

Highway Patrol Retirement System 2016 Budget Presentation

Ohio Retirement Study Council

October 1, 2015



Mark R. Atkeson
Executive Director

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Ms. Bethany Rhodes
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 2016 calendar year budget. The attached reports are in the agreed upon format adopted by the Ohio retirement systems.

Compared to 2015, the internal operating budget for 2016 reflects an increase of 2.3%. The primary drivers of this overall increase are health care costs and additional planned education and membership outreach for HPRS staff and trustees. HPRS also anticipates increased legal expenses in 2016, related to an ongoing healthcare review.

HPRS anticipates a 32.4% decrease in Actuarial expense in 2016, as the 2015 budget reflected the expected cost of the five-year experience report that is required by ORC § 5505.12(B). Additionally, the anticipated Audit expenses have been decreased.

The Capital budget has decreased 40% from 2015, and will be used primarily to purchase pension management software. The 2016 anticipated Depreciation has been increased to account for the anticipated capital purchases, as well as capital assets purchased in 2015.

Please contact me if you would like additional information.

Sincerely,

Mark R. Atkeson
Executive Director
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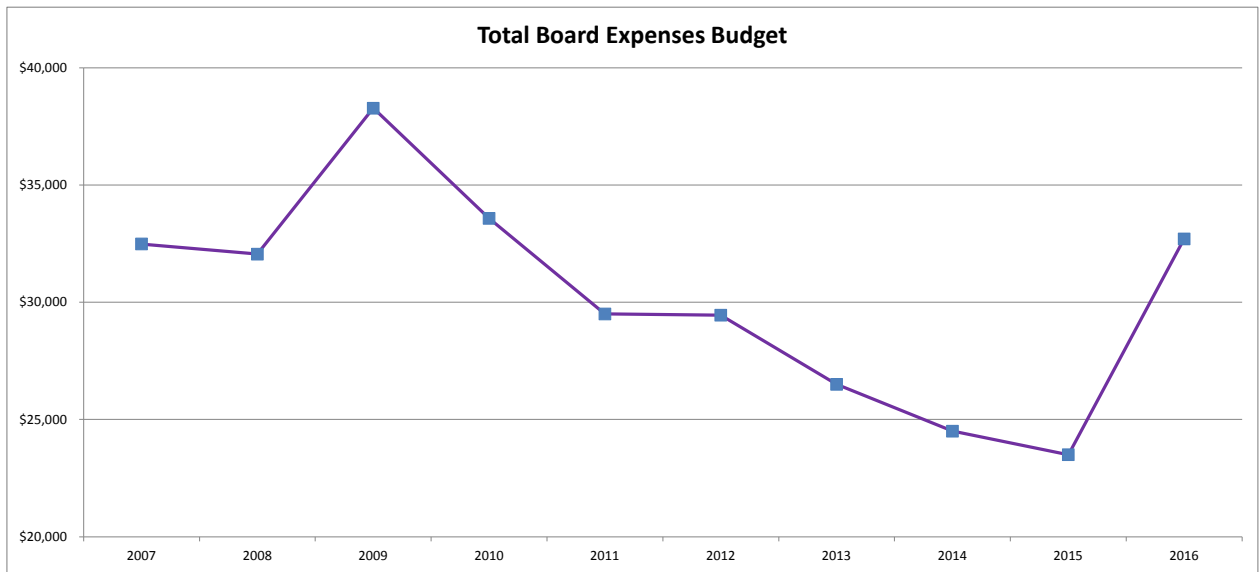
**Budget Presentation to ORSC
Highway Patrol Retirement System
Budget Comparison**

	2016 Budget	2015 Budget	2015 Projected Actual	Increase (Decrease)	%
Personnel	\$ 898,296	\$ 844,635	\$ 831,812	\$ 53,661	6.4%
Salaries and Wages	\$ 652,400	\$ 630,000	\$ 620,248	\$ 22,400	3.6%
PERS contributions	\$ 91,336	\$ 88,200	\$ 86,835	\$ 3,136	3.6%
Health Insurance/Miscellaneous	\$ 154,560	\$ 126,435	\$ 124,729	\$ 28,125	22.2%
Professional Services	\$ 613,100	\$ 661,600	\$ 617,431	\$ (48,500)	-7.3%
Actuarial	\$ 98,000	\$ 145,000	\$ 145,000	\$ (47,000)	-32.4%
Audit	\$ 43,500	\$ 55,000	\$ 44,231	\$ (11,500)	-20.9%
Custodial Banking Fees	\$ 90,000	\$ 90,000	\$ 75,000	\$ -	0.0%
Investment Consulting	\$ 285,000	\$ 285,000	\$ 275,000	\$ -	0.0%
Other Consulting	\$ 94,000	\$ 84,000	\$ 76,000	\$ 10,000	11.9%
Commercial Banking Fees	\$ 2,600	\$ 2,600	\$ 2,200	\$ -	0.0%
Communications Expense	\$ 30,600	\$ 22,500	\$ 27,500	\$ 8,100	36.0%
Printing and Postage	\$ 11,000	\$ 13,500	\$ 7,500	\$ (2,500)	-18.5%
Telephone/Internet/Etc.	\$ 13,600	\$ 5,000	\$ 16,000	\$ 8,600	172.0%
Membership Outreach	\$ 6,000	\$ 4,000	\$ 4,000	\$ 2,000	50.0%
Other Operating Expense	\$ 204,100	\$ 190,330	\$ 206,931	\$ 13,770	7.2%
Conferences and Education	\$ 12,000	\$ 8,000	\$ 12,000	\$ 4,000	50.0%
Travel	\$ 27,000	\$ 20,000	\$ 20,500	\$ 7,000	35.0%
Computer Technology	\$ 91,400	\$ 90,000	\$ 98,469	\$ 1,400	1.6%
Other Operating	\$ 70,700	\$ 69,330	\$ 73,462	\$ 1,370	2.0%
Mandatory Costs	\$ 3,000	\$ 3,000	\$ 2,500	\$ -	0.0%
Occupancy Expense	\$ 115,000	\$ 100,000	\$ 57,772	\$ 15,000	15.0%
Internal Operating Budget	\$ 1,861,096	\$ 1,819,065	\$ 1,741,446	\$ 42,031	2.3%
Depreciation	\$ 30,000	\$ 13,400	\$ 22,682	\$ 16,600	123.9%
Total Capital Budget	\$ 30,000	\$ 50,000	\$ 54,225	\$ (20,000)	-40.0%

