

**DALLAS POLICE AND FIRE PENSION SYSTEM
OPERATING BUDGET SUMMARY
FOR THE YEAR 2024**

				Variances		Variances	
				2024	2023	2024	2023
				Budget vs	Budget	Budget vs	Proj. Act.
Expense Type	2023 Budget	2023 Projected Actual	2024 Budget	\$	%	\$	%
Administrative Expenses	6,190,265	5,508,986	6,166,096	(24,169)	(0.4%)	657,110	11.9%
Investment Expenses	10,770,886	9,618,661	9,647,817	(1,123,069)	(10.4%)	29,156	0.3%
Professional Expenses	1,277,050	1,226,853	1,600,950	323,900	25.4%	374,097	30.5%
Total	\$ 18,238,201	\$ 16,354,500	\$ 17,414,863	\$ (823,338)	(4.5%)	\$ 1,060,363	6.5%

Dallas Police & Fire Pension System
Operating Budget
Calendar Year 2024

Description	2023 Budget	2023 Projected Actual*	2024 Proposed Budget	\$ Change 2024 Prop. Bud. vs. 2023 Bud.	% Change 2024 Prop. Bud. vs. 2023 Bud.	\$ Change 2024 Prop. Bud. vs. 2023 Proj. Actual	% Change 2024 Prop. Bud. vs. 2023 Proj. Actual
Administrative Expenses							
1 Salaries and benefits	3,709,489	3,569,370	3,674,704	(34,785)	(0.9%)	105,334	3.0%
2 Employment Expense	46,350	78,136	26,350	(20,000)	(43.1%)	(51,786)	(66.3%)
3 Memberships and dues	20,201	19,867	20,276	75	0.4%	409	2.1%
4 Staff meetings	500	-	500	-	0.0%	500	100.0%
5 Employee service recognition	5,000	3,188	4,000	(1,000)	(20.0%)	812	25.5%
6 Member educational programs	3,350	-	3,350	-	0.0%	3,350	100.0%
7 Board meetings	4,420	1,644	2,700	(1,720)	(38.9%)	1,056	64.2%
8 Conference registration/materials - Board	12,000	5,000	12,000	-	0.0%	7,000	140.0%
9 Travel - Board	22,000	4,719	22,000	-	0.0%	17,281	366.2%
10 Conference/training registration/materials - Staff	33,200	15,376	31,000	(2,200)	(6.6%)	15,624	101.6%
11 Travel - Staff	44,700	33,076	43,300	(1,400)	(3.1%)	10,224	30.9%
12 Liability insurance	888,533	573,072	558,990	(329,543)	(37.1%)	(14,082)	(2.5%)
13 Communications (phone/internet)	21,180	18,861	30,528	9,348	44.1%	11,667	61.9%
14 Information technology projects	190,000	159,107	635,000	445,000	234.2%	475,893	299.1%
15 IT subscriptions/services/licenses	239,860	137,681	194,615	(45,245)	(18.9%)	56,934	41.4%
16 IT software/hardware	25,000	9,040	25,000	-	0.0%	15,960	176.5%
17 Building expenses	459,697	473,460	464,120	4,423	1.0%	(9,340)	(2.0%)
18 Repairs and maintenance	94,582	92,676	108,709	14,127	14.9%	16,033	17.3%
19 Office supplies	28,475	21,639	29,025	550	1.9%	7,386	34.1%
20 Leased equipment	25,000	21,857	25,000	-	0.0%	3,143	14.4%
21 Postage	29,746	16,510	20,700	(9,046)	(30.4%)	4,190	25.4%
22 Printing	4,350	4,884	5,100	750	17.2%	216	4.4%
23 Subscriptions	2,506	2,752	2,881	375	15.0%	129	4.7%
24 Records storage	2,179	2,863	3,000	821	37.7%	137	4.8%
25 Administrative contingency reserve	12,000	173	12,000	-	0.0%	11,827	6836.4%
27 Depreciation Expense	240,947	236,325	201,248	(39,699)	(16.5%)	(35,077)	(14.8%)
28 Bank fees	25,000	7,710	10,000	(15,000)	(60.0%)	2,290	29.7%
Investment Expenses							
29 Investment management fees	9,375,000	8,527,423	8,292,000	(1,083,000)	(11.6%)	(235,423)	(2.8%)
30 Investment consultant and reporting	455,000	396,429	553,000	98,000	21.5%	156,571	39.5%
31 Bank custodian services	235,000	218,009	235,000	-	0.0%	16,991	7.8%
32 Other portfolio operating expenses (legal, valuation, tax)	644,500	430,590	512,000	(132,500)	(20.6%)	81,410	18.9%
33 Investment due diligence	61,386	46,210	55,817	(5,569)	(9.1%)	9,607	20.8%
Professional Services Expenses							
34 Actuarial services	159,500	159,500	397,750	238,250	149.4%	238,250	149.4%
35 Accounting services	61,950	59,000	61,950	-	0.0%	2,950	5.0%
36 Independent audit	115,000	130,000	143,300	28,300	24.6%	13,300	10.2%

