

# Ohio Police & Fire Pension Fund

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

September 19, 2019

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

RE: OP&F's 2020 Proposed Budgets

Dear Ms. Rhodes:

Please find enclosed the 2020 proposed Administrative Operating, and 2020-2022 Capital budgets for the Ohio Police & Fire Pension Fund (OP&F) in the format provided by the ORSC.

The proposed budgets are being provided to you in compliance with SB 133. OP&F's Board of Trustees are scheduled to adopt the proposed budgets on November 20, 2019, which meets the sixty days requirement from the date of this correspondence.

Please note that OP&F's individual Board committees have not yet had an opportunity to review or provide input on the proposed budget details and changes may be included in the adopted budget.

OP&F will continue to work with you prior to the official adoption and should the Board of Trustees have any changes, we will communicate those to you and amend the information provided.

Please feel free to contact me if you need additional information or have any questions.

Sincerely,



John J. Gallagher, Jr.  
Executive Director

Enclosure: 2020 Proposed Budgets

## FY2020 to FY2019 Operating Budget and Increase (Decrease)

Budget category	2020 Budget	2019 Budget	2019 Estimated Actual	2020-19 Increase (Decrease)	Percent Change (2019 to 2020)
<b>Personnel</b>	\$ 17,113,714	\$ 16,520,302	\$ 15,062,571	\$ 593,412	3.6%
Salaries and Wages	\$ 11,207,298	\$ 10,942,574	\$ 10,059,792	\$ 264,724	2.4%
PERS Contributions	\$ 1,627,097	\$ 1,591,822	\$ 1,531,079	\$ 35,275	2.2%
Health Insurance	\$ 3,526,525	\$ 3,213,847	\$ 2,811,676	\$ 312,678	9.7%
Miscellaneous Expenses	\$ 752,794	\$ 772,059	\$ 660,024	\$ (19,265)	-2.5%
<b>Professional Services</b>	\$ 4,973,717	\$ 4,792,208	\$ 4,465,264	\$ 181,509	3.8%
Actuarial	\$ 350,000	\$ 400,000	\$ 277,400	\$ (50,000)	-12.5%
Audit	\$ 165,000	\$ 165,000	\$ 164,093	\$ -	0.0%
Custodial Banking Fees	\$ 840,000	\$ 900,000	\$ 820,000	\$ (60,000)	-6.7%
Investment Consulting	\$ 1,758,742	\$ 1,577,083	\$ 1,552,900	\$ 181,659	11.5%
Other Consulting	\$ 1,778,975	\$ 1,672,125	\$ 1,569,280	\$ 106,850	6.4%
Banking Expenses	\$ 81,000	\$ 78,000	\$ 81,591	\$ 3,000	3.8%
<b>Communications Expense</b>	\$ 478,370	\$ 465,650	\$ 464,677	\$ 12,720	2.7%
Printing and Postage	\$ 385,500	\$ 373,000	\$ 373,027	\$ 12,500	3.4%
Telecommunications	\$ 76,500	\$ 78,400	\$ 77,400	\$ (1,900)	-2.4%
Member/Employer Education	\$ 16,370	\$ 14,250	\$ 14,250	\$ 2,120	14.9%
<b>Other Operating Expenses</b>	\$ 3,194,166	\$ 3,084,598	\$ 2,170,804	\$ 109,568	3.6%
Conferences and Education	\$ 181,140	\$ 171,356	\$ 117,363	\$ 9,784	5.7%
Travel	\$ 171,940	\$ 187,025	\$ 112,086	\$ (15,085)	-8.1%
Computer Technology	\$ 1,274,550	\$ 1,191,992	\$ 1,154,299	\$ 82,558	6.9%
Other Operating	\$ 776,056	\$ 745,505	\$ 628,144	\$ 30,551	4.1%
Ohio Retirement Study Council	\$ 710,000	\$ 708,000	\$ 78,576	\$ 2,000	0.3%
TOS Warrant Clearing Charges	\$ 480	\$ 720	\$ 336	\$ (240)	-33.3%
Attorney General Charges	\$ 80,000	\$ 80,000	\$ 80,000	\$ -	0.0%
<b>Net Building Expense</b>	\$ 1,362,750	\$ 1,285,450	\$ 1,352,750	\$ 77,300	6.0%
<b>Total Operating Budget</b>	\$ 27,122,717	\$ 26,148,208	\$ 23,516,066	\$ 974,509	3.7%
<b>Full-Time Equivalent (FTE) Associates</b>	148	148			

Ohio Police Fire 2020 ORSC Budget Presentation  
**FY2020 to FY2019 Capital Budget**

