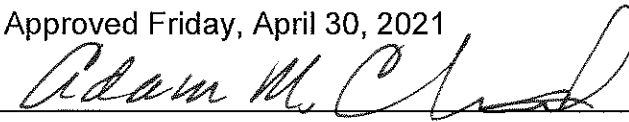


Fiscal Year 2021-2022

Approved Friday, April 30, 2021



Purpose: To illustrate the budgetary income and expense items related to administration of the MERF.

Adam M. Cloud, City Treasurer and Secretary of Pension Commission

	FY 2021-2022	Fiscal Year 2020-2021				FISCAL 2019-2020 Actuals
	Budget	Budget	Actual YTD As of 3/31/2021	Actual YTD & Projected	Budget Versus Actual & Projected (under)/over	
REVENUE						
<i>City Appropriations- Employer Contributions</i>						
City (Police, Fire & Gen. Gov.)	\$ 47,235,000	\$ 43,650,000	\$ 32,739,703	\$ 44,801,699	\$ 1,151,699	\$ 40,053,136
BOE	7,261,000	6,240,000	4,058,659	5,553,954	(686,046)	5,852,899
Library	1,099,000	1,030,000	881,882	1,206,785	176,785	1,016,529
	\$ 55,595,000	\$ 50,920,000	\$ 37,680,243	\$ 51,562,438	\$ 642,438	\$ 46,922,564
<i>City Employee Contributions</i>						
All City Employees	14,500,000	\$ 14,355,386	\$ 10,396,240	\$ 13,515,112	\$ (840,274)	\$ 13,271,935
	\$ 14,500,000	\$ 14,355,386	\$ 10,396,240	\$ 13,515,112	\$ (840,274)	\$ 13,271,935
<i>Investment Income (Other than realized and unrealized capital gains and dividends)</i>						
Securities Lending (not including amounts reinvested)	\$ 125,000	\$ 125,000	\$ 59,825	\$ 79,766	\$ (45,234)	\$ 101,101
Short term investment income (State of CT STIF)	-	-	-	-	-	-
Proceeds from Benefits Payment Fund (old Liquidity Fund)	-	-	-	-	-	-
Sale of Long Term Assets	52,000,000	48,000,000	36,000,000	48,000,000	-	52,000,000
Interest Income from Master Custodian (includes proceeds from BNY Mellon STIF and interest swept from the fixed income portfolios)	8,500,000	11,000,000	4,280,727	5,707,635	(5,292,365)	7,730,119
Total	\$ 60,625,000	\$ 59,125,000	\$ 40,340,551	\$ 53,787,401	\$ (5,337,599)	\$ 59,831,221
<i>Other Income Sources</i>						
CMERS Transfer	\$ 75,000	\$ 150,000	\$ 28,244	\$ 37,659	\$ (112,341)	\$ 98,531
Buy backs, exchanges & interest	150,000	125,000	105,491	140,655	15,655	270,457
AETNA Annuity	25,000	40,000	17,398	23,198	(16,802)	28,587
Miscellaneous (Tax Reclaims, etc...)	-	-	-	-	-	-
Total Other Income Sources	\$ 250,000	\$ 315,000	\$ 151,133	\$ 201,511	\$ (113,489)	\$ 397,576
TOTAL REVENUE	\$ 130,970,000	\$ 124,715,386	\$ 88,568,167	\$ 119,066,462	\$ (5,648,924)	\$ 120,423,295

MERF Budget Fiscal Year 2021-2022	<u>FY 2021-2022</u>	<u>Fiscal Year 2020-2021</u>				2
	Budget	Budget	Actual YTD 3/31/2021	Actual YTD & Projected	Budget Versus Actual & Projected (under)/over	FISCAL 2019-2020 Actuals
EXPENDITURES						
Investment Expenses						
Investment Performance Software-(Zephyr)	\$ 18,085	\$ 17,800	\$ 18,085	\$ 18,085	\$ 285	\$ 18,085
Master Custodian Fees	270,000	270,000	242,809	242,809	(27,191)	257,152
Performance and Analytics Fees	250,000	250,000	198,450	264,599	14,599	244,086
Total Investment Expenses	\$ 538,085	\$ 537,800	\$ 459,343	\$ 525,493	\$ (12,307)	\$ 519,323

