

Highway Patrol Retirement System 2015 Budget Presentation

Ohio Retirement Study Council

October 1, 2014



Mark R. Atkeson
Executive Director

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Ms. Bethany Rhodes, Director
Ohio Retirement Study Council
88 East Broad Street, Suite 1175
Columbus, OH 43215-3506

Dear Ms. Rhodes:

In accordance with Section 5505.062 of the Ohio Revised Code, HPRS is submitting the 2015 calendar year budget. The attached reports are in the agreed upon format adopted by the Ohio retirement systems.

Compared to 2014, the internal operating budget for 2015 reflects an increase of 3%. The primary driver of this overall increase is an 81.3% increase in anticipated Actuarial expense. This increase is attributable to the five-year experience report that is required under ORC § 5505.12(B) and an additional report that is a result of GASB 67. In fact, but for these atypical increases in Actuarial expense, the overall HRPS budget would have *decreased* by 1% compared to 2014.

HPRS anticipates a 14.3% decrease in Salaries and Wages in 2015. This is a result of the HPRS staff decreasing from 10 employees to 8. In addition, Audit and Other Operating expenses reflect decreases of 12.7% and 18.9%, respectively.

Among the other notable budget items that have increased for 2015, Custodial Banking Fees and Investment Consulting expenses are expected to rise due to an increase in total assets under management. Other Consulting expenses were underestimated in 2014 and have been adjusted for 2015. Most of this will go toward the utilization of outside counsel. Banking Expense was also underestimated in 2014 and has been increased by \$1,600 to compensate for that.

Finally, the budgeted Occupancy Expense has increased due to the anticipated relocation of the HPRS office in 2015. Accordingly, the Capital Budget and anticipated 2015 Depreciation have increased to reflect the purchase of additional furniture and equipment for the new office.

Please contact me if you would like additional information.

Sincerely,

Mark R. Atkeson
Executive Director
matkeson@ohprs.org

**Budget Presentation to ORSC
Highway Patrol Retirement System
Budget Comparison**

	2015 Budget	2014 Budget	2014 Projected Actual	Increase (Decrease)	%
Personnel	\$ 844,635	\$ 950,450	\$ 856,537	\$ (105,815)	-11.1%
Salaries and Wages	\$ 630,000	\$ 735,000	\$ 654,544	\$ (105,000)	-14.3%
PERS contributions	\$ 88,200	\$ 95,000	\$ 91,636	\$ (6,800)	-7.2%
Health Insurance/Miscellaneous	\$ 126,435	\$ 120,450	\$ 110,357	\$ 5,985	5.0%
Professional Services	\$ 661,600	\$ 529,500	\$ 533,350	\$ 132,100	24.9%
Actuarial	\$ 145,000	\$ 80,000	\$ 65,000	\$ 65,000	81.3%
Audit	\$ 55,000	\$ 63,000	\$ 39,000	\$ (8,000)	-12.7%
Custodial Banking Fees	\$ 90,000	\$ 80,000	\$ 84,000	\$ 10,000	12.5%
Investment Consulting	\$ 285,000	\$ 260,000	\$ 260,000	\$ 25,000	9.6%
Other Consulting	\$ 84,000	\$ 45,500	\$ 83,000	\$ 38,500	84.6%
Banking Expense	\$ 2,600	\$ 1,000	\$ 2,350	\$ 1,600	160.0%
Communications Expense	\$ 22,500	\$ 21,000	\$ 20,800	\$ 1,500	7.1%
Printing and Postage	\$ 13,500	\$ 11,000	\$ 12,300	\$ 2,500	22.7%
Telephone	\$ 5,000	\$ 6,000	\$ 4,500	\$ (1,000)	-16.7%
Member/Employer Education	\$ 4,000	\$ 4,000	\$ 4,000	\$ -	0.0%
Other Operating Expense	\$ 190,330	\$ 199,500	\$ 167,270	\$ (9,170)	-4.6%
Conferences and Education	\$ 8,000	\$ 8,000	\$ 7,350	\$ -	0.0%
Travel	\$ 20,000	\$ 17,000	\$ 16,410	\$ 3,000	17.6%
Computer Technology	\$ 90,000	\$ 86,000	\$ 84,000	\$ 4,000	4.7%
Other Operating	\$ 69,330	\$ 85,500	\$ 56,510	\$ (16,170)	-18.9%
Mandatory Costs	\$ 3,000	\$ 3,000	\$ 3,000	\$ -	0.0%
Occupancy Expense	\$ 100,000	\$ 65,923	\$ 65,923	\$ 34,077	51.7%
Internal Operating Budget	\$ 1,819,065	\$ 1,766,373	\$ 1,643,880	\$ 52,692	3.0%
Depreciation	\$ 13,400	\$ 4,629	\$ 4,629	\$ 8,771	189.5%
Total Capital Budget	\$ 50,000	\$ 10,000	\$ 25,000	\$ 40,000	400.0%

