

# Ohio Police & Fire Pension Fund

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

October 12, 2012

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

RE: OP&F's Proposed Budgets

Dear Ms. Rhodes:

Please find enclosed the 2013 proposed Administrative Operating, and 2013-2015 Capital budgets for the Ohio Police & Fire Pension Fund (OP&F) in the format agreed upon among the Ohio Retirement Systems and the ORSC.

---

The proposed budgets are being provided to you in compliance with SB 133. OP&F's Board of Trustees is scheduled to adopt the proposed budgets on December 14, 2012, which is within the sixty days from the date of this correspondence.

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

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

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

Sincerely,



William J. Estabrook  
Executive Director

Enclosure: 2013 Proposed Budgets

**OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC**  
**Ohio Police & Fire Pension Fund (OP&F)**  
**FY 2013 PROPOSED BUDGET**  
**Compared to FY 2012 Approved Budget & Estimated Actual Expenses**

Budget Category	01/01/13-12/31/13 FY 2013 PROPOSED BUDGET*	01/01/12-12/31/12 FY 2012 APPROVED** BUDGET*	01/01/12-12/31/12 FY 2012 ESTIMATED** ACTUAL*	Budget \$ Increase/ (Decrease)	Budget % Change
<b>Personnel Services</b>	\$ 12,789,613	\$ 12,571,464	\$ 12,127,097	\$ 218,149	1.7%
Salaries and Wages	9,114,226	8,893,851	8,709,599	220,374	2.5%
OPERS Retirement Contributions	1,275,992	1,245,139	1,175,468	30,854	2.5%
Insurance	2,339,965	2,371,144	2,185,625	(31,179)	-1.3%
Miscellaneous Personnel Expense (Tuition & Other Activities)	59,430	61,330	56,404	(1,900)	-3.1%
<b>Professional Services</b>	\$ 4,441,764	\$ 3,726,015	\$ 2,938,896	\$ 715,749	19.2%
Actuarial	506,800	510,500	216,981	(3,700)	-0.7%
Audit	102,800	102,800	97,217	-	0.0%
Custodial Banking Fees	1,173,048	500,000	458,000	673,048	134.6%
Investment Consulting	1,217,006	1,186,150	1,181,540	30,856	2.6%
Other Consulting (Legal, PR, Health Care, HR & Records)	1,354,510	1,346,165	918,059	8,345	0.6%
Banking Expense	87,600	80,400	67,099	7,200	9.0%
<b>Communications Expense</b>	\$ 569,925	\$ 560,590	\$ 474,140	\$ 9,335	1.7%
Printing and Postage	357,450	353,950	277,042	3,500	1.0%
Telephone	119,500	113,590	106,463	5,910	5.2%
Member/Employer Education	8,975	9,050	6,835	(75)	-0.8%
Legislative Consultant	84,000	84,000	84,000	-	0.0%
<b>Other Operating Expense</b>	\$ 1,902,176	\$ 1,807,114	\$ 1,788,777	\$ 95,062	5.3%
Conferences and Education	123,819	116,934	76,981	6,885	5.9%
Travel	144,098	150,207	105,485	(6,109)	-4.1%
Computer Technology	891,000	836,795	1,051,087	54,205	6.5%
Other Operating (Insurance, Maint., Memberships, Supplies, etc.)	592,059	561,678	404,893	30,381	5.4%
Contingency	100,000	100,000	100,000	-	0.0%
Mandatory Costs (ORSC and TOS Warrant Charges)	51,200	41,500	50,331	9,700	23.4%
<b>Net Building Occupancy Expense</b>	\$ 1,285,100	\$ 1,270,560	\$ 1,145,068	\$ 14,540	1.1%
<b>Operating Budget</b>	\$ 20,988,578	\$ 19,935,743	\$ 18,473,977	\$ 1,052,835	5.3%
<b>Capital Budget 2013-2015</b>	\$ 3,424,800	\$ 3,405,810	\$ 1,004,822	\$ 18,990	0.6%
<b>Total Operating and Capital Budgets</b>	\$ 24,413,378	\$ 23,341,553	\$ 19,478,799	\$ 1,071,825	4.6%

\*Figures may not add due to category rounding.

\*\*Includes budget amendments.

# OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC

## Ohio Police & Fire Pension Fund (OP&F) FY 2013-2015 Capital Budget

Budget Category	FY 2013-2015 PROPOSED Budget  BUDGET	FY 2012-2014 APPROVED Budget**  BUDGET	Budget \$* Increase/ (Decrease)	Budget %* Change
Office Building	\$ 417,000	\$ 342,050	\$ 74,950	21.9%
Furniture & Equipment	205,000	90,000	\$ 115,000	127.8%
Computer Technology	2,802,800	2,973,760	\$ (170,960)	-5.7%
Telephone Equipment	-	-	\$ -	0.0%
Automobile	-	-	\$ -	0.0%
<b>Total Capital Budget*</b>	<b>\$ 3,424,800</b>	<b>\$ 3,405,810</b>	<b>\$ 18,990</b>	<b>0.6%</b>

\*OP&F approves a 3 year capital budget, 2013 expenditures are expected to be \$2,133,800.

\*\*Includes budget amendments.

## OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC

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

#### FY 2011-2013 Board of Trustees Expenditures

Budget Category	FY 2013 PROPOSED		FY 2012 APPROVED		FY 2011 APPROVED		FY 12-13	
	BUDGET	% of Total Budget	BUDGET*	% of Total Budget	BUDGET*	% of Total Budget	Budget \$ Increase/ (Decrease)	Budget % Change
Trustee Travel	\$ 20,220	21.4%	\$ 20,220	21.4%	\$ 21,490	25.6%	\$ -	0.0%
Travel Expense	45,185	47.7%	45,185	47.8%	43,580	51.8%	\$ -	0.0%
Trustee Registration	18,975	20.1%	18,975	20.1%	9,420	11.2%	\$ -	0.0%
Dues, Subscriptions & Materials	2,375	2.5%	2,375	2.5%	2,154	2.6%	\$ -	0.0%
Meeting Expense	7,730	8.2%	7,730	8.2%	7,430	8.8%	\$ -	0.0%
<b>Total Trustee Budget</b>	<b>\$ 94,485</b>	<b>100%</b>	<b>\$ 94,485</b>	<b>100%</b>	<b>\$ 84,074</b>	<b>100%</b>	<b>\$ -</b>	<b>0.0%</b>

\*Includes budget amendments.

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

**Schedule of Investment Expenses**

	<b>FY 2011 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2009 Actual</b>
<b>Investment Assets Under Management</b>			
Internally Managed (Commercial Paper)	\$ 724,903,190	\$ 617,029,526	\$ 402,224,300
Externally Managed	12,115,521,112	12,104,244,604	10,139,423,434
Gross Investment Assets Under Management	<u>12,840,424,302</u>	<u>12,721,274,130</u>	<u>10,541,647,734</u>
<b>Investment Expenses</b>			
Administrative Costs of Investment Function*	2,832,347	2,823,612	2,846,290
External Investment Management Fees	32,366,539	27,812,308	39,529,096
Investment-Related Professional Consulting**	1,110,675	1,292,421	1,296,457
Brokerage/Commissions & Fees	3,140,369	3,933,612	3,979,789
Custodial Fees**	434,161	1,439,647	1,506,028
Total Investment Expenses	<u>\$ 39,884,091</u>	<u>\$ 37,301,600</u>	<u>\$ 49,157,660</u>
<b>Total Investment Expenses as a % of Total Investment Assets</b>	<b>0.31%</b>	<b>0.29%</b>	<b>0.47%</b>

\*Administrative Costs includes OP&F investment staff and an allocation of the Operating Budget

\*\*Items are also contained within the Operating Budget

**OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC**

**Ohio Police & Fire Pension Fund (OP&F)  
Data as of December 31st for each year listed  
Statistical Information**

Description	2013*	2012*	2011	2010	2009	2008
Actual Staff	144	141	141	136	141	146
Authorized Full Time Equivalents (FTE)	144	144	144	144	149	150

Active Members	28,637	28,354	28,073	28,479	28,927	28,733
Inactive Members	2,741	2,662	2,584	2,477	2,383	2,468
Benefit Recipients (Service, Disability, Survivor)	28,473	27,247	26,074	25,712	25,317	24,878
Re-employed Retirees	166	159	151	141	122	131
<b>TOTAL MEMBERSHIP</b>	<b>60,020</b>	<b>58,422</b>	<b>56,882</b>	<b>56,809</b>	<b>56,749</b>	<b>56,210</b>
# Actives + Benefit Recipients Per Authorized Staff Member	398	387	377	377	365	358
<b>Operating Expense Per Member</b>	<b>\$ 349.70</b>	<b>\$ 341.24</b>	<b>\$ 336.69</b>	<b>\$ 361.21</b>	<b>\$373.99</b>	<b>\$367.21</b>