**Dallas Police & Fire Pension System
Operating Budget
Calendar Year 2024**

Description	2023 Budget	2023 Projected Actual*	2024 Proposed Budget	\$ Change 2024 Prop. Bud. vs. 2023 Bud.	% Change 2024 Prop. Bud. vs. 2023 Bud.	\$ Change 2024 Prop. Bud. vs. 2023 Proj. Actual	% Change 2024 Prop. Bud. vs. 2023 Proj. Actual
37 Legal fees	180,000	165,636	200,000	20,000	11.1%	34,364	20.7%
38 Legislative consultants	159,000	159,000	168,000	9,000	5.7%	9,000	5.7%
39 Public relations	-	-	-	-	100.0%	-	100.0%
40 Pension administration software & WMS	292,000	293,052	309,000	17,000	5.8%	15,948	5.4%
41 Business continuity	14,000	13,700	38,000	24,000	171.4%	24,300	177.4%
42 Network security monitoring	180,000	217,591	225,000	45,000	25.0%	7,409	3.4%
43 Disability medical evaluations	16,250	1,000	7,000	(9,250)	(56.9%)	6,000	600.0%
44 Elections	15,250	11,863	-	(15,250)	(100.0%)	(11,863)	(100.0%)
45 Miscellaneous professional services	84,100	16,511	50,950	(33,150)	(39.4%)	34,439	208.6%
Total Budget	18,238,201	16,354,500	17,414,863	(823,338)	(4.5%)	1,060,363	6.5%
Less: Investment management fees	9,375,000	8,527,423	8,292,000	(1,083,000)	(11.6%)	(235,423)	(2.8%)
Adjusted Budget Total	8,863,201	7,827,077	9,122,863	259,662	2.9%	1,295,786	16.6%

SUPPLEMENTAL BUDGET

Total Budget (from above)	18,238,201	16,354,500	17,414,863	(823,338)	(4.5%)	1,060,363	6.5%
Less: Allocation to Supplemental Plan Budget**	155,207	141,630	150,813	(4,394)	(2.8%)	9,183	6.5%
Total Combined Pension Plan Budget	18,082,994	16,212,870	17,264,050	(818,944)	(4.5%)	1,051,180	6.5%

* Projected based on 7/31/23 YTD annualized or estimated

** Allocation to Supplemental is based on JPM allocation between accounts as of 7/31/23 of .0087%

0.87% per JPM Unitization report as of 7/31/23

Significant Budget Changes - 2024
Budget Changes (>5% and \$25K)
SORTED BY THE \$ CHANGE FROM 2023 BUDGET TO 2024 BUDGET

