Highway Patrol Retirement System 2016 Budget Presentation

Ohio Retirement Study Council

October 1, 2015



Mark R. Atkeson Executive Director

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October 1, 2015

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* direct dial 614.430.3557

Mark R. atteron

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Budget Presentation to ORSC Highway Patrol Retirement System Budget Comparison

	2016 Budget	2015 Budget	2015 Projected Actual		Increase (Decrease)		<u>%</u>
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

Board Meeting Expenses

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

Total Board Expenses

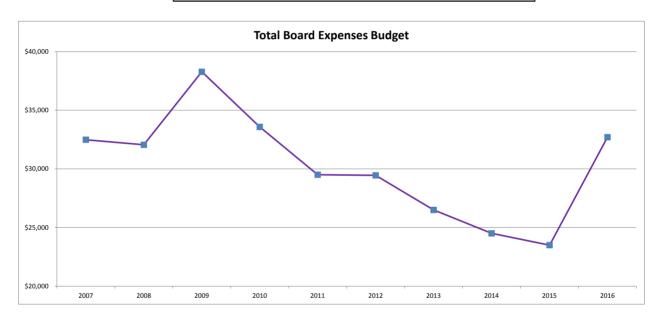
2016 Budget	2015 Budget	% Increase/ <u>Decrease</u>	\$ Increase/ (Decrease)	2014 Budget	2013 <u>Budget</u>
\$ 4,500 4,200 23,000 1,000	\$ 5,000 4,000 14,000 500	-10% 5% 64% 100%	\$ (500) 200 9,000 500	\$ 5,000 5,000 14,000 500	\$ 4,500 3,000 18,500 500
\$ 32,700	\$ 23,500	39%	\$ 9,200	\$ 24,500	\$ 26,500

Board Meeting Expenses

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

Total Board Expenses

2012	2011	2010	2009	2008	2007
<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
\$ 4,950	\$ 5,750	\$ 6,500	\$ 7,263	\$ 1,511	\$ 1,293
3,600	3,450	4,704	5,191	3,333	5,072
18,700	18,000	19,228	22,677	23,000	24,932
2,200	2,300	3,147	3,147	4,211	1,189
\$ 29,450	\$ 29,500	\$ 33,579	\$ 38,278	\$ 32,055	\$ 32,486



Budget Presentation to ORSC Highway Patrol Retirement System Investment Management Fees

Investment Assets

Total Internally Managed Assets Total Externally Managed Assets

Total Investment Assets

Investment Expenses

Total Internal Investment Expenses Total External Investment Expenses Investment Consulting Brokerage/Commissions Custodian Fees

Total Investment Expenses

Total Investment Expenses as a % of Total Investment Assets

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

Budget Presentation to ORSC Highway Patrol Retirement System Statistical Information

	2015	2014	2013	2012	2011
Description	At Sept. 29, 2015				
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

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

Travel Expense/FTE \$ 500 \$ 500 \$

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