**2,246.9**	**(3,237.5)**	**1,565.2**	**1,979.9**	**1,223.5**
Deductions										
Benefit Payments	1,110.9	1,111.2	1,049.0	1,027.9	972.2	916.4	867.6	815.8	766.1	713.5
Refund of Member Contributions	15.2	16.0	26.5	22.0	15.8	15.7	17.7	15.1	18.0	16.4
Administrative Expenses	15.5	15.1	14.8	14.7	14.4	15.6	15.1	14.6	14.4	13.4
TOTAL DEDUCTIONS	1,141.6	1,142.3	1,090.3	1,064.6	1,002.4	947.7	900.4	845.5	798.5	743.3
CHANGES IN FIDUCIARY NET POSITION	287.4	1,325.4	914.4	(387.1)	1,018.7	1,299.2	(4,137.9)	719.7	1,181.4	480.2
FIDUCIARY NET POSITION – BEGINNING OF YEAR	13,166.1	11,840.7*	9,688.4	10,075.5	9,056.8	7,757.6	11,895.5	11,175.8	9,994.4	9,514.2
FIDUCIARY NET POSITION – END OF YEAR	13,453.5	13,166.1	10,602.8	9,688.4	10,075.5	9,056.8	7,757.6	11,895.5	11,175.8	9,994.4
Reserve Fund Balances:										
Employers' Contribution Reserves	2,701.1	2,907.9	873.8	901.6	1,515.9	674.6	(524.8)	3,998.7	3,654.8	2,686.8
Members' Contribution Reserves	2,491.3	2,393.7	2,122.8	2,065.8	2,056.8	1,983.2	1,901.3	1,815.6	1,731.3	1,642.7
Pension Reserves	8,261.1	7,864.5	7,606.2	6,721.0	6,502.8	6,399.0	6,381.1	6,081.2	5,789.7	5,664.9
TOTAL FIDUCIARY NET POSITION	**$13,453.5**	**$13,166.1**	**$10,602.8**	**$9,688.4**	**$10,075.5**	**$9,056.8**	**$7,757.6**	**$11,895.5**	**$11,175.8**	**$9,994.4**

* Effective Jan. 1, 2013 OP&F had a change in accounting principle with retrospective application. For more information see the Notes to the Basic Financial Statements, note number two.

FINANCIAL TRENDS

CHANGES IN FIDUCIARY NET POSITION

RETIREE HEALTH CARE TRUST FUND (DOLLARS IN MILLIONS)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Additions										
Employer Contributions	$9.8	$68.7	$130.3	$129.3	$128.8	$126.6	$129.5	$121.7	$139.0	$128.2
Member Contributions and Purchases	-	-	-	-	-	-	-	-	-	-
Investment Income	80.9	159.1	126.9	19.0	100.5	103.6	(135.8)	50.0	62.7	27.9
Health Care Contributions	70.0	66.6	65.1	62.5	58.9	59.1	57.0	56.0	58.5	55.2
Other Revenues	18.0	15.6	21.2	28.6	16.7	14.8	15.3	13.6	14.7	3.9
TOTAL ADDITIONS	**178.7**	**310.0**	**343.5**	**239.4**	**304.9**	**304.1**	**66.0**	**241.3**	**274.9**	**215.2**
Deductions										
Benefit Payments	199.6	191.3	187.4	176.3	159.9	168.7	153.4	149.2	178.9	163.3
Refund of Member Contributions	-	-	-	-	-	-	-	-	-	-
Administrative Expenses	0.7	0.8	0.6	0.7	0.7	0.7	0.9	1.7	2.4	2.5
TOTAL DEDUCTIONS	**200.3**	**192.1**	**188.0**	**177.0**	**160.6**	**169.4**	**154.3**	**150.9**	**181.3**	**165.8**
CHANGES IN FIDUCIARY NET POSITION	**(21.6)**	**117.9**	**155.5**	**62.4**	**144.3**	**134.7**	**(88.3)**	**90.4**	**93.6**	**49.4**
FIDUCIARY NET POSITION – BEGINNING OF YEAR	**1,053.5**	**935.6**	**780.1**	**717.7**	**573.4**	**438.7**	**527.0**	**436.6**	**343.0**	**293.6**
FIDUCIARY NET POSITION – END OF YEAR	**1,031.9**	**1,053.5**	**935.6**	**780.1**	**717.7**	**573.4**	**438.7**	**527.0**	**436.6**	**343.0**
Reserve Fund Balances:										
Health Care Contribution Reserves	1,031.9	1,053.5	935.6	780.1	717.7	573.4	438.7	527.0	436.6	343.0
TOTAL FIDUCIARY NET POSITION	**$1,031.9**	**$1,053.5**	**$935.6**	**$780.1**	**$717.7**	**$573.4**	**$438.7**	**$527.0**	**$436.6**	**$343.0**

FINANCIAL TRENDS

BENEFIT EXPENSES BY TYPE (DOLLARS IN MILLIONS)

Year	Service	Disability	Health Care	Survivor	DROP	Total Benefits
2014	$598.8	$242.1	$199.6	$79.6	$190.4	$1,310.5
2013	563.2	239.0	191.3	76.8	232.2	1,302.5
2012	529.9	232.8	187.4	74.2	212.1	1,236.4
2011	490.2	225.0	176.3	71.6	241.1	1,204.2
2010	444.4	217.8	159.9	69.0	241.0	1,132.1
2009	423.7	211.1	168.8	66.1	215.4	1,085.1
2008	407.4	202.2	153.4	63.1	194.9	1,021.0
2007	391.5	191.7	149.2	60.6	172.0	965.0
2006	377.0	183.4	178.8	58.3	147.5	945.0
2005	367.4	172.6	163.3	55.8	117.7	876.8

REVENUES BY SOURCE (DOLLARS IN MILLIONS)

Year	Employer Contributions	Member Contributions and Purchases	Employer Contributions as a Percentage of Covered Payroll	Investment and Securities Lending Income	Health Care Contributions	Other Revenues	Total Revenues
2014	$427.8	$224.0	22.0%	$860.7	$70.0	$25.2	$1,607.7
2013	418.2	211.4	21.9%	2,053.0	66.6	28.5	2,777.7
2012	417.0	177.5	22.0%	1,657.9	65.1	30.7	2,348.2
2011	407.5	176.8	21.8%	229.6	62.5	40.5	916.9
2010	414.0	175.5	21.8%	1,651.8	58.9	25.8	2,326.0
2009	404.3	168.4	21.3%	1,894.9	59.1	24.3	2,551.0
2008	405.9	172.5	22.2%	(3,832.9)	57.0	26.0	(3,171.5)
2007	400.0	165.1	22.4%	1,163.1	56.0	22.3	1,806.5
2006	374.0	167.4	21.3%	1,629.8	58.5	25.1	2,254.8
2005	357.0	167.8	21.2%	847.3	55.2	11.4	1,438.7

EXPENSES BY TYPE (DOLLARS IN MILLIONS)