	2020 Budget (includes carryover from previous years)	2019 Budget	2019 Estimate
<b>Total Capital Budget</b>	\$ 4,280,458	\$ 3,113,400	\$ 882,425
Office Building	350,000	350,000	-
Furniture & Equipment	90,000	90,000	795
Computer Technology	3,840,458	2,673,400	881,630
Telecommunications Equipment	-	-	-

\* OP&F Capital Budget is a rolling three year budget (2020-2022 and 2019-2021)

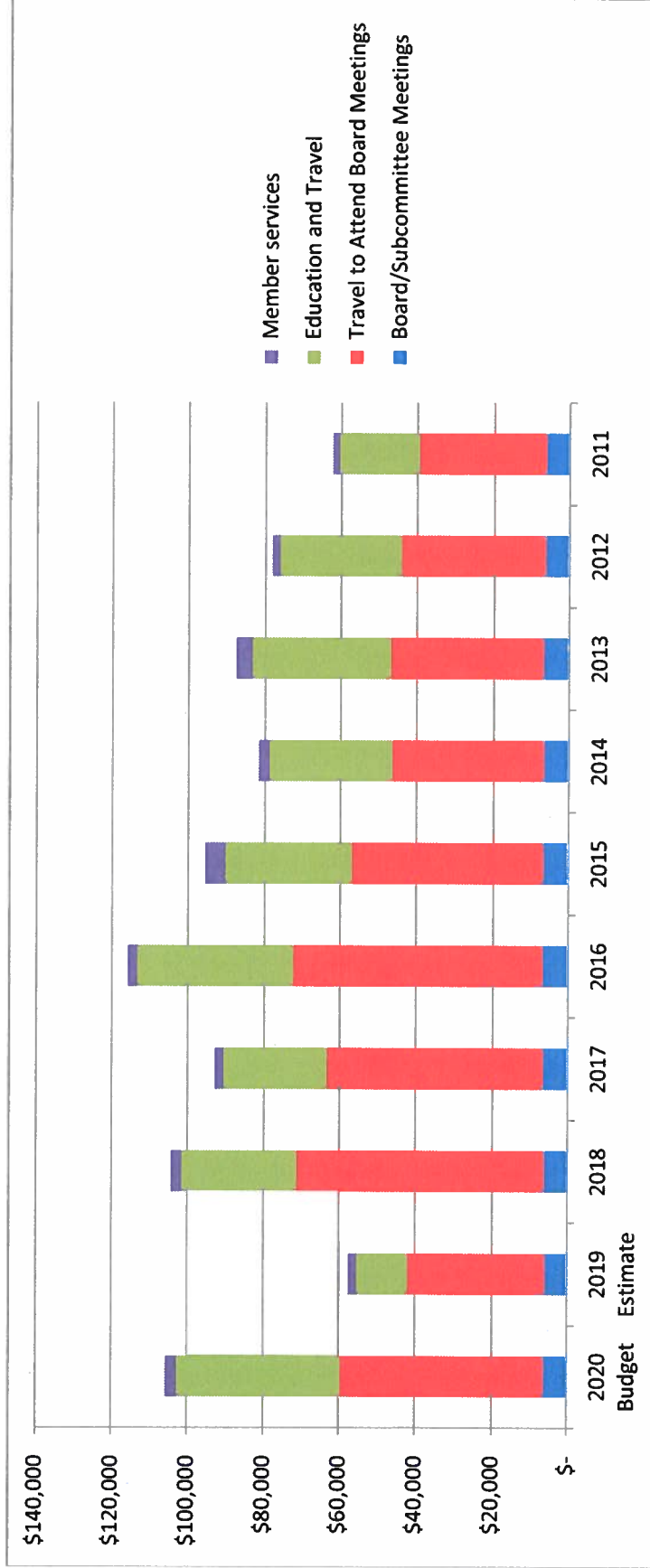
**Investment Expenses**

	2018 Actual	2017 Actual	Percent Change (2017 to 2018)
<b>Total Investment Assets</b>	\$ 14,766,712,747	\$ 15,865,497,030	-6.93%
Total Internally Managed Assets*	301,512,023	516,563,036	-41.63%
Total Externally Managed Assets	14,465,200,724	15,348,933,994	-5.76%
<b>Total Investment Expenses</b>	\$ 50,825,577	\$ 49,418,083	2.85%
Total Internal Investment Expenses*	80,474	84,037	-4.24%
Total External Investment Expenses	45,342,369	44,979,291	0.81%
Investment Consulting	1,527,438	1,490,536	2.48%
Brokerage/Commissions-Internal	-	-	N/A
Brokerage/Commissions-External	3,011,343	2,059,381	46.23%
Custodian Fees	863,953	804,838	7.34%
<b>Total Investment Expenses as a % of Total Investment Assets</b>	<b>0.34%</b>	<b>0.31%</b>	<b>0.03%</b>
Expenses as % of Internally Managed	0.03%	0.02%	0.01%
Expenses as % of Externally Managed	0.35%	0.32%	0.03%

\* Total Internally Managed Assets and Total Internal Investment Expenses have been revised to more accurately reflect the allocation of OP&F assets between Internally Managed and Externally Managed Investment Assets.