Employers (Municipalities, Townships, Villages)	920 est.	922	917	921	921	923
---	----------	-----	-----	-----	-----	-----

*\*Estimated*

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

**FY 11-13 Staff Travel Expense Totals per Full-Time Equivalent (FTE)**

Dept	Type of Travel	FY2013 Budget	FY2012 Budget	FY2011 Budget	FY 2012-2013 Budgeted % Change
<b>Administration</b>		\$ 35,248	\$ 33,623	\$ 38,627	4.8%
	# FTES	47	45	46	4.4%
	Travel Expense per FTE	\$ 750	\$ 747	\$ 840	0.4%
<b>Finance</b>		\$ 8,045	\$ 8,309	\$ 5,045	-3.2%
	# FTES	22	22	13	0.0%
	Travel Expense per FTE	\$ 366	\$ 378	\$ 388	-3.2%
<b>Investments</b>		\$ 18,820	\$ 15,715	\$ 24,300	19.8%
	# FTES	14	15	15	-6.7%
	Travel Expense per FTE	\$ 1,344	\$ 1,048	\$ 1,620	28.3%
<b>Member Services</b>		\$ 5,475	\$ 4,175	\$ 6,560	31.1%
	# FTES	37	38	46	-2.6%
	Travel Expense per FTE	\$ 148	\$ 110	\$ 143	34.7%
<b>Information Services</b>		\$ 11,105	\$ 15,530	\$ 11,105	-28.5%
	# FTES	24	24	24	0.0%
	Travel Expense per FTE	\$ 463	\$ 647	\$ 463	-28.5%
<b>Total OP&amp;F Staff</b>		\$ 78,693	\$ 77,352	\$ 85,637	1.7%
	# FTES	144	144	144	0.0%
	Travel Expense per FTE	\$ 546	\$ 537	\$ 595	1.7%

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

**FY11-13 Staff Training (Conference Registration and In-House)**

Dept	Type of Training	FY 2012-2013			
		FY2013 Budget	FY2012 Budget	FY2011 Budget	Budgeted % Change
<b>Administration</b>		\$ 62,059	\$ 73,374	\$ 87,222	-18.2%
	Conferences & Seminars	\$ 40,519	\$ 58,874	\$ 65,682	-45.3%
	In-House Training	\$ 21,540	\$ 14,500	\$ 21,540	32.7%
	# FTES	47	45	46	4.3%
	Training Expense per FTE	\$ 1,320	\$ 1,631	\$ 1,896	-23.5%
<b>Finance</b>		\$ 10,135	\$ 10,135	\$ 10,060	0.0%
	Conferences & Seminars	\$ 10,135	\$ 10,135	\$ 10,060	0.0%
	In-House Training	\$ -	\$ -	\$ -	0.0%
	# FTES	22	22	13	0.0%
	Training Expense per FTE	\$ 461	\$ 461	\$ 774	0.0%
<b>Investments</b>		\$ 3,450	\$ 450	\$ 11,235	87.0%
	Conferences & Seminars	\$ 450	\$ 450	\$ 11,235	0.0%
	In-House Training	\$ -	\$ -	\$ -	0.0%
	# FTES	14	15	15	-7.1%
	Training Expense per FTE	\$ 246	\$ 30	\$ 749	87.8%
<b>Member Services</b>		\$ 2,200	\$ 2,200	\$ 4,500	0.0%
	Conferences & Seminars	\$ 2,200	\$ 2,200	\$ 4,500	0.0%
	In-House Training	\$ -	\$ -	\$ -	0.0%
	# FTES	37	38	46	-2.7%
	Training Expense per FTE	\$ 59	\$ 58	\$ 98	2.6%
<b>Information Services</b>		\$ 27,000	\$ 27,000	\$ 27,000	0.0%
	Conferences & Seminars	\$ 27,000	\$ 27,000	\$ 27,000	0.0%
	In-House Training	\$ -	\$ -	\$ -	0.0%
	# FTES	24	24	24	0.0%
	Training Expense per FTE	\$ 1,125	\$ 1,125	\$ 1,125	0.0%
<b>Total OP&amp;F Staff</b>		\$ 104,844	\$ 113,159	\$ 140,017	-7.9%
	Conferences & Seminars	\$ 83,304	\$ 98,659	\$ 118,477	-18.4%
	In-House Training	\$ 21,540	\$ 14,500	\$ 21,540	32.7%
	# FTES	144	144	144	0.0%
	Training Expense per FTE	\$ 728	\$ 786	\$ 972	-7.9%