Year	Benefit Payments	Refund of Member Contributions	Administrative Expenses	Total Expenses
2014	$1,310.5	$15.2	$16.2	$1,341.9
2013	1,302.5	16.0	15.9	1,334.4
2012	1,236.4	26.5	15.4	1,278.3
2011	1,204.2	22.0	15.4	1,241.6
2010	1,132.1	15.8	15.1	1,163.0
2009	1,085.1	15.7	16.3	1,117.1
2008	1,021.0	17.7	16.0	1,054.7
2007	965.0	15.1	16.3	996.4
2006	945.0	18.0	16.8	979.8
2005	876.8	16.4	15.9	909.1

FINANCIAL TRENDS

DROP PROGRAM BALANCES (DOLLARS IN MILLIONS)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
DROP Program Beginning Balance	$661.0	$666.5	$694.7	$650.8	$544.9	$436.9	$337.8	$246.8	$161.5	$87.7
Accrued Pension and COLA	97.6	95.4	90.7	92.3	98.3	92.4	86.4	80.3	74.6	62.3
Accrued Member Share Contributions	12.3	11.9	11.3	11.7	12.5	13.0	11.8	12.1	9.0	5.6
Accrued Interest	15.1	14.2	17.8	32.2	29.2	23.9	18.7	14.2	10.0	6.0
Withdrawals	(98.2)	(127.0)	(148.0)	(92.3)	(34.1)	(21.3)	(17.8)	(15.6)	(8.3)	(0.1)
DROP PROGRAM ENDING BALANCE - POLICE	**687.8**	**661.0**	**666.5**	**694.7**	**650.8**	**544.9**	**436.9**	**337.8**	**246.8**	**161.5**
Fire										
DROP Program Beginning Balance	584.6	571.4	593.1	536.2	441.4	344.5	257.3	180.0	113.6	60.3
Accrued Pension and COLA	97.8	94.0	88.4	89.3	89.6	80.0	75.0	66.9	55.8	45.2
Accrued Member Share Contributions	12.9	12.0	11.0	11.2	11.2	11.3	10.0	9.5	6.9	3.9
Accrued Interest	13.3	12.4	15.2	27.3	23.8	19.2	14.7	10.6	7.2	4.2
Withdrawals	(92.2)	(105.2)	(136.3)	(70.9)	(29.8)	(13.6)	(12.5)	(9.7)	(3.5)	-
DROP PROGRAM ENDING BALANCE - FIRE	**616.4**	**584.6**	**571.4**	**593.1**	**536.2**	**441.4**	**344.5**	**257.3**	**180.0**	**113.6**
Combined Police and Fire										
DROP Program Beginning Balance	1,245.6	1,237.9	1,287.8	1,187.0	986.3	781.4	595.1	426.8	275.1	148.0
Accrued Pension and COLA	195.4	189.4	179.1	181.6	187.9	172.4	161.4	147.2	130.4	107.5
Accrued Member Share Contributions	25.2	23.9	22.3	22.9	23.7	24.3	21.8	21.6	15.9	9.5
Accrued Interest	28.4	26.6	33.0	59.5	53.0	43.1	33.4	24.8	17.2	10.2
Withdrawals	(190.4)	(232.2)	(284.3)	(163.2)	(63.9)	(34.9)	(30.3)	(25.3)	(11.8)	(0.1)
DROP PROGRAM ENDING BALANCE	**$1,304.2**	**$1,245.6**	**$1,237.9**	**$1,287.8**	**$1,187.0**	**$986.3**	**$781.4**	**$595.1**	**$426.8**	**$275.1**

REVENUE CAPACITY INFORMATION

ACTIVE MEMBER AND TOTAL PAYROLL BASE STATISTICS (DOLLARS IN MILLIONS)

10-YEAR HISTORY OF MEMBERSHIP DATA*

Year	Payroll Base	Member Contributions	Number of Members*	Percentage Change in Payroll Base	Percentage Change in Member Contributions	Percentage Change in Members
2014	$1,942.3	$224.0	27,605	1.5%	6.0%	0.6%
2013	1,913.4	211.4	27,444	0.8%	19.1%	(0.6)%
2012	1,897.4	177.5	27,623	1.5%	0.4%	(2.1)%
2011	1,868.5	176.8	28,222	(1.4)%	0.7%	(1.4)%
2010	1,895.2	175.5	28,619	(0.3)%	4.2%	(1.5)%
2009	1,900.9	168.4	29,062	3.8%	(2.4)%	0.7%
2008	1,831.4	172.5	28,864	2.7%	4.5%	0.9%
2007	1,782.9	165.1	28,609	1.5%	(1.4)%	2.1%
2006	1,756.2	167.4	28,026	4.3%	(0.2)%	0.5%
2005	1,683.6	167.8	27,879	2.4%	1.1%	(2.0)%

* Includes rehired retirees.

ACTIVE MEMBERSHIP DATA

NUMBER AND AVERAGE ANNUAL SALARY AS OF JAN. 1, 2014*

	Years of Service									
Age	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
Under 25	524									524
	$43,799									$43,799
25-29	1,889	477								2,366
	$50,401	$66,212								$53,588
30-34	1,268	1,692	533	3						3,496
	$52,063	$67,383	$70,901	$65,064						$62,361
35-39	507	1,011	1,863	659	4					4,044
	$51,155	$66,907	$71,242	$74,200	$72,714					$68,123
40-44	228	602	1,464	2,547	802	15				5,658
	$51,953	$65,241	$69,319	$73,705	$78,743	$79,988				$71,524
45-49	77	192	538	1,484	2,107	856	12			5,266
	$49,786	$61,787	$68,533	$72,209	$76,954	$82,016	$74,536			$74,624
50-54	43	68	160	477	1,045	1,426	481	8		3,708
	$48,033	$61,229	$65,257	$70,815	$75,177	$79,279	$82,577	$88,625		$76,183
55-59	18	31	54	157	356	561	562	81	1	1,821
	$49,940	$61,422	$63,767	$67,726	$71,292	$77,350	$81,568	$86,637	$101,550	$76,119
60-64	8	4	13	39	107	121	148	45	14	499
	$58,070	$55,670	$66,459	$67,021	$70,332	$77,084	$75,593	$78,537	$84,100	$73,982
Over 64	3	2	7	8	9	16	9	7	8	69
	$61,083	$64,775	$58,867	$62,219	$68,875	$70,198	$85,039	$74,812	$89,909	$72,086
Total	4,565	4,079	4,632	5,374	4,430	2,995	1,212	141	23	27,451
	$50,252	$66,388	$69,954	$72,851	$76,223	$79,566	$81,195	$83,577	$86,879	$69,356

* Excludes rehired retirees.