EXPENDITURES Investment Expenses	<u>FY 2021-2022</u>	<u>Fiscal Year 2020-2021</u>			Budget Versus	FISCAL 2019-2020 Actuals
	Budget	Budget	Actual YTD As of 3/31/2021	Actual YTD & Projected	Actual & Projected (under)/over	
Investment Management / Advisory Expenses	\$ 4,700,000	\$ 4,700,000	\$ 2,323,627	4,647,253	\$ (52,747)	\$ 4,157,724
		<u>07/2016-6/2017</u>	<u>07/2017-6/2018</u>	<u>07/2018-6/2019</u>	<u>07/2019-6/2020</u>	
IMA Fees		\$ 4,283,687	\$ 4,535,641	\$ 4,156,782	\$ 4,157,724	
AUM		\$ 1,020,901,642	\$ 1,033,183,664	\$ 1,054,141,573	\$ 1,022,139,037	
IMA Expense ratio		0.42%	0.44%	0.39%	0.41%	
Operating Expense Ratio		0.26%	0.29%	0.26%	0.27%	
Combined Expense Ratio		0.68%	0.72%	0.66%	0.68%	
Fees exclude private equity, private debt and real estate funds, consistent with past practice.						

Contracted Administrative Services	FY 2021-2022	Fiscal Year 2020-2021	Budget Versus	FISCAL 2019-2020		
Actuarial Consultant	\$ 90,000	\$ 90,000	\$ 16,300	\$ 21,733	\$ (68,267)	\$ 116,975
Outside Legal Services and Experts	150,000	250,000	-	-	(250,000)	122,894
Independent Audit	25,000	25,000	-	-	(25,000)	-
Alternative Investment Consultant	150,000	150,000	112,500	150,000	-	150,000
Proxy Voting Services	25,000	25,000	12,525	16,701	(8,299)	16,590
MERF Provider Searches (Master Custodian, Investment Consultant, etc.)	-	-	-	-	-	-
Fiduciary Liability & Cyber Security Insurance	90,000	90,000	46,551	46,551	(43,449)	45,264
Other Investment Services- Consulting (NEPC)	350,000	350,000	173,989	347,977	(2,023)	362,261
ICS Phase II (IT Services)	-	-	-	-	-	-
Lot #2 Finneman Road-Farmington	50,000	50,000	-	-	(50,000)	-
Asset/Liability Study	-	-	-	-	-	-
Total Contracted Administrative Services	\$ 930,000	\$ 1,030,000	\$ 361,865	\$ 582,962	\$ (447,038)	\$ 813,984

MERF Budget Fiscal Year 2021-2022		<u>FY 2021-2022</u>	<u>Fiscal Year 2020-2021</u>				FISCAL 2019-2020 Actuals
		Budget	Budget	Actual YTD As of 3/31/2021	Actual YTD & Projected	Budget Versus Actual & Projected (under)/over	
EXPENDITURES	%-Pension Payroll by Group						
Pension Payments							
Pensioners - Board of Education	14%	\$ 17,154,857	\$ 16,655,201	\$ 11,006,295	\$ 14,675,061	\$ (1,980,140)	\$ 14,274,706
Pensioners - City / Library	31%	37,634,140	36,538,000	23,324,899	31,099,865	(5,438,135)	30,959,956
Pensioners - City & BOE Annuity	1%	188,171	182,690	106,904	142,538	(40,152)	53,834
Pensioners - Fire	25%	30,734,548	29,839,367	24,082,750	32,110,334	2,270,967	32,465,705
Pensioners - Police	29%	35,752,434	34,711,101	28,996,635	38,662,180	3,951,079	38,685,135
Refunds of contributions, interest, etc.	1%	1,254,471	1,217,933	987,790	1,317,053	99,120	963,919
TOTAL PAYMENTS & REFUNDS	100%	\$ 122,718,621	\$ 119,144,292	\$ 88,505,273	\$ 118,007,031	\$ (1,137,261)	\$ 117,403,255

