

Highway Patrol Retirement System 2011 Budget Presentation

Ohio Retirement Study Council

October 16, 2010



Daniel K. Weiss, CPA, JD
Executive Director/Chief Investment Officer

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Mr. Aristotle Hutras, Director
Ohio Retirement Study Council
88 East Broad Street, Suite 1175
Columbus, OH 43215-3506

Dear Mr. Hutras:

In accordance with Section 5505.062 of the Ohio Revised Code, HPRS is submitting the 2011 calendar year budget. The attached reports are in the agreed upon format adopted by the Ohio retirement systems.

Without the fiduciary audit fees, the internal operating budget for 2011 would show an overall decrease in expenses of 8.9% compared to the prior year. This is mainly because of staff turnover and a reduction in overall headcount.

It is anticipated that health insurance costs will increase despite a decrease in the number of HPRS staff. This is mainly because of the little experience we have as a self-insured employee group.

Unfortunately for HPRS, the banking fees are expected to increase in 2011. This is partly because of higher anticipated asset values throughout 2011 and higher costs for FDIC insurance. Another relevant factor is a slight increase in the custodial fee associated with the change in subcustodian bank that occurred in 2010.

Please contact me if you would like additional information.

Sincerely,

Daniel K. Weiss, CPA, JD
Executive Director/Chief Investment Officer
dweiss@ohprs.org

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

	<u>2011 Budget</u>	<u>2010 Budget</u>	<u>Increase (Decrease)</u>	<u>%</u>
Personnel	\$ 718,602	\$ 869,536	\$ (150,934)	-17.4%
Salaries and Wages	551,006	693,272	(142,266)	-20.5%
PERS contributions	77,141	97,058	(19,917)	-20.5%
Health Insurance/Miscellaneous	90,455	79,206	11,249	14.2%
Professional Services	\$ 398,900	\$ 378,471	\$ 20,429	5.4%
Actuarial	60,000	60,000	-	0.0%
Audit	21,500	19,000	2,500	13.2%
Custodial Banking Fees	52,500	38,124	14,376	37.7%
Investment Consulting	225,000	232,564	(7,564)	-3.3%
Other Consulting	20,700	21,300	(600)	-2.8%
Banking Expense	19,200	7,483	11,717	156.6%
Communications Expense	\$ 29,450	\$ 31,804	\$ (2,354)	-7.4%
Printing and Postage	16,100	20,716	(4,616)	-22.3%
Telephone	8,850	7,032	1,818	25.9%
Member/Employer Education	4,500	4,056	444	10.9%
Other Operating Expense	\$ 424,912	\$ 169,126	\$ 255,786	151.2%
Conferences and Education	10,125	11,013	(888)	-8.1%
Travel	18,482	19,186	(704)	-3.7%
Computer Technology	89,500	89,157	343	0.4%
Other Operating	45,913	47,117	(1,204)	-2.6%
Mandatory Costs	260,892	2,653	258,239	9733.8%
Occupancy Expense	\$ 65,923	\$ 65,923	\$ -	0.0%
Internal Operating Budget	\$ 1,637,787	\$ 1,514,860	\$ 122,927	8.1%
Total Other Financial Expense				
Depreciation	\$ 5,259	\$ 2,756	\$ 2,503	90.8%
Total Capital Budget	\$ -	\$ 21,000		

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

Board Meeting Expenses

	2011		2010		Increase	
	<u>Budget</u>	<u>%</u>	<u>Budget</u>	<u>%</u>	<u>(Decrease)</u>	<u>%</u>
Board/Subcommittee meetings	\$ 5,750	19%	\$ 6,500	19%	\$ (750)	-12%
Board travel to attend Board meetings	3,450	12%	4,704	14%	(1,254)	-27%
Board education and travel	18,000	61%	19,228	57%	(1,228)	-6%
Other (subscriptions)	2,300	8%	3,147	9%	(847)	-27%
Total Board Expenses	\$ 29,500	100%	\$ 33,579	100%	\$ (4,079)	-12%

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

	2009 Actual	2008 Actual	2007 Actual
Investment Assets			
Total Internally Managed Assets	\$ 3,642,000	\$ 4,145,000	\$ 4,590,000
Total Externally Managed Assets	663,773,938	562,527,160	820,838,360
Total Investment Assets	\$ 667,415,938	\$ 566,672,160	\$ 825,428,360
Investment Expenses			
Total Internal Investment Expenses	\$ 12,095	\$ 45,166	\$ 48,906
Total External Investment Expenses	4,025,493	4,034,417	4,449,683
Investment Consulting	214,838	235,496	224,812
Brokerage/Commissions	115,263	156,124	241,877
Custodian Fees	40,528	53,349	69,544
Total Investment Expenses	\$ 4,408,217	\$ 4,524,552	\$ 5,034,822
Total Investment Expenses as a % of Total Investment Assets	0.66%	0.80%	0.61%

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

Description	2010 At Sep. 30, 2010	2009	2008	2007
Employees (full-time equivalents)	8	9	9	9
Active Members	1,503	1,545	1,615	1,586
Inactive Members	3	5	9	8
Benefit Recipients	1,407	1,503	1,365	1,310

**Budget Presentation to ORSC
Highway Patrol Retirement System
Staff Travel and Training**

<u>Staff Travel</u>	<u>2011 Budget</u>	<u>2010 Budget</u>	<u>2009 Actual</u>	<u>Budgeted % Change</u>
Executive	\$ 5,430	\$ 5,567	\$ 5,069	-2.5%
# FTE's	1	1		
Finance	1,520	1,600	623	-5.0%
# FTE's	3	3		
Member Services	60	60	-	0.0%
# FTE's	2	2		
Real Estate	72	72	14	0.0%
# FTE's	2	3		
Total	\$ 7,082	\$ 7,299	\$ 5,706	-3.0%
Total # FTE's	8	9	9	
Travel Expense/FTE	\$ 885	\$ 811	\$ 634	

<u>Staff Training</u>	<u>2011 Budget</u>	<u>2010 Budget</u>	<u>2009 Actual</u>	<u>Budgeted % Change</u>
Executive	\$ 1,650	\$ 1,365	\$ 1,479	20.9%
# FTE's	1	1		
Finance	1,425	1,906	629	-25.2%
# FTE's	3	3		
Member Services	450	400	70	12.5%
# FTE's	2	2		
Real Estate	-	-	-	-
# FTE's	2	3		
Total	\$ 3,525	\$ 3,671	\$ 2,178	-4.0%
Total # FTE's	8	9	9	
Travel Expense/FTE	\$ 441	\$ 408	\$ 242	