REVENUE CAPACITY INFORMATION

RETIRED MEMBERSHIP BY TYPE OF BENEFITS (SOURCE: ACTUARIAL VALUATION)

	Service		Survivors		Disability		Total
Year	Police	Fire	Police	Fire	Police	Fire	Beneficiaries
2014	7,623	5,784	4,395	3,351	3,820	2,588	27,561
2013	7,459	5,683	4,352	3,321	3,834	2,594	27,243
2012	7,204	5,540	4,543	3,389	3,825	2,577	27,078
2011	6,762	5,185	4,479	3,310	3,772	2,566	26,074
2010	6,619	5,108	4,416	3,268	3,762	2,539	25,712
2009	6,546	5,060	4,300	3,194	3,721	2,496	25,317
2008	6,523	5,036	4,090	3,077	3,682	2,470	24,878
2007	6,459	5,012	4,067	3,115	3,594	2,436	24,683
2006	6,419	5,045	3,982	3,089	3,521	2,403	24,459
2005	6,452	5,101	3,931	3,063	3,429	2,364	24,340

RETIRED MEMBERSHIP BY TYPE OF BENEFITS AND AVERAGE ANNUAL ALLOWANCE (SOURCE: ACTUARIAL VALUATION) AS OF JAN. 1, 2014

Age Last Birthday	Number	Annual Allowance	Average Annual Allowance
Service Retirees			
Under 60	2,648	$124,982,773	$47,199
60 - 64	2,821	134,487,590	47,674
65 - 69	2,842	131,844,958	46,392
70 - 74	2,163	90,413,186	41,800
75 - 79	1,277	47,413,093	37,128
Over 79	1,656	46,331,194	27,978
TOTAL	**13,407**	**$575,472,794**	**$42,923**
Survivors and Beneficiaries			
Under 60	1,271	$11,706,699	$9,211
60 - 64	656	8,028,695	12,239
65 - 69	840	9,316,483	11,091
70 - 74	1,039	10,834,729	10,428
75 - 79	1,100	10,798,950	9,817
Over 79	2,840	26,461,846	9,318
TOTAL	**7,746**	**$77,147,402**	**$9,960**
Disability Retirees			
Under 60	2,629	$102,078,481	$38,828
60 - 64	1,141	45,210,775	39,624
65 - 69	1,097	41,666,317	37,982
70 - 74	755	26,679,379	35,337
75 - 79	443	13,542,522	30,570
Over 79	343	8,490,399	24,753
TOTAL	**6,408**	**$237,667,873**	**$37,089**

REVENUE CAPACITY INFORMATION

RETIREES AND BENEFICIARIES STATISTICS (DOLLARS IN MILLIONS)

Year	Benefit Payments*	Refunds	Total Payments*	Number of Benefit Recipients**	Percentage Change in Benefit Recipients	Percentage Change Total Benefit Payments
2014	$1,110.9	$15.2	$1,126.1	27,703	1.2%	(0.1)%
2013	1,111.2	16.0	1,127.2	27,380	0.7%	4.8%
2012	1,049.0	26.5	1,075.5	27,184	3.7%	2.4%
2011	1,027.9	22.0	1,049.9	26,225	1.4%	6.3%
2010	972.2	15.8	988.0	25,853	1.6%	6.0%
2009	916.4	15.7	932.1	25,439	1.7%	5.3%
2008	867.6	17.7	885.3	25,013	0.7%	6.5%
2007	815.8	15.1	830.9	24,831	0.3%	6.0%
2006	766.1	18.0	784.1	24,766	0.8%	7.4%
2005	713.5	16.4	729.9	24,564	0.9%	7.6%

* Excludes health care benefits.
** Includes terminated employees entitled to benefits but not yet receiving them.

AVERAGE MONTHLY BENEFIT PAYMENTS ** for members placed on Retirement Rolls*

SERVICE RETIREMENT

Year	Normal	Service Commuted	Age Commuted	Age / Service
2014	$3,606	$1,698	$-	$2,455
2013	3,530	1,292	-	2,590
2012	3,466	1,241	-	2,341
2011	3,442	1,282	-	2,699
2010	3,339	1,374	-	3,016
2009	3,301	1,460	-	2,359
2008	3,266	1,222	-	2,315
2007	3,251	1,265	-	1,928
2006	3,274	1,068	-	1,665
2005	3,125	1,102	-	1,231

DISABILITY RETIREMENT*

Year	Permanent and Total	Permanent and Total Presumptive	Partial	Partial Presumptive	Off Duty
2014	$3,642	$4,252	$3,040	$3,147	$2,258
2013	3,997	5,038	2,865	2,599	2,731
2012	4,276	3,717	2,928	3,338	2,770
2011	3,838	3,870	2,963	2,983	2,510
2010	3,495	3,886	2,827	3,659	2,785
2009	3,626	3,810	2,807	2,966	2,697
2008	3,509	3,424	2,874	2,696	2,511
2007	3,301	3,611	2,846	2,959	2,634
2006	3,341	2,930	2,793	2,939	2,306
2005	3,327	3,254	2,624	3,160	1,924

* Source: Numbers calculated by taking an average of final placements for retirees as listed in OP&F Board of Trustees monthly reports.

REVENUE CAPACITY INFORMATION

MEMBER HEALTH CARE CONTRIBUTIONS (DOLLARS IN MILLIONS)

Year	Contributions	Percentage Change in Contributions Received	Number of Covered Lives*	Health Care Benefit Payments	Percentage of Benefit Payments Covered by Member Contributions	Net Benefit Payment Per Covered Life
2014	$70.0	5%	26,794	$199.6	35%	$0.00484
2013	66.6	2%	26,723	191.3	35%	0.00467
2012	65.1	4%	26,044	187.4	35%	0.00470
2011	62.5	6%	25,396	176.3	35%	0.00448
2010	58.9	0%	25,308	159.9	37%	0.00399
2009	59.1	4%	25,366	168.7	35%	0.00432
2008	57.0	2%	26,786	153.4	37%	0.00360
2007	56.0	(5)%	26,787	149.2	38%	0.00348
2006	58.5	7%	28,559	178.9	33%	0.00421
2005	55.2	(2)%	29,451	163.3	34%	0.00367

* In 2012 OP&F restated the number of covered lives column using Buck Consultants, LLC actuarially certified number of covered lives. 2005 was the first year an actuarial review was done on Heath Care Benefits.

STATE OF OHIO SUBSIDY PAYMENTS*

Year	Subsidy Amount	Percentage Change
2014	$500,152	(6)%
2013	530,573	(9)%
2012	580,657	(9)%
2011	639,099	(8)%
2010	692,634	(11)%
2009	782,060	(9)%
2008	856,413	(12)%
2007	968,373	(10)%
2006	1,077,865	(9)%
2005*	1,185,989	(53)%

* In 2005, the State of Ohio repealed the annual $1.2 million subsidy provided to OP&F.

REVENUE CAPACITY INFORMATION

SCHEDULE OF AVERAGE BENEFITS*

This schedule displays the number of new retirees each year, grouped by years of credited service. Prior year numbers are not adjusted as members roll off the rolls. Retirement benefits are calculated based on the Final Average Salary (FAS) of the member. For members with 15 years or more of service credit as of July 1, 2013, FAS represents the member's three highest years of allowable earnings. For members with less than 15 years of service credit as of July 1, 2013, FAS represents the member's five highest years of allowable earnings.

The Total New Retirees column represents the average monthly benefit and average FAS for the retiree counts listed in each year.

