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# Highway Patrol Retirement System 2014 Budget Presentation

**Ohio Retirement Study Council**

October 1, 2013



**Mark R. Atkeson**  
**Executive Director**

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October 1, 2013

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 2014 calendar year budget. The attached reports are in the agreed upon format adopted by the Ohio retirement systems.

Compared to 2013, the internal operating budget for 2014 reflects an increase of 4.3%. Among the more notable areas contributing to this overall increase is a 60% increase in custodial bank fees. The reason for this increase is due to an increase in total assets under management (approximately \$94M) and an increase in fees (.25 basis points) by our custodial bank. As a side note and not reflected in this budget, our total investment management fees decreased by \$632,759 (12.7%) in 2012. Much of this decrease was due to greater emphasis being placed on lower-cost index funds and terminating several higher-fee managers while pushing other active investment managers for fee reductions.

Investment Consulting was increased by \$10,000 due to a new contract with our independent investment consulting firm. Other Consulting expenses were under-estimated in 2013, and were increased by \$9,500 for 2014 to compensate for that. Conferences and Education and Travel were reduced by 11.1% and 12.8%, respectively.

If the increase in Custodial Banking Fees was not considered, the increase in this budget would only be 2.5%, or \$42,374 over 2013.

Please contact me if you would like additional information.

Sincerely,

A handwritten signature in black ink that reads "Mark R. Atkeson".

Mark R. Atkeson  
Executive Director  
[matkeson@ohprs.org](mailto:matkeson@ohprs.org)

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

	<u>2014</u> <u>Budget</u>	<u>2013</u> <u>Budget</u>	<u>Increase</u> <u>(Decrease)</u>	<u>%</u>
<b>Personnel</b>	<b>\$ 950,450</b>	<b>\$ 936,976</b>	<b>\$ 13,474</b>	<b>1.4%</b>
Salaries and Wages	\$ 735,000	\$ 702,000	\$ 33,000	4.7%
PERS contributions	\$ 95,000	\$ 98,000	\$ (3,000)	-3.1%
Health Insurance/Miscellaneous	\$ 120,450	\$ 136,976	\$ (16,526)	-12.1%
<b>Professional Services</b>	<b>\$ 529,500</b>	<b>\$ 476,600</b>	<b>\$ 52,900</b>	<b>11.1%</b>
Actuarial	\$ 80,000	\$ 80,000	\$ -	0.0%
Audit	\$ 63,000	\$ 58,000	\$ 5,000	8.6%
Custodial Banking Fees	\$ 80,000	\$ 50,000	\$ 30,000	60.0%
Investment Consulting	\$ 260,000	\$ 250,000	\$ 10,000	4.0%
Other Consulting	\$ 45,500	\$ 36,000	\$ 9,500	26.4%
Banking Expense	\$ 1,000	\$ 2,600	\$ (1,600)	-61.5%
			\$ -	
<b>Communications Expense</b>	<b>\$ 21,000</b>	<b>\$ 22,500</b>	<b>\$ (1,500)</b>	<b>-6.7%</b>
Printing and Postage	\$ 11,000	\$ 13,000	\$ (2,000)	-15.4%
Telephone	\$ 6,000	\$ 5,000	\$ 1,000	20.0%
Member/Employer Education	\$ 4,000	\$ 4,500	\$ (500)	-11.1%
<b>Other Operating Expense</b>	<b>\$ 199,500</b>	<b>\$ 192,000</b>	<b>\$ 7,500</b>	<b>3.9%</b>
Conferences and Education	\$ 8,000	\$ 9,000	\$ (1,000)	-11.1%
Travel	\$ 17,000	\$ 19,500	\$ (2,500)	-12.8%
Computer Technology	\$ 86,000	\$ 86,000	\$ -	0.0%
Other Operating	\$ 85,500	\$ 75,500	\$ 10,000	13.2%
Mandatory Costs	\$ 3,000	\$ 2,000	\$ 1,000	50.0%
<b>Occupancy Expense</b>	<b>\$ 65,923</b>	<b>\$ 65,923</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Internal Operating Budget</b>	<b>\$ 1,766,373</b>	<b>\$ 1,693,999</b>	<b>\$ 72,374</b>	<b>4.3%</b>
<b>Depreciation</b>	<b>\$ 4,629</b>	<b>\$ 4,287</b>	<b>\$ -</b>	<b>8.0%</b>
<b>Total Capital Budget</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>	<b>\$ -</b>	<b>0.0%</b>

**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**

<b><u>2014</u></b>		<b><u>2013</u></b>		<b><u>Increase /</u></b>	
<b><u>Budget</u></b>	<b><u>%</u></b>	<b><u>Budget</u></b>	<b><u>%</u></b>	<b><u>(Decrease)</u></b>	<b><u>%</u></b>
\$ 5,000	0%	\$ 4,500	17%	\$ 500	11%
5,000	0%	3,000	11%	2,000	67%
14,000	0%	18,500	70%	(4,500)	-24%
500	0%	500	2%	-	0%
<b>\$ 24,500</b>	<b>0%</b>	<b>\$ 26,500</b>	<b>100%</b>	<b>\$ (2,000)</b>	<b>-8%</b>

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

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

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

Description	<b>2013</b> At Sept. 26, 2013	<b>2012</b>	<b>2011</b>	<b>2010</b>
Employees (full-time equivalents)	10	10	8	8
Active Members*	1,580	1,511	1,494	1,537
Inactive Members	5	9	6	3
Benefit Recipients	1,482	1,494	1,456	1,424

\* - Includes 130 members in DROP

# Budget Presentation to ORSC

## Highway Patrol Retirement System

### Staff Travel and Training

<u>Staff Travel</u>	<u>2014 Budget</u>	<u>2013 Budget</u>	<u>2012 Actual</u>	<u>Budgeted % Change</u>
Executive	\$ 4,000	\$ 4,000	\$ 2,223	0.0%
# FTE's	1	1	1	
Finance	500	500	131	0.0%
# FTE's	3	3	2	
Legal	1,500	1,500	0	0.0%
# FTE's	1	1	0	
Member Services	500	500	288	0.0%
# FTE's	2	2	2	
Real Estate	500	500	0	0.0%
# FTE's	3	3	3	
<b>Total</b>	<b>\$ 7,000</b>	<b>\$ 7,000</b>	<b>\$ 2,642</b>	<b>0.0%</b>
<b>Total # FTE's</b>	<b>10</b>	<b>10</b>	<b>8</b>	
Travel Expense/FTE	\$ 700	\$ 700	\$ 330	

<u>Staff Training</u>	<u>2014 Budget</u>	<u>2013 Budget</u>	<u>2012 Actual</u>	<u>Budgeted % Change</u>
Executive	\$ 1,000	\$ 1,650	\$ 450	-39.4%
# FTE's	1	1	1	
Finance	500	1,425	525	-64.9%
# FTE's	3	3	2	
Legal	1,000			
# FTE's	1	1	0	
Member Services	500	450	70	11.1%
# FTE's	2	2	2	
Real Estate	500	-	-	-
# FTE's	3	3	3	
<b>Total</b>	<b>\$ 3,500</b>	<b>\$ 3,000</b>	<b>\$ 1,206</b>	<b>16.7%</b>
<b>Total # FTE's</b>	<b>10</b>	<b>10</b>	<b>8</b>	
Travel Expense/FTE	\$ 350	\$ 300	\$ 151	