		2023	2023	2024	\$ Change	% Change	\$ Change	% Change	
	Item	Budget	Projected Actual**	Budget	2024 Budget vs. 2023 Bud.	2024 Budget vs. 2023 Bud.	2024 Budget vs. 2023 Proj. Act.	2024 Budget vs. 2023 Proj. Act.	Explanation
	INCREASES:								
1	Information technology projects	190,000	159,107	635,000	445,000	234.2%	475,893	299.1%	A new digital imaging project is planned for 2024.
2	Actuarial services	159,500	159,500	397,750	238,250	149.4%	238,250	149.4%	The increase reflects the actuarial work associated with the statutorily required independent actuarial analysis and additional actuarial work anticipated in 2024 ahead of the 2025 legislative session.
3	Investment consultant and reporting	455,000	396,429	553,000	98,000	21.5%	156,571	39.5%	The increase includes custodian consultant services and increased private markets services.
4	Network security monitoring	180,000	217,591	225,000	45,000	25.0%	7,409	3.4%	Some services budgeted in 2023 under subscriptions and licenses expenses are now included with the vCISO and vSOC services in Network Security Monitoring for the 2024 budget. The change in Network Security monitoring without the reallocation would have been a decline of \$27K or 15% in this account.
5	Independent audit	115,000	130,000	143,300	28,300	24.6%	13,300	10.2%	Independent audit services RFP will be issued in 2024 for the 2023 audit. Expect increases in quoted fees.
	REDUCTIONS:								
6	Investment management fees	9,375,000	8,527,423	8,292,000	(1,083,000)	(11.6%)	(235,423)	(2.8%)	Declines in budgeted fees due to negotiated Public Equity fee reductions, a higher allocation to passive equity and projected sales of legacy real assets investments.
7	Liability insurance	888,533	573,072	558,990	(329,543)	(37.1%)	(14,082)	(2.5%)	The reduction from the prior year budget reflects the Board decision after the 2023 budget was adopted to reduce the liability insurance coverage level.
8	Other portfolio operating expenses (legal, valuation, tax)	644,500	430,590	512,000	(132,500)	(20.6%)	81,410	18.9%	Expected fees related to some private equity investments are expected to decline.
9	IT subscriptions/services/licenses	239,860	137,681	194,615	(45,245)	(18.9%)	56,934	41.4%	Some services budgeted in 2023 under subscriptions and licenses expenses are now included with the vCISO and vSOC services in Network Security Monitoring for the 2024 budget. Without the reallocation of this expense IT subscriptions would have had an increase of \$27K or 11% YOY. Product licenses for workflow (an IT project in 2023) and upgraded Office 365 licenses for enhanced security would have accounted for the increase without the reallocation.
10	Depreciation Expense	240,947	236,325	201,248	(39,699)	(16.5%)	(35,077)	(14.8%)	Some capitalized expenses became fully depreciated in 2023 or will become fully depreciated in 2024 resulting in lower depreciation expense.
11	Miscellaneous professional services	84,100	16,511	50,950	(33,150)	(39.4%)	34,439	208.6%	Decreased budget for contract Communications consultant.

** Projected based on 7/31/22 YTD annualized or estimated

Significant Budget Changes - 2024

Budget Changes (>5% and \$25K)

SORTED BY THE \$ CHANGE FROM 2023 PROJECTED ACTUAL TO 2024 BUDGET

		2023	2023	2024	\$ Change	% Change	\$ Change	% Change	
	Item	Budget	Projected Actual**	Budget	2024 Budget vs. 2023 Bud.	2024 Budget vs. 2023 Bud.	2024 Budget vs. 2023 Proj. Act.	2024 Budget vs. 2023 Proj. Act.	Explanation
	INCREASES:								
1	Information technology projects	190,000	159,107	635,000	445,000	234.2%	475,893	299.1%	A new digital imaging project is planned for 2024.
2	Actuarial services	159,500	159,500	397,750	238,250	149.4%	238,250	149.4%	The increase reflects the actuarial worked associated with the statutorily required independent actuarial analysis and additional actuarial work anticipated in 2024 ahead of the 2025 legislative session.
3	Investment consultant and reporting	455,000	396,429	553,000	98,000	21.5%	156,571	39.5%	Budgeted private markets services in 2023 did not occur, but have been rebudgeted for 2024. Also, includes fees for a custodian consultant services.
4	Other portfolio operating expenses (legal, valuation, tax)	644,500	430,590	512,000	(132,500)	(20.6%)	81,410	18.9%	Fees related to some private equity investments were less than expected in 2023 but are projected to increase in 2024.
5	IT subscriptions/services/licenses	239,860	137,681	194,615	(45,245)	(18.9%)	56,934	41.4%	Product licenses for workflow (an IT project in 2023) and upgraded Office 365 licenses for enhanced security are primarily responsible for increased costs in 2024.
6	Miscellaneous professional services	84,100	16,511	50,950	(33,150)	(39.4%)	34,439	208.6%	2023 budgeted communications services were not engaged. Rebudgeted for 2024 at a reduced amount.
7	Legal fees	180,000	165,636	200,000	20,000	11.1%	34,364	20.7%	Expected expenses based on current status of cases.
	REDUCTIONS:								
8	Employment Expense	46,350	78,136	26,350	(20,000)	(43.1%)	(51,786)	(66.3%)	Fewer open employee positions requiring agency fees expected in 2024.
9	Depreciation Expense	240,947	236,325	201,248	(39,699)	(16.5%)	(35,077)	(14.8%)	Some capitalized expenses will become fully depreciated in 2024 resulting in lower depreciation expense.