Administrative Expenses							
Salaries and Fringe Benefits							
Treasury Office Salaries		\$ 297,000	\$ 244,000	\$ 213,191	\$ 263,950	\$ 19,950	\$ 308,656
Treasury Office Fringe Benefits		151,945	132,175	110,703	137,060	4,885	175,514
Pension Commission Staff Salaries		976,000	976,000	516,254	639,171	(336,829)	527,642
Pension Commission Staff Fringe Benefits		499,322	528,699	264,789	327,834	(200,865)	306,430
Total Salaries and Benefits		\$ 1,924,267	\$ 1,880,874	\$ 1,104,936	\$ 1,368,015	\$ (512,859)	\$ 1,318,242

Fringe Benefits decreased-FY 21-22 (FICA and SS Tax removed) from 54.17% to 51.16%

MRF Budget Fiscal Year 2021-2022	FY 2021-2022	Fiscal Year 2020-2021				4
	Budget	Budget	Actual YTD As of 3/31/2021	Actual YTD & Projected	Budget Versus Actual & Projected (under)/over	FISCAL 2019-2020 Actuals
EXPENDITURES						
Goods & Services						
Lease of Office Space (\$5,583.33 / MONTH)	\$ 67,000	\$ 65,300	\$ 50,250	\$ 67,000	\$ 1,700	\$ 60,300
Lease Utilities (Construction, Operation & Maintenance)	-	-	-	-	-	-
Office furniture and equipment	5,000	5,000	9,619	12,825	7,825	24,184
Computers and automation upgrades	7,500	5,000	-	-	(5,000)	2,229
Computer maintenance/Technical services	35,000	35,000	-	-	(35,000)	34,883
Publications, Subscriptions and Advertising	6,000	6,000	2,631	3,508	(2,492)	2,751
Postage & Courier	19,000	19,000	-	-	(19,000)	228
General office supplies / Photocopy Supplies / Printing	9,500	8,000	6,013	8,017	17	1,575
Copier machine rental	-	-	-	-	-	-
Business luncheons, dinners and travel expenses	7,500	5,000	253	338	(4,662)	4,372
Attend Prof. Convention/Conference/Annual Meetings	7,500	5,000	-	-	(5,000)	8,242
Medical services (IMEs)	2,000	1,500	-	-	(1,500)	-
Professional/Membership dues	2,500	2,500	1,684	2,245	(255)	4,929
Trustee/staff education and development (including materials and course work)	2,500	2,500	422	563	(1,937)	-
Total Goods & Services:	\$ 171,000	\$ 159,800	\$ 70,872	\$ 94,496	\$ (65,304)	\$ 143,694
non-recurring expenses						
Automation / Data Conversion / IT Consulting	\$ 5,000	\$ 7,000	\$ 3,004	\$ 4,005	\$ (2,995)	\$ 1,276
Miscellaneous (Deloitte & Haskins Tax Accountants, in-house consultant, etc.)	5,000	5,000	1,000	1,333	(3,667)	1,860
IT-Staff Training / Development on New Systems	2,500	2,500	-	-	(2,500)	376
Total Non-Recurring Expenses	\$ 12,500	\$ 14,500	\$ 4,004	\$ 5,339	\$ (9,161)	\$ 3,512
	A	B	C	D	E	F
TOTAL ADMINISTRATIVE EXPENSES	\$ 3,575,852	\$ 3,622,974	\$ 2,001,020	\$ 2,576,305	\$ (1,046,669)	\$ 2,798,756
<i>Total Administrative Expenses Percentage Increase</i>	-1%	-41%		-9%		
	A vs. B	B vs. D		D vs. F		
	22%	23%				
	A vs. F	B vs. F				
Variance Between Budgeted Expenses & Cap NOTE: Per Ordinance, funding for "Admin expenses" can be drawn off the annual income of the trust assets. The cap placed on this funding is the lesser of the admin expenses budgeted OR 1% of the investment market balance on the first day of the current fiscal budgeted year. 1% of the market value as of 6/30/20 was \$10,221,390. Variance = \$6,645,538						
TOTAL EXPENDITURES	\$ 126,294,473	\$ 122,767,266	\$ 90,506,293	\$ 120,583,336	\$ 2,183,930	\$ 120,202,011
TOTAL REVENUES	\$ 130,970,000					
Total Revenue - Expenses	\$ 4,675,527	\$ 1,948,120	\$ (1,938,126)	\$ (1,516,874)	\$ (7,832,854)	\$ 221,284