RETIREMENT EFFECTIVE DATES		YEARS CREDITED SERVICE							
		0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+	TOTAL NEW RETIREES
2014	Average Monthly Benefit	$–	$2,243	$2,577	$2,349	$3,096	$4,011	$4,738	$3,910
	Average Final Average Salary	$–	$62,465	$58,188	$62,903	$72,772	$72,161	$76,831	$71,822
	Number of Active Recipients	–	8	9	29	38	708	36	828
2013	Average Monthly Benefit	$2,612	$2,487	$2,736	$2,216	$3,251	$3,994	$4,832	$3,830
	Average Final Average Salary	$52,748	$69,490	$61,462	$61,232	$71,553	$71,014	$74,792	$70,293
	Number of Active Recipients	2	5	25	43	47	638	29	789
2012	Average Monthly Benefit	$879	$2,247	$2,876	$2,783	$2,968	$3,932	$4,398	$3,761
	Average Final Average Salary	$42,089	$55,994	$65,733	$63,252	$68,219	$68,661	$68,067	$67,858
	Number of Active Recipients	1	14	27	69	56	662	73	902
2011	Average Monthly Benefit	$2,042	$2,698	$2,758	$2,582	$3,124	$3,906	$4,722	$3,895
	Average Final Average Salary	$52,736	$56,748	$64,823	$61,478	$68,588	$66,645	$69,404	$66,659
	Number of Active Recipients	2	23	42	61	37	907	215	1287
2010	Average Monthly Benefit	$1,989	$2,307	$2,923	$2,858	$2,907	$3,653	$4,415	$3,602
	Average Final Average Salary	$52,986	$63,760	$63,148	$64,760	$64,611	$64,545	$67,106	$64,829
	Number of Active Recipients	4	18	41	39	51	452	122	727
2009	Average Monthly Benefit	$2,592	$2,476	$2,878	$3,122	$3,208	$3,533	$4,205	$3,466
	Average Final Average Salary	$50,696	$53,112	$60,367	$61,952	$64,972	$64,170	$67,365	$63,683
	Number of Active Recipients	5	20	39	54	44	380	70	612
2008	Average Monthly Benefit	$2,067	$2,539	$2,958	$2,834	$2,962	$3,402	$4,167	$3,318
	Average Final Average Salary	$51,626	$53,487	$59,789	$60,428	$61,270	$63,520	$65,970	$62,359
	Number of Active Recipients	3	37	40	62	50	291	83	566
2007	Average Monthly Benefit	$2,347	$2,769	$2,934	$2,644	$3,019	$3,378	$4,087	$3,322
	Average Final Average Salary	$47,179	$57,089	$60,319	$58,482	$62,037	$63,478	$65,783	$62,550
	Number of Active Recipients	6	28	50	49	43	306	91	573
2006	Average Monthly Benefit	$1,778	$2,762	$2,828	$2,705	$2,993	$3,273	$3,891	$3,201
	Average Final Average Salary	$45,078	$56,511	$57,983	$56,217	$60,964	$63,072	$64,682	$61,478
	Number of Active Recipients	5	33	60	68	55	259	102	582
2005	Average Monthly Benefit	$2,109	$2,551	$2,816	$2,691	$3,063	$3,131	$3,724	$3,014
	Average Final Average Salary	$43,372	$54,465	$55,164	$56,156	$58,754	$61,070	$65,269	$59,060
	Number of Active Recipients	4	37	41	85	58	191	44	460

* All years begin Jan. 1 and end Dec. 31.

REVENUE CAPACITY INFORMATION

OP&F'S COST OF LIVING ALLOWANCE (COLA) HISTORY - PART 1 OF 2

COLA Payment Dates	Members who are 55 years old with less than 15 years of service credit as of July 1, 2013 EDOR* July 1, 2014 to June 30, 2015 COLA Paid	Members who are 55 years old with less than 15 years of service credit as of July 1, 2013 EDOR* July 1, 2013 to June 30, 2014 COLA Paid	Members who are 55 years old with less than 15 years of service credit as of July 1, 2013 EDOR* July 1, 2012 to June 30, 2013 COLA Paid	Members who are 55 years old with less than 15 years of service credit as of July 1, 2013 & have been receiving Benefits for at least 1 year	EDOR* July 1, 2000 to June 30, 2012	EDOR* July 1, 1999 to June 30, 2000	EDOR* July 1, 1998 to June 30, 1999	EDOR* July 1, 1997 to June 30, 1998
July 1, 2015 thru June 30, 2016	1.70%	1.70%	1.70%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2014 thru June 30, 2015		1.20%	1.20%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2013 thru June 30, 2014			2.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2012 thru June 30, 2013					3.00%	3.00%	3.00%	3.00%
July 1, 2011 thru June 30, 2012					3.00%	3.00%	3.00%	3.00%
July 1, 2010 thru June 30, 2011					3.00%	3.00%	3.00%	3.00%
July 1, 2009 thru June 30, 2010					3.00%	3.00%	3.00%	3.00%
July 1, 2008 thru June 30, 2009					3.00%	3.00%	3.00%	3.00%
July 1, 2007 thru June 30, 2008					3.00%	3.00%	3.00%	3.00%
July 1, 2006 thru June 30, 2007					3.00%	3.00%	3.00%	3.00%
July 1, 2005 thru June 30, 2006					3.00%	3.00%	3.00%	3.00%
July 1, 2004 thru June 30, 2005					3.00%	3.00%	3.00%	3.00%
July 1, 2003 thru June 30, 2004					3.00%	3.00%	3.00%	3.00%
July 1, 2002 thru June 30, 2003					3.00%	3.00%	3.00%	3.00%
July 1, 2001 thru June 30, 2002					3.00%	3.00%	3.00%	3.00%
July 1, 2000 thru June 30, 2001						2.20%	2.20%	2.20%
July 1, 1999 thru June 30, 2000							1.30%	1.30%
July 1, 1998 thru June 30, 1999								2.30%
July 1, 1997 thru June 30, 1998								
July 1, 1996 thru June 30, 1997								
July 1, 1995 thru June 30, 1996								
July 1, 1994 thru June 30, 1995								
July 1, 1993 thru June 30, 1994								
July 1, 1992 thru June 30, 1993								
July 1, 1991 thru June 30, 1992								
July 1, 1990 thru June 30, 1991								
July 1, 1989 thru June 30, 1990								
July 1, 1988 thru June 30, 1989								

* EDOR = Effective Date of Retirement

Additional Notes:

1) FIrst COLAs were paid July 1, 1988 through June 30, 1989
2) July 1, 2002 COLAs were a flat 3% (regardless of the CPI)
3) Beginning July 1, 2013
   A. Retired members who are at least 55 years old and have been receiving benefits for at least one year may be eligible for a cost-of-living allowance adjustment.
   B. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, statutory survivors and annuity beneficiaries.
   C. Members with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the Consumer Price Index (CPI) over the 12-month period ending on Sept. 30 of the immediately preceding year, whichever is less.
   D. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

