

## GASB 68 SUPPORTING DOCUMENTATION

### DESCRIPTION OF THE OP&F SYSTEM

Organization

Benefits

Plan Membership

**Source:**

*Ohio Police & Fire Pension Fund Comprehensive Annual Financial Report for year ended 12-31-16. Audited by RSM, LLP. See Page 12.*

*Information Required under Government Accounting Standards Board Statement 67& 68 as of 12-31-16 completed by Conduent (OP&F Actuary). See page 1-3.*

### II. Actuarial Assumptions

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

Valuation date	Jan. 1, 2016
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

**Source:**

*Ohio Police & Fire Pension Fund Comprehensive Annual Financial Report for year ended 12-31-16. Audited by RSM, LLP. See Page 40*

*Information Required under Government Accounting Standards Board Statement 67& 68 as of 12-31-16 completed by Conduent (OP&F Actuary). See page 3-4.*

### III. SENSITIVITY of the Net Pension Liability to Changes in the Discount Rate at Dec. 31, 2015

	1 Percent Decrease	Current Discount Rate	1 Percent Increase
Discount Rate	7.25%	8.25%	9.25%
Total Pension Liability	\$22,118,393,001	\$20,016,288,888	\$17,619,370,740
Plan Fiduciary Net Position	13,682,389,240	13,682,389,240	13,682,389,240
Net Pension Liability (Surplus)	\$8,436,003,761	\$6,333,899,648	\$4,552,337,853

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the preceding 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.

**Source:**

***Ohio Police & Fire Pension Fund Comprehensive Annual Financial Report for year ended 12-31-16. Audited by RSM LLP. See Page 42***

***Information Required under Government Accounting Standards Board Statement 67& 68 as of 12-31-16 completed by Conduent (OP&F Actuary). See page 5.***

### IV. LONG-TERM EXPECTED RATE OF RETURN

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.

**Source:**

***Ohio Police & Fire Pension Fund Comprehensive Annual Financial Report for year ended 12-31-16. Audited by RSM LLP. See Page 40***

***Information Required under Government Accounting Standards Board Statement 67& 68 as of 12-31-15 completed by Buck Consultants (OP&F Actuary). See page 4.***

## V. TARGET ALLOCATIONS

Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Cash and Cash Equivalent	-%		
Domestic Equity	16.0%	4.46%	5.21%
Non-U.S. Equity	16.0%	4.66%	5.4%
Core Fixed Income *	20.0%	1.67%	2.37%
Global Inflation Protected Securities *	20.0%	0.49%	2.33%
High Yield	15.0%	3.33%	4.48%
Real Estate	12.0%	4.71%	5.65%
Private Markets	8.0%	7.31%	7.99%
Timber	5.0%	6.87%	6.87%
Master Limited Partnerships	8.0%	6.92%	7.36%
<b>Total</b>	<b>120.0%</b>		

Note: Assumptions are geometric.

\* Levered 2x.

\*\* Numbers are net of expected inflation

*Ohio Police & Fire Pension Fund Comprehensive Annual Financial Report for year ended 12-31-16. Audited by RSM LLP. See Page 41*

## VI. THE COMPONENTS OF THE NET PENSION LIABILITY OF EMPLOYERS AS OF DEC. 31, 2015

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
2016	\$20,016,288,888	\$13,682,389,240	\$6,333,899,648	68.36%	\$2,094,550,962	302.40%

Source:

*Ohio Police & Fire Pension Fund Comprehensive Annual Financial Report for year ended 12-31-16. Audited by RSM LLP. See Page 41.*

*Information Required under Government Accounting Standards Board Statement 67& 68 as of 12-31-16 completed by Conduent (OP&F Actuary). See page 5.*

## VII. Schedule of changes in the employers' net pension liability\*

Total Pension Liability	Year Ending Dec. 31, 2016
Service Cost	\$273,592,476

Interest	1,570,560,385
Plan Changes	-
Differences Between Expected and Actual Experience	2,143,161
Changes in Assumptions	-
Benefit Payments, Including Refunds of Member Contributions	(1,187,020,466)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>659,275,556</b>
TOTAL PENSION LIABILITY - BEGINNING	19,357,013,332
<b>TOTAL PENSION LIABILITY - ENDING (a)</b>	<b>\$20,016,288,888</b>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$455,143,532
Contributions - Member	268,594,295
Net Investment Income	1,240,580,488
Benefit Payments, Including Refunds of Member Contributions	(1,187,020,466)
Administrative Expense	(18,851,765)
Other Changes	
<b>NET CHANGES IN PLAN FIDUCIARY NET POSITION</b>	<b>758,466,084</b>
PLAN FIDUCIARY NET POSITION - BEGINNING	12,923,943,156
<b>PLAN FIDUCIARY NET POSITION - ENDING (b)</b>	<b>\$13,682,389,240</b>
<b>NET PENSION LIABILITY (SURPLUS) - ENDING (a)-(b)</b>	<b>\$6,333,899,648</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%
Covered Employee Payroll	\$2,094,550,962
Net Pension Liability as a Percentage of Covered Employee Payroll	302.40%

**Source:**

**Ohio Police & Fire Pension Fund Comprehensive Annual Financial Report for year ended 12-31-16. Audited by RSM LLP. See Page 43.**

**Information Required under Government Accounting Standards Board Statement 67& 68 as of 12-31-16 completed by Conduent (OP&F Actuary). See page 6.**