**Budget Presentation to ORSC
Highway Patrol Retirement System
Board Expense Budget**

Board Meeting Expenses

Board/Subcommittee meetings
Board travel to attend Board meetings
Board education and travel
Other (subscriptions)

Total Board Expenses

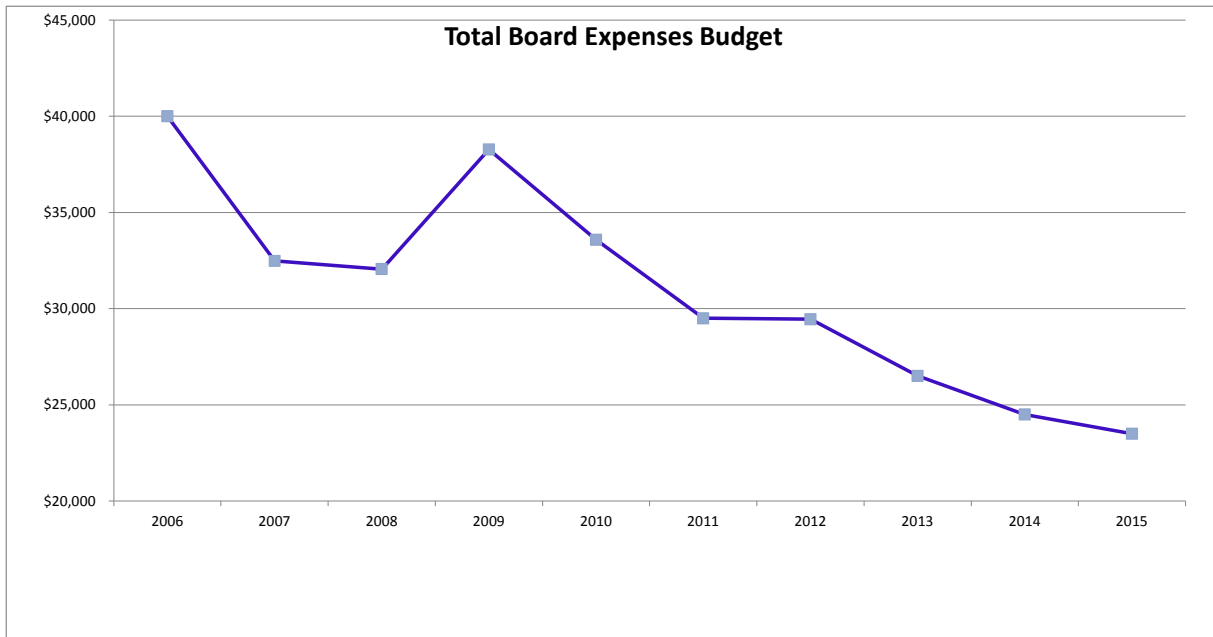
2015 Budget	2014 Budget	% Increase/ Decrease	\$ Increase/ (Decrease)	2013 Budget	2012 Budget
\$ 5,000	\$ 5,000	0%	\$ -	\$ 4,500	\$ 4,950
4,000	5,000	-20%	(1,000)	3,000	3,600
14,000	14,000	0%	0	18,500	18,700
500	500	0%	0	500	2,200
\$ 23,500	\$ 24,500	-4%	\$ (1,000)	\$ 26,500	\$ 29,450