REVENUE CAPACITY INFORMATION

OP&F'S COST OF LIVING ALLOWANCE (COLA) HISTORY - PART 2 OF 2

COLA Payment Dates	EDOR* July 1, 1996 to June 30, 1997	EDOR* July 1, 1995 to June 30, 1996	EDOR* July 1, 1994 to June 30, 1995	EDOR* July 1, 1993 to June 30, 1994	EDOR* July 1, 1992 to June 30, 1993	EDOR* July 1, 1991 to June 30, 1992	EDOR* July 1, 1990 to June 30, 1991	EDOR* July 1, 1986 to June 30, 1990
July 1, 2015 thru June 30, 2016	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2014 thru June 30, 2015	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2013 thru June 30, 2014	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2012 thru June 30, 2013	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2011 thru June 30, 2012	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2010 thru June 30, 2011	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2009 thru June 30, 2010	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2008 thru June 30, 2009	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2007 thru June 30, 2008	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2006 thru June 30, 2007	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2005 thru June 30, 2006	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2004 thru June 30, 2005	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2003 thru June 30, 2004	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2002 thru June 30, 2003	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2001 thru June 30, 2002	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 2000 thru June 30, 2001	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	3.00%
July 1, 1999 thru June 30, 2000	1.30%	1.30%	2.90%	2.70%	2.70%	1.30%	2.90%	3.00%
July 1, 1998 thru June 30, 1999	2.30%	2.30%	3.00%	3.00%	3.00%	2.40%	3.00%	3.00%
July 1, 1997 thru June 30, 1998	2.90%	2.90%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 1996 thru June 30, 1997		2.90%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 1995 thru June 30, 1996			0.00%	3.00%	3.00%	3.00%	3.00%	3.00%
July 1, 1994 thru June 30, 1995				0.00%	0.00%	3.00%	3.00%	3.00%
July 1, 1993 thru June 30, 1994					3.00%	3.00%	3.00%	3.00%
July 1, 1992 thru June 30, 1993						3.00%	3.00%	3.00%
July 1, 1991 thru June 30, 1992							3.00%	3.00%
July 1, 1990 thru June 30, 1991								3.00%
July 1, 1989 thru June 30, 1990								3.00%
July 1, 1988 thru June 30, 1989								3.00%

* EDOR = Effective Date of Retirement

Additional Notes:

1) FIrst COLAs were paid July 1, 1988 through June 30, 1989
2) July 1, 2002 COLAs were a flat 3% (regardless of the CPI)
3) Beginning July 1, 2013
   A. Retired members who are at least 55 years old and have been receiving benefits for at least one year may be eligible for a cost-of-living allowance adjustment.
   B. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, statutory survivors and annuity beneficiaries.
   C. Members with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the Consumer Price Index (CPI) over the 12-month period ending on Sept. 30 of the immediately preceding year, whichever is less.
   D. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

REVENUE CAPACITY INFORMATION

EMPLOYER CONTRIBUTION RATES (1967–PRESENT)*

	Employer Rates	
Time Frame of Rates	Police	Fire
Jan. 1, 1986 thru Present	19.50%	24.00%
Jan. 1, 1985 thru Dec. 31, 1985	20.03%	24.59%
Jan. 1, 1984 thru Dec. 31, 1984	21.35%	24.59%
Jan. 1, 1983 thru Dec. 31, 1983	18.45%	23.57%
Jan. 1, 1982 thru Dec. 31, 1982	16.62%	22.39%
Jan. 1, 1981 thru Dec. 31, 1981	15.60%	20.72%
Jan. 1, 1980 thru Dec. 31, 1980	15.70%	19.87%
Jan. 1, 1979 thru Dec. 31, 1979	18.40%	20.11%
Jan. 1, 1978 thru Dec. 31, 1978	17.53%	18.90%
Jan. 1, 1977 thru Dec. 31, 1977	15.34%	16.77%
Jan. 1, 1976 thru Dec. 31, 1976	14.02%	15.57%
Jan. 1, 1975 thru Dec. 31, 1975	12.49%	13.78%
Jan. 1, 1974 thru Dec. 31, 1974	12.88%	13.60%
Jan. 1, 1973 thru Dec. 31, 1973	12.85%	13.41%
Jan. 1, 1972 thru Dec. 31, 1972	12.96%	13.26%
Jan. 1, 1971 thru Dec. 31, 1971	12.81%	12.96%
Jan. 1, 1970 thru Dec. 31, 1970	15.52%	15.52%
Jan. 1, 1969 thru Dec. 31, 1969	14.68%	14.49%
Jan. 1, 1968 thru Dec. 31, 1968	13.66%	13.50%
Jan. 1, 1967 thru Dec. 31, 1967	13.55%	13.13%

* For employer billing purposes, the September 1988 billing was carried through Sept. 30, 1988 and was not cut off at Sept. 8, 1988. The same goes for the employee rates for the most part.

MEMBER CONTRIBUTION RATES

	Member Rates	
Time Frame of Rates	Police	Fire
July 2, 2015 and thereafter	12.25%	12.25%
July 2, 2014 thru July 1, 2015	11.50%	11.50%
July 2, 2013 thru July 1, 2014	10.75%	10.75%
Sept. 9, 1988 thru July 1, 2013	10.00%	10.00%
Aug. 1, 1986 thru Sept. 8, 1988	9.50%	9.50%
March 1, 1980 thru July 31, 1986	8.50%	8.50%
Jan. 1, 1968 thru Feb. 28, 1980	7.00%	7.00%
Jan. 1, 1967 thru Dec. 31, 1967	6.00%	6.00%

HEALTH CARE ALLOCATION RATES FROM EMPLOYER CONTRIBUTIONS

Time Frame of Rates	Percentage
Jan. 1, 2014 thru Present	0.50%
June 1, 2013 thru Dec. 31, 2013	2.85%
Jan. 1, 2013 thru May 31, 2013	4.69%
Jan. 1, 2007 thru Dec. 31, 2012	6.75%
Jan. 1, 2002 thru Dec. 31, 2006	7.75%
Jan. 1, 2001 thru Dec. 31, 2001	7.50%
Jan. 1, 2000 thru Dec. 31, 2000	7.25%
Jan. 1, 1999 thru Dec. 31, 1999	7.00%
Jan. 1, 1992 thru Dec. 31, 1998	6.50%
Jan. 1, 1974 thru Dec. 31, 1991	Rate equal to dollar of Benefits Paid

REVENUE CAPACITY INFORMATION

ACTUARIAL INTEREST RATES

	Actuarial Interest Rates	
Time Frame of Rates	Police	Fire
Jan. 1, 1989 thru Present	8.250%	8.250%
Jan. 1, 1986 thru Dec. 31, 1988	7.750%	7.750%
Jan. 1, 1983 thru Dec. 31, 1985	7.500%	7.500%
Jan. 1, 1980 thru Dec. 31, 1982	6.375%	6.375%
Jan. 1, 1979 thru Dec. 31, 1979	6.000%	6.000%
Jan. 1, 1974 thru Dec. 31, 1978	5.000%	5.000%
Jan. 1, 1972 thru Dec. 31, 1973	4.750%	4.750%
Jan. 1, 1970 thru Dec. 31, 1971	4.625%	4.625%
Jan. 1, 1967 thru Dec. 31, 1969	4.250%	4.250%