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

	2016 Budget	2015 Budget	% Increase/ Decrease	\$ Increase/ (Decrease)	2014 Budget	2013 Budget
Board Meeting Expenses						
Board/Subcommittee meetings	\$ 4,500	\$ 5,000	-10%	\$ (500)	\$ 5,000	\$ 4,500
Board travel to attend Board meetings	4,200	4,000	5%	200	5,000	3,000
Board education and travel	23,000	14,000	64%	9,000	14,000	18,500
Other (subscriptions)	1,000	500	100%	500	500	500
Total Board Expenses	\$ 32,700	\$ 23,500	39%	\$ 9,200	\$ 24,500	\$ 26,500

	2012 Budget	2011 Budget	2010 Budget	2009 Budget	2008 Budget	2007 Budget
Board Meeting Expenses						
Board/Subcommittee meetings	\$ 4,950	\$ 5,750	\$ 6,500	\$ 7,263	\$ 1,511	\$ 1,293
Board travel to attend Board meetings	3,600	3,450	4,704	5,191	3,333	5,072
Board education and travel	18,700	18,000	19,228	22,677	23,000	24,932
Other (subscriptions)	2,200	2,300	3,147	3,147	4,211	1,189
Total Board Expenses	\$ 29,450	\$ 29,500	\$ 33,579	\$ 38,278	\$ 32,055	\$ 32,486



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

	2014 Actual	2013 Actual	2012 Actual	2011 Actual	2010 Actual
Investment Assets					
Total Internally Managed Assets	\$ -	\$ 3,060,000	\$ 2,325,000	\$ 2,325,000	\$ 2,325,000
Total Externally Managed Assets	835,662,814	821,818,535	724,337,246	686,464,183	736,921,776
Total Investment Assets	\$ 835,662,814	\$ 824,878,535	\$ 726,662,246	\$ 688,789,183	\$ 739,246,776
Investment Expenses					
Total Internal Investment Expenses	\$ 9,530	\$ 9,285	\$ 9,984	\$ 9,911	\$ 10,805
Total External Investment Expenses	5,555,346	5,098,034	3,956,609	4,575,441	4,429,911
Investment Consulting	268,636	273,411	221,171	220,966	232,250
Brokerage/Commissions	43,847	55,583	121,999	127,059	147,890
Custodian Fees	91,613	83,225	37,551	46,696	53,411
Total Investment Expenses	\$ 5,968,972	\$ 5,519,538	\$ 4,347,314	\$ 4,980,073	\$ 4,874,267
Total Investment Expenses as a % of Total Investment Assets	0.71%	0.67%	0.60%	0.72%	0.66%

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

Description	2015 At Sept. 29, 2015	2014	2013	2012	2011
Employees (full-time equivalents)	8	8	10	10	8
Active Members*	1,595	1,615	1,613	1,645	1,520
Inactive Members	10	9	8	7	9
Benefit Recipients	1,605	1,609	1,523	1,497	1,465

*Includes DROP members

Budget Presentation to ORSC

Highway Patrol Retirement System

Staff Travel and Training

<u>Staff Travel</u>	<u>2016 Budget</u>	<u>2015 Budget</u>	<u>2014 Actual</u>	<u>Budgeted % Change</u>
Executive	\$ 3,000	\$ 3,000	\$ 1,921	0.0%
# FTE's	1	1	1	
Finance	3,000	1,000	1,407	200.0%
# FTE's	3	3	3	
Investment/Legal	5,000	5,000	4,478	0.0%
# FTE's	1	1	1	
Member Services	1,000	1,000	1,546	0.0%
# FTE's	3	3	2	
Real Estate	-	-	11	N/A
# FTE's	-	-	3	
Total	\$ 12,000	\$ 10,000	\$ 9,363	20.0%
Total # FTE's	8	8	10	
Travel Expense/FTE	\$ 1,500	\$ 1,250	\$ 936	

<u>Staff Training</u>	<u>2016 Budget</u>	<u>2015 Budget</u>	<u>2014 Actual</u>	<u>Budgeted % Change</u>
Executive	\$ 1,000	\$ 1,000	\$ 300	0.0%
# FTE's	1	1	1	
Finance	1,000	1,000	550	0.0%
# FTE's	3	3	3	
Legal	1,500	1,000	1,430	50.0%
# FTE's	1	1	1	
Member Services	500	1,000	-	-50.0%
# FTE's	3	3	2	
Real Estate	-	-	-	N/A
# FTE's	-	-	3	
Total	\$ 4,000	\$ 4,000	\$ 2,280	0.0%
Total # FTE's	8	8	10	
Travel Expense/FTE	\$ 500	\$ 500	\$ 228	