Board Meeting Expenses

Board/Subcommittee meetings
Board travel to attend Board meetings
Board education and travel
Other (subscriptions)

Total Board Expenses

2011 Budget	2010 Budget	2009 Budget	2008 Budget	2007 Budget	2006 Budget
\$ 5,750	\$ 6,500	\$ 7,263	\$ 1,511	\$ 1,293	\$ 2,500
3,450	4,704	5,191	3,333	5,072	3,750
18,000	19,228	22,677	23,000	24,932	25,000
2,300	3,147	3,147	4,211	1,189	8,750
\$ 29,500	\$ 33,579	\$ 38,278	\$ 32,055	\$ 32,486	\$ 40,000



**Budget Presentation to ORSC
Highway Patrol Retirement System
Investment Management Fees**

	2013 Actual	2012 Actual	2011 Actual	2010 Actual	2009 Actual
Investment Assets					
Total Internally Managed Assets	\$ 3,060,000	\$ 2,325,000	\$ 2,325,000	\$ 2,325,000	\$3,642,000
Total Externally Managed Assets	821,818,535	724,337,246	686,464,183	736,921,776	\$663,773,938
Total Investment Assets	\$ 824,878,535	\$ 726,662,246	\$ 688,789,183	\$ 739,246,776	\$667,415,938
Investment Expenses					
Total Internal Investment Expenses	\$ 9,285	\$ 9,984	\$ 9,911	\$ 10,805	\$12,095
Total External Investment Expenses	5,098,034	3,956,609	4,575,441	4,429,911	\$4,025,493
Investment Consulting	273,411	221,171	220,966	232,250	\$214,838
Brokerage/Commissions	55,583	121,999	127,059	147,890	\$115,263
Custodian Fees	83,225	37,551	46,696	53,411	\$40,528
Total Investment Expenses	\$ 5,519,538	\$ 4,347,314	\$ 4,980,073	\$ 4,874,267	\$4,408,217
Total Investment Expenses as a % of Total Investment Assets	0.67%	0.60%	0.72%	0.66%	0.66%

**Budget Presentation to ORSC
Highway Patrol Retirement System
Statistical Information**

Description	2014 At Sept. 15, 2014	2013	2012	2011	2010
Employees (full-time equivalents)	8	10	10	8	8
Active Members*	1,600	1,613	1,645	1,520	1,537
Inactive Members	7	8	7	9	4
Benefit Recipients	1,513	1,523	1,497	1,465	1,424

*Includes DROP members

Budget Presentation to ORSC

Highway Patrol Retirement System

Staff Travel and Training

<u>Staff Travel</u>	<u>2015 Budget</u>	<u>2014 Budget</u>	<u>2013 Actual</u>	<u>Budgeted % Change</u>
Executive	\$ 3,000	\$ 4,000	\$ 3,659	-25.0%
# FTE's	1	1	1	
Finance	1,000	500	-	100.0%
# FTE's	3	3	3	
Legal	5,000	1,500	4,655	233.3%
# FTE's	1	1	1	
Member Services	1,000	500	87	100.0%
# FTE's	3	2	2	
Real Estate	-	500	55	-100.0%
# FTE's	-	3	3	
Total	\$ 10,000	\$ 7,000	\$ 8,456	42.9%
Total # FTE's	8	10	10	
Travel Expense/FTE	\$ 1,250	\$ 700	\$ 846	

<u>Staff Training</u>	<u>2015 Budget</u>	<u>2014 Budget</u>	<u>2013 Actual</u>	<u>Budgeted % Change</u>
Executive	\$ 1,000	\$ 1,000	\$ 300	0.0%
# FTE's	1	1	1	
Finance	1,000	500	-	100.0%
# FTE's	3	3	3	
Legal	1,000	1,000	1,835	0.0%
# FTE's	1	1	1	
Member Services	1,000	500	-	100.0%
# FTE's	3	2	2	
Real Estate	-	500	498	-100.0%
# FTE's	-	3	3	
Total	\$ 4,000	\$ 3,500	\$ 2,633	14.3%
Total # FTE's	8	10	10	
Travel Expense/FTE	\$ 500	\$ 350	\$ 263	