DROP AND RE-EMPLOYED INTEREST RATES

	Drop and Reemployed Interest Rates	
Time Frame of Rates*	Police	Fire
April 1, 2015 thru June 30, 2015	1.94%	1.94%
Jan. 1, 2015 thru March 31, 2015	2.17%	2.17%
Oct. 1, 2014 thru Dec. 31, 2014	2.52%	2.52%
July 1, 2014 thru Sept. 30, 2014	2.53%	2.53%
April 1, 2014 thru June 30, 2014	2.73%	2.73%
Jan. 1, 2014 thru March 31, 2014	3.04%	3.04%
Oct. 1, 2013 thru Dec. 31, 2013	2.64%	2.64%
July 1, 2013 thru Sept. 30, 2013	2.52%	2.52%
April 1, 2013 thru June 30, 2013	1.87%	1.87%
Jan. 1, 2013 thru March 31, 2013	1.78%	1.78%
Oct. 1, 2012 thru Dec. 31, 2012	1.65%	1.65%
July 1, 2012 thru Sept. 30, 2012	1.67%	1.67%
April 2, 2012 thru June 30, 2012	2.23%	2.23%
Jan. 19, 2003 thru April 1, 2012	5.00%	5.00%

* Effective April 2, 2012 the interest rate is equal to the 10-year U.S. Treasury Note Business Day Series, as published by the United States Federal Reserve, with a cap of five percent.

REVENUE CAPACITY INFORMATION

DROP MEMBER COUNT ROLL FORWARD *(as of Dec. 31)*

Police		2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Balance Beginning of Year		1,883	1,795	1,801	1,985	1,990	1,893	1,797	1,683	1,524	1,277
Number of members that entered into DROP	Increases	322	384	329	356	289	289	258	272	298	289
Number of members that terminated DROP	Decreases	(287)	(296)	(335)	(540)	(294)	(192)	(162)	(158)	(139)	(42)
SUB-TOTAL AT YEAR END - POLICE		1,918	1,883	1,795	1,801	1,985	1,990	1,893	1,797	1,683	1,524
Fire											
Balance Beginning of Year		1,862	1,741	1,740	1,888	1,744	1,648	1,541	1,375	1,145	930
Number of Members that entered into DROP	Increases	346	369	283	315	349	258	249	285	317	235
Number of members that terminated DROP	Decreases	(301)	(248)	(282)	(463)	(205)	(162)	(142)	(119)	(87)	(20)
SUB-TOTAL AT YEAR END - FIRE		1,907	1,862	1,741	1,740	1,888	1,744	1,648	1,541	1,375	1,145
Police and Fire											
Balance Beginning of Year		3,745	3,536	3,541	3,873	3,734	3,541	3,338	3,058	2,669	2,207
Number of members that entered into DROP	Increases	668	753	612	671	638	547	507	557	615	524
Number of members that terminated DROP	Decreases	(588)	(544)	(617)	(1,003)	(499)	(354)	(304)	(277)	(226)	(62)
TOTAL AT YEAR END - POLICE AND FIRE		3,825	3,745	3,536	3,541	3,873	3,734	3,541	3,338	3,058	2,669

ACTUARIAL VALUATION INFORMATION - PENSION TRUST FUND (DOLLARS IN MILLIONS)*

As of Jan. 1	Valuation Assets*	Actuarial Accrued Liabilities (AAL)	Unfunded/ (Overfunded) Actuarial Accrued Liabilities (UAAL)	Ratio of Assets to AAL	Active Member Payroll	Funding Period in Years
2014	$11,063.2	$16,577.8	$5,514.6	66.7%	$1,942.3	33 years
2013	10,278.0	16,007.9	5,729.9	64.2%	1,913.4	47 years
2012	10,309.0	16,346.7	6,037.7	63.1%	1,897.4	Infinite
2011	10,681.0	15,384.4	4,703.4	69.4%	1,868.5	Infinite
2010	10,794.1	14,830.7	4,036.6	72.8%	1,895.2	Infinite
2009	9,309.2	14,307.1	4,997.9	65.1%	1,900.9	Infinite
2008	11,212.9	13,727.8	2,514.9	81.7%	1,831.4	Infinite
2007	10,158.0	12,987.5	2,829.5	78.2%	1,782.9	Infinite
2006	9,550.6	12,190.4	2,639.8	78.3%	1,756.2	Infinite
2005	9,337.5	11,545.1	2,207.6	80.9%	1,683.6	Infinite

* The amounts reported in this schedule do not include assets or liabilities for post-employment health care benefits.

REVENUE CAPACITY INFORMATION

ACTUARIAL VALUATION INFORMATION - RETIREE HEALTH CARE TRUST FUND (DOLLARS IN MILLIONS)

As of Jan. 1	Valuation Assets	Actuarial Accrued Liabilities (AAL)	Unfunded/ (Overfunded) Actuarial Accrued Liabilities (UAAL)	Ratio of Assets to AAL	Active Member Payroll	UAAL as Percentage of Active Member Payroll
2014	$1,053.5	$5,244.5	$4,191.0	20.1%	$1,942.3	215.8%
2013	935.6	4,234.8	3,299.2	22.1%	1,913.4	172.5%
2012	780.1	3,698.7	2,918.6	21.1%	1,897.4	153.8%
2011	717.7	3,295.3	2,577.6	21.8%	1,868.5	137.9%
2010	573.4	3,232.4	2,659.0	17.7%	1,895.2	140.3%
2009	438.7	3,163.6	2,724.9	13.9%	1,900.9	143.3%
2008	527.0	3,623.5	3,096.5	14.5%	1,831.4	169.1%
2007	436.6	3,273.7	2,837.1	13.3%	1,782.9	159.1%
2006	343.0	3,334.8	2,991.8	10.3%	1,756.2	170.4%

HISTORICAL ANNUAL INVESTMENT RESULTS

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
U.S. Equity										
OP&F	11.27%	35.53%	15.88%	0.94%	22.43%	32.82%	(38.02)%	5.37%	14.80%	7.59%
International Equity*										
OP&F	(5.56)%	21.01%	19.96%	(12.37)%	15.11%	39.58%	(45.71)%	20.61%	28.24%	14.10%
Emerging Markets										
OP&F	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	26.24%
Fixed Income										
OP&F–Core	4.07%	(1.05)%	6.31%	6.41%	9.72%	11.76%	0.37%	6.50%	4.59%	2.67%
OP&F–High Yield	2.81%	6.15%	15.64%	6.00%	15.02%	47.02%	(20.17)%	2.91%	10.22%	2.61%
OP&F–GIPS	19.43%	(10.62)%	14.93%	35.50%	15.28%	9.84%	2.04%	11.72%	2.97%	2.96%
OP&F–Commercial Mortgage**	8.56%	6.72%	5.28%	4.99%	16.63%	(0.63)%	0.68%	2.31%	5.08%	9.83%
Master Limited Partnerships										
OP&F	16.91%	32.25%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
**Real Estate ** **										
OP&F	18.57%	15.11%	13.06%	18.01%	4.86%	(37.27)%	2.07%	20.67%	26.60%	26.07%
**Private Markets ** **										
OP&F	18.34%	11.50%	9.58%	17.66%	12.57%	(11.61)%	(2.32)%	31.88%	17.43%	26.76%
**Timber ** **										
OP&F	8.99%	3.37%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Portfolio										
OP&F	6.79%	16.94%	15.41%	2.57%	15.85%	20.73%	(28.06)%	10.47%	16.15%	9.07%
Policy Index***	6.87%	14.61%	14.94%	2.43%	12.61%	22.81%	(28.89)%	9.16%	15.69%	8.98%

* International Equity benchmark is a blend of the MSCI ACWI ex U.S. (Net) through June 30, 2011, the MSCI ACWI ex U.S. Iran/Sudan Free from July 1, 2011 through Sept. 30, 2012 and the MSCI ACWI ex U.S. Iran/Sudan Free IMI Index from Oct. 1, 2012 forward.

