

**DALLAS POLICE AND FIRE PENSION SYSTEM
OPERATING BUDGET SUMMARY
FOR THE YEAR 2021**

Expense Type	2020 Budget	2020 Projected Actual	2021 Budget	Variances		Variances	
				2021	2020	2021	2020
				Budget vs	Budget	Budget vs	Proj. Act.
				\$	%	\$	%
Administrative Expenses	5,797,866	5,541,519	5,973,808	175,942	3.0%	432,289	7.8%
Investment Expenses	16,285,551	15,445,222	16,036,610	(248,941)	-1.5%	591,388	3.8%
Professional Expenses	1,496,520	1,472,915	1,609,120	112,600	7.5%	136,205	9.2%
Total	\$ 23,579,937	\$ 22,459,656	\$ 23,619,538	\$ 39,601	0.2%	\$ 1,159,882	5.2%

**Dallas Police & Fire Pension System
Operating Budget
Calendar Year 2021**

Description	2020 Budget	2020 Projected Actual*	2021 Proposed Budget	\$ Change vs. 2020 Bud.	% Change vs. 2020 Bud.	\$ Change 2021 Prop. Bud. vs. 2020 Proj. Actual	% Change 2021 Prop. Bud. vs. 2020 Proj. Actual
Administrative Expenses							
1 Salaries and benefits	3,653,766	3,746,274	3,775,241	121,475	3.3%	28,967	0.8%
2 Employment Expense	15,000	17,165	25,110	10,110	67.4%	7,945	46.3%
3 Memberships and dues	19,706	17,240	19,917	211	1.1%	2,677	15.5%
4 Staff meetings	1,000	-	1,000	-	0.0%	1,000	100.0%
5 Employee service recognition	5,000	288	5,030	30	0.6%	4,742	1646.5%
6 Member educational programs	2,750	-	3,250	500	18.2%	3,250	100.0%
7 Board meetings	6,420	2,594	6,420	-	0.0%	3,826	147.5%
8 Conference registration/materials - Board	11,650	-	11,650	-	0.0%	11,650	100.0%
9 Travel - Board	21,500	-	21,500	-	0.0%	21,500	100.0%
10 Conference/training registration/materials - Staff	34,800	6,110	36,300	1,500	4.3%	30,190	494.1%
11 Travel - Staff	44,500	3,516	43,200	(1,300)	(2.9%)	39,684	1128.7%
12 Liability insurance	640,571	608,941	727,147	86,576	13.5%	118,206	19.4%
13 Communications (phone/internet)	56,300	67,816	70,800	14,500	25.8%	2,984	4.4%
14 Information technology projects	140,000	110,728	190,000	50,000	35.7%	79,272	71.6%
15 IT subscriptions/services/licenses	153,100	150,544	182,715	29,615	19.3%	32,171	21.4%
16 IT software/hardware	19,500	23,858	17,000	(2,500)	(12.8%)	(6,858)	(28.7%)
17 Building expenses	405,467	390,670	401,482	(3,985)	(1.0%)	10,812	2.8%
18 Repairs and maintenance	97,414	23,668	84,424	(12,990)	(13.3%)	60,756	256.7%
19 Office supplies	29,350	14,116	24,850	(4,500)	(15.3%)	10,734	76.0%
20 Leased equipment	24,000	23,686	24,000	-	0.0%	314	1.3%
21 Postage	28,200	23,628	21,700	(6,500)	(23.0%)	(1,928)	(8.2%)
22 Printing	14,000	-	14,000	-	0.0%	14,000	100.0%
23 Subscriptions	2,125	1,018	2,125	-	0.0%	1,107	108.7%
24 Records storage	1,400	1,392	1,400	-	0.0%	8	0.6%
25 Administrative contingency reserve	12,000	862	12,000	-	0.0%	11,138	1292.1%
26 COVID 19 Expense	-	19,367	7,500	7,500	100.0%	(11,867)	(61.3%)
27 Depreciation Expense	240,947	240,946	240,947	-	0.0%	1	0.0%
28 Bank fees	3,400	3,056	3,100	(300)	(8.8%)	44	1.4%
Investment Expenses							
29 Investment management fees	14,178,000	13,954,330	14,664,000	486,000	3.4%	709,670	5.1%
30 Investment consultant and reporting	365,000	362,084	340,000	(25,000)	(6.8%)	(22,084)	(6.1%)
31 Bank custodian services	222,000	216,974	220,000	(2,000)	(0.9%)	3,026	1.4%
32 Other portfolio operating expenses (legal, valuation, tax)	1,520,551	911,834	777,610	(742,941)	(48.9%)	(134,224)	(14.7%)
33 Investment due diligence	39,000	-	35,000	(4,000)	(10.3%)	35,000	100.0%
Professional Services Expenses							
34 Actuarial services	240,000	241,280	190,500	(49,500)	(20.6%)	(50,780)	(21.0%)