### Board Member Expenses

	2020 Budget	2019 Estimate	2018	2017	2016	2015	2014	2013	2012	2011
<b>Total Board Expenses</b>	<b>\$ 105,605</b>	<b>\$ 57,619</b>	<b>\$ 104,280</b>	<b>\$ 92,831</b>	<b>\$ 115,817</b>	<b>\$ 95,497</b>	<b>\$ 81,557</b>	<b>\$ 87,559</b>	<b>\$ 78,142</b>	<b>\$ 62,220</b>
Board/Subcommittee Meetings	\$ 6,000	\$ 5,697	\$ 6,014	\$ 6,379	\$ 6,586	\$ 6,492	\$ 6,411	\$ 6,536	\$ 6,074	\$ 5,968
Travel to Attend Board Meetings	\$ 53,500	\$ 36,162	\$ 65,131	\$ 56,799	\$ 65,641	\$ 50,356	\$ 39,779	\$ 40,117	\$ 37,903	\$ 33,341
Education and Travel	\$ 43,105	\$ 13,475	\$ 30,198	\$ 27,242	\$ 40,897	\$ 33,271	\$ 32,488	\$ 36,596	\$ 32,027	\$ 21,025
Member services	\$ 3,000	\$ 2,285	\$ 2,937	\$ 2,411	\$ 2,693	\$ 5,378	\$ 2,879	\$ 4,310	\$ 2,138	\$ 1,886



## Staff Training and Travel

	2020	2019	Increase (Decrease)	% Increase (Decrease)
Administration	\$ 91,410	\$ 82,020	\$ 9,390	11.4%
Conferences & Seminars	\$ 81,410	\$ 72,020	\$ 9,390	13.0%
In-House Training	\$ 10,000	\$ 10,000	\$ -	0.0%
#FTE	\$ 19	\$ 19	\$ -	0.0%
Traning Expense per FTE	\$ 4,811	\$ 4,317	\$ 494	11.4%

	2020	2019	Increase (Decrease)	% Increase (Decrease)
Finance	\$ 18,400	\$ 21,900	\$ (3,500)	-16.0%
Conferences & Seminars	\$ 18,400	\$ 21,900	\$ (3,500)	-16.0%
In-House Training	\$ -	\$ -	\$ -	
#FTE	\$ 25	\$ 25	\$ -	0.0%
Traning Expense per FTE	\$ 736	\$ 876	\$ (140)	-16.0%

	2020	2019	Increase (Decrease)	% Increase (Decrease)
Investments	\$ 26,835	\$ 29,609	\$ (2,774)	-9.4%
Conferences & Seminars	\$ 26,835	\$ 29,609	\$ (2,774)	-9.4%
In-House Training	\$ -	\$ -	\$ -	
#FTE	\$ 17	\$ 17	\$ -	0.0%
Traning Expense per FTE	\$ 1,579	\$ 1,742	\$ (163)	-9.4%

	2020	2019	Increase (Decrease)	% Increase (Decrease)
Business & Technology Solutions	\$ 89,605	\$ 97,807	\$ (8,202)	-8.4%
Conferences & Seminars	\$ 89,605	\$ 97,807	\$ (8,202)	-8.4%
In-House Training	\$ -	\$ -	\$ -	
#FTE	\$ 41	\$ 41	\$ -	0.0%
Traning Expense per FTE	\$ 2,185	\$ 2,386	\$ (200)	-8.4%

	2020	2019	Increase (Decrease)	% Increase (Decrease)
Member Services	\$ 13,880	\$ 13,880	\$ -	0.0%
Conferences & Seminars	\$ 13,880	\$ 13,880	\$ -	0.0%
In-House Training	\$ -	\$ -	\$ -	
#FTE	\$ 46	\$ 46	\$ -	0.0%
Traning Expense per FTE	\$ 302	\$ 302	\$ -	0.0%

**Supplementary Statistical Information**

	2020*	2019	2018	2017	2016
Active Members	29,200	28,904	28,212	27,990	27,446
Inactive Members	3,700	3,693	3,610	3,314	3,547
Benefit Recipient (Age, Dis., Survivor)	29,900	29,566	29,361	28,913	28,402
Re-employed Retirees	200	183	196	185	178
<b>Total Membership</b>	<b>63,000</b>	<b>62,346</b>	<b>61,379</b>	<b>60,402</b>	<b>59,573</b>
<b>Members Per FTE</b>	<b>426</b>	<b>421</b>	<b>420</b>	<b>408</b>	<b>411</b>

\* Estimated