** One quarter in arrears.

*** Interim Policy Index: 20.8 percent Wilshire 5000, 20.8 percent MSCI ACWI ex-U.S. Iran/Sudan Free IMI index, 11.5 percent Barclays Aggregate, 15 percent Credit Suisse First Boston (CSFB) Dev. Countries HY, 6.5 percent Global Treasury Inflation Protected Securities (TIPS) Custom, 12 percent NCREIF ODCE Index Lagged, 5 percent Wilshire 5000 + 3 percent Lagged, 3.5 percent CPI + 5 percent (Net), 5 percent Alerian MLP Index.

- Long-Term Policy: 16 percent Wilshire 5000, 16 percent MSCI ACWI ex-U.S. Iran/Sudan Free IMI Index, 20 percent Barclays Aggregate, 15 percent CSFB Dev. Countries HY, 20 percent Global TIPS Custom, 12 percent NCREIF ODCE Index Lagged, 8 percent Wilshire 5000 + 3 percent Lagged, 5 percent NCREIF Timberland Lagged, 8 percent Alerian MLP Index (adds to 120 percent as "Risk Parity" approach uses 2x levered Global Inflation-Protected Securities and 2x levered Core Fixed Income).

Time Weighted methodology, based upon fair values, is used when calculating performance.

DEBT CAPACITY INFORMATION

OP&F does not have any outstanding debt, nor are there any plans to ever pursue issuing debt anytime in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

NUMBER OF EMPLOYER UNITS

	Municipalities		Townships		Villages		Total		Total
Year	Police	Fire	Police	Fire	Police	Fire	Police	Fire	Both
2014	249	221	-	129	283	36	532	386	918
2013	249	223	-	124	282	33	531	380	911
2012	249	225	-	122	288	33	537	380	917
2011	250	227	-	123	283	34	533	384	917
2010	252	229	-	123	284	33	536	385	921
2009	252	229	-	121	287	32	539	382	921
2008	251	228	-	123	287	34	538	385	923
2007	251	229	-	122	289	33	540	384	924
2006	252	225	-	119	284	32	536	376	912
2005	251	224	-	113	286	31	537	368	905

PRINCIPAL PARTICIPATING EMPLOYERS

Employer Name	Covered Employees	Rank	Percentage of Total Covered Members
City of Columbus	3,557	1	12.89%
City of Cleveland	2,441	2	8.84%
City of Cincinnati	1,853	3	6.71%
City of Toledo	1,200	4	4.35%
City of Akron	842	5	3.05%
City of Dayton	669	6	2.42%
City of Canton	324	7	1.17%
City of Youngstown	299	8	1.08%
City of Springfield	261	9	0.95%
City of Parma	218	10	0.79%
All Others	15,941		57.75%
TOTAL	**27,605**		**100.00%**

OPERATING INFORMATION

OP&F EMPLOYEE BUDGETED POSITION COUNTS

Department	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Administration	48	47	45	46	46	47	44	45	42	44
Finance**	21	22	22	13	13	13	13	13	16	16
Health Care Services*	-	-	-	-	-	-	-	-	-	16
Information Services	25	24	24	24	24	24	25	25	25	26
Investments	14	14	15	15	15	14	14	14	14	17
Member Services**	34	34	38	46	46	51	54	64	69	56
TOTAL FULL-TIME POSITIONS	**142**	**141**	**144**	**144**	**144**	**149**	**150**	**161**	**166**	**175**

* Health Care Services was combined with Member Services in 2006.

** The Employer Services Group was transitioned to Finance from Member Services in 2012.

PERSONNEL SALARIES BY YEAR (DOLLARS IN THOUSANDS)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Salaries and Wages	$9,054.2	$9,248.5	$8,756.9	$8,807.9	$8,313.9	$8,660.2	$8,866.4	$8,844.4	$8,763.8	$8,963.4
Average Salary per Budgeted Staff	$63.8	$65.6	$60.8	$61.2	$57.7	$58.1	$59.1	$54.9	$52.8	$51.2

OP&F BUDGET (DOLLARS IN MILLIONS)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Administrative Expenses (Actual)*	$61.6	$59.4	$52.8	$50.3	$46.5	$41.0	$43.6	$45.9	$41.7	$38.7
Administrative Expenses (Budget)*	62.6	62.6	58.7	54.5	45.6	46.5	54.6	61.0	48.5	44.1
Percentage of Budget vs Actual	98%	95%	90%	92%	102%	88%	80%	75%	86%	88%

* Excludes depreciation expense.

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Capital (Actual)	$2.1	$3.1	$2.9	$1.7	$2.0	$0.6	$2.1	$1.2	$0.7	$2.0
Capital (Budget)	2.8	3.4	3.4	3.7	4.4	3.2	4.6	3.8	5.8	2.8
Percentage of Budget vs Actual	75%	91%	85%	46%	45%	19%	46%	32%	12%	71%

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating Expenses (Actual)*	$16.2	$15.9	$15.4	$15.4	$15.0	$16.3	$16.0	$16.7	$14.7	$13.9
Investment Expenses (Actual)*	45.4	43.5	37.4	34.9	31.5	24.7	27.6	29.2	27.0	24.8

* Excludes depreciation expense.

OPERATING INFORMATION

OTHER OPERATING STATISTICS (DOLLARS IN MILLIONS)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Staff	142	141	144	144	144	149	150	161	166	175
Investment Staff	14	14	15	15	15	14	14	14	14	17
Investment Actual Expenses	$45.4	$43.5	$37.4	$34.9	$31.5	$24.7	$27.6	$29.2	$27.0	$24.8
Investment Income	$860.7	$2,053.0	$1,657.9	$229.6	$1,651.8	$1,894.9	$(3,832.9)	$1,163.1	$1,629.8	$847.3
Investment Staff to Investment Expense Ratio	$3.2	$3.1	$2.5	$2.3	$2.1	$1.8	$2.0	$2.1	$1.9	$1.5
Total Staff to Investment Income Ratio	$6.1	$14.6	$11.5	$1.6	$11.5	$12.7	$(25.6)	$7.2	$9.8	$4.8
Investment Staff to Investment Income Ratio	$61.5	$146.6	$110.5	$15.3	$110.1	$135.4	$(273.8)	$83.1	$116.4	$49.8

DEATH BENEFIT FUND

Pursuant to Section 742.63 of the Ohio Revised Code, the Board of Trustees of OP&F administers the State of Ohio DBF. This program was established by the State of Ohio to provide monthly benefit payments to surviving family members of Ohio fire fighters and law enforcement officers who have been killed in the line of duty or die of a duty-related accident or illness. Funds are disbursed to OP&F, on a quarterly basis, each State fiscal year (July 1-June 30) and benefits are paid monthly by OP&F to eligible recipients. The unused balance at June 30 is returned to the State. The assets and liabilities of the DBF are included in the Fund's combining statement of plan net assets as of Dec. 31, 2014 as an agency fund. The following is a schedule of DBF financial activity:

Balance Jan. 1, 2014	**$1,628,232**
Less: Survivor Benefits Paid Jan. 1 thru June 30, 2014	(9,404,467)
Balance returned to State of Ohio	(2,228,976)
State Funding Received	20,000,000
Less: Survivor Benefits Paid July 1 thru Dec. 31, 2014	(9,262,716)
BALANCE DEC. 31, 2014	**$732,073**

LIST OF PROFESSIONAL ACRONYMS AND SYMBOLS

AAL = Actuarial Accrued Liabilities

ACH = Automated Clearing House

ACWI Ex-U.S. = All Country World Ex-U.S. Index

ARC = Annual Required Contributions

AICPAs = American Institute of Certified Public Accountants

bps = Basis Points

Buck = Buck Consultants, LLC

CAFR = Comprehensive Annual Financial Report

COLAs = Cost of Living Allowance

CPI = Consumer Price Index

CSFB = Credit Suisse First Boston

DBF = Death Benefit Fund

DROP = Deferred Retirement Option Plan

ECB = European Central Bank

EDOR = Effective Date of Retirement

€ = Euro

FHLMC = Federal Home Loan Mortgage Corporation

FNMA = Federal National Mortgage Association

FOMC = Federal Open Market Committee

FFC = Full Faith & Credit

GASB = Government Accounting Standards Board

GDP = Gross Domestic Product

GFOA = Government Finance Officers Association of the U.S. and Canada

GIPS = Global Inflation Protected Securities

GNMA = Government National Mortgage Association

HCSF = Health Care Stabilization Fund

HY = High Yield

IRC = Internal Revenue Code

IRR = Internal Rate of Return

IRS = Internal Revenue Service

I/S Free = Iran and Sudan Free

MD&A = Management Discussion and Analysis

MLP = Master Limited Partnerships

MSCI = Morgan Stanley Capital International

NCREIF = National Council of Real Estate Investment Fiduciaries

ODCE = Open End Diversified Core Equity

OP&F = Ohio Police & Fire Pension Fund

OPEB = Other Post-Employment Benefit

OPERS = Ohio Public Employees Retirement System

ORC = Ohio Revised Code

ORSC = Ohio Retirement Study Council

PIMCO = Pacific Investment Management Company

PPCC = Public Pension Coordination Council

QE3 = Third Quantitive Easing Program

REITs = Real Estate Investment Trusts

REMICs = Real Estate Mortgage Investment Conduits

RFP = Request for Proposal

RSI = Required Supplementary Information

S&P = Standard and Poor's

STIF = Short Term Investment Fund

STRIPS = Separate Trading of Registered Interest and Principal Securities

TED = Treasuries / Eurodollar Spread

TIPS = Treasury Inflation Protected Securities

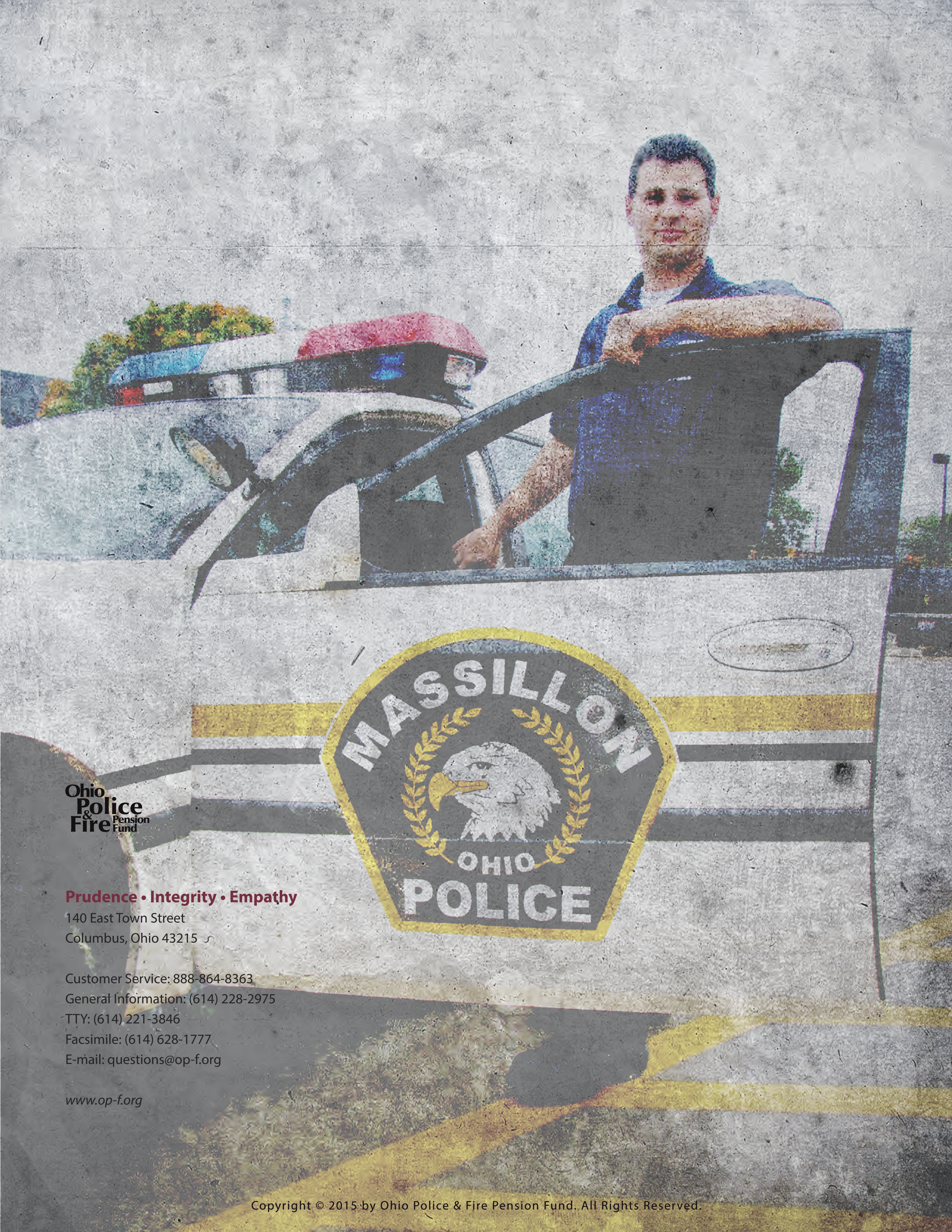
2xs = Two Times

TTY = TeletypeWriter

UAAL = Unfunded Actuarial Accrued Liabilities

U.S. = United States of America

U.S.D. = United States Dollar



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