**Dallas Police & Fire Pension System
Operating Budget
Calendar Year 2021**

Description	2020 Budget	2020 Projected Actual*	2021 Proposed Budget	\$ Change vs. 2020 Bud.	% Change vs. 2020 Bud.	\$ Change 2021 Prop. Bud. vs. 2020 Proj. Actual	% Change 2021 Prop. Bud. vs. 2020 Proj. Actual
35 Accounting services	60,770	59,000	60,770	-	0.0%	1,770	3.0%
36 Independent audit	165,000	162,977	166,000	1,000	0.6%	3,023	1.9%
37 Legal fees	550,000	577,752	562,500	12,500	2.3%	(15,252)	(2.6%)
38 Legislative consultants	126,000	126,000	159,000	33,000	26.2%	33,000	26.2%
39 Public relations	-	-	-	-	100.0%	-	100.0%
40 Pension administration software & WMS	283,000	263,616	302,000	19,000	6.7%	38,384	14.6%
41 Business continuity	17,000	16,224	18,300	1,300	7.6%	2,076	12.8%
42 Network security review	10,000	2,400	10,000	-	0.0%	7,600	316.7%
43 Network security monitoring	75,000	44,036	102,000	27,000	36.0%	57,964	131.6%
44 Disability medical evaluations	9,500	5,540	16,500	7,000	73.7%	10,960	197.8%
45 Elections	15,000	-	-	(15,000)	(100.0%)	-	100.0%
46 Miscellaneous professional services	20,250	18,126	21,550	1,300	6.4%	3,424	18.9%
Total Budget	23,579,937	22,459,656	23,619,538	39,601	0.2%	1,159,882	5.2%
Less: Investment management fees	14,178,000	13,954,330	14,664,000	486,000	3.4%	709,670	5.1%
Adjusted Budget Total	9,401,937	8,505,326	8,955,538	(446,399)	(4.7%)	450,212	5.3%

SUPPLEMENTAL BUDGET

Total Budget (from above)	23,579,937	22,459,656	23,619,538	39,601	0.2%	1,159,882	5.2%
Less: Allocation to Supplemental Plan Budget*	207,503	199,891	210,214	2,711	1.3%	10,323	5.2%
Total Combined Pension Plan Budget	23,372,434	22,259,765	23,409,324	36,890	0.2%	1,149,559	5.2%

* Projected based on 6/30/20 YTD annualized

** Allocation to Supplemental is based on JPM allocation between accounts as of 6/30/20 of .0089%

0.89% per JPM Unitization report as of 6/30/20

Significant Budget Changes - 2021
Budget Changes (>5% and \$10K)
SORTED BY THE \$ CHANGE FROM 2020 BUDGET TO 2021 BUDGET

		2020	2020	2021	\$ Change	% Change	\$ Change	% Change	
	Item	Budget	Projected Actual**	Budget	2021 Budget vs. 2020 Bud.	2021 Budget vs. 2020 Bud.	2021 Budget vs. 2020 Proj. Act.	2021 Budget vs. 2020 Proj. Act.	Explanation
	INCREASES:								
1	Liability insurance	640,571	608,941	727,147	86,576	13.5%	118,206	19.4%	Projected renewal includes expected double digit increases across almost all lines of risk insurance. Fiduciary insurance is 80% of 2021 budget.
2	Information technology projects	140,000	110,728	190,000	50,000	35.7%	79,272	71.6%	Increase includes some projects deferred from 2020 to 2021 due to COVID-19.
3	Legislative consultants	126,000	126,000	159,000	33,000	26.2%	33,000	26.2%	Legislature is in session in 2021. Fees are higher for the periods when legislature is in session
4	IT subscriptions/services/licenses	153,100	150,544	182,715	29,615	19.3%	32,171	21.4%	Additional licenses and devices to be covered along with projected increases for renewals.
5	Network security monitoring	75,000	44,036	102,000	27,000	36.0%	57,964	131.6%	Additional items to be covered and expect full year of services in 2021.
6	Pension administration software & WMS	283,000	263,616	302,000	19,000	6.7%	38,384	14.6%	Enhancements for pension admin software and fee increases.
7	Communications (phone/internet)	56,300	67,816	70,800	14,500	25.8%	2,984	4.4%	Additional services like Zoom and Conference Calling added during COVID-19, combined with rate increases on contracts.
8	Employment Expense	15,000	17,165	25,110	10,110	67.4%	7,945	46.3%	Primarily agency fees for new staff.
	REDUCTIONS:								
9	Other portfolio operating expenses (legal, valuation, tax)	1,520,551	911,834	777,610	(742,941)	-48.9%	(134,224)	-14.7%	Significant reduction in legal and advisor fees for private equity investments expected in 2021.
10	Actuarial services	240,000	241,280	190,500	(49,500)	-20.6%	(50,780)	-21.0%	Experience study conducted in 2020 will not be repeated in 2021.
11	Investment consultant and reporting	365,000	362,084	340,000	(25,000)	-6.8%	(22,084)	-6.1%	HB 322 report costs of \$30k were included in the 2020 budget partially offset by contractual price increase.
12	Elections	15,000	-	-	(15,000)	-100.0%	-	100.0%	No trustee election in 2021.
13	Repairs and maintenance	97,414	23,668	84,424	(12,990)	-13.3%	60,756	256.7%	Fewer maintenance projects planned for 2021.

** Projected based on 8/31/19 Prelim YTD annualized

Significant Budget Changes - 2021
Budget Changes (>5% and \$10K)
SORTED BY THE \$ CHANGE FROM 2020 PROJECTED ACTUAL TO 2021 BUDGET

		2020	2020	2021	\$ Change	% Change	\$ Change	% Change	
	Item	Budget	Projected Actual**	Budget	2021 Budget vs. 2020 Bud.	2021 Budget vs. 2020 Bud.	2021 Budget vs. 2020 Proj. Act.	2021 Budget vs. 2020 Proj. Act.	Explanation
	INCREASES:								
1	Investment management fees	14,178,000	13,954,330	14,664,000	486,000	3.4%	709,670	5.1%	Increased market value in equities expected to drive higher fees, which will be partially offset by declines in fees for fixed income and real assets.
2	Liability insurance	640,571	608,941	727,147	86,576	13.5%	118,206	19.4%	Projected renewal includes expected double digit increases across almost all lines of risk insurance. Fiduciary insurance is 80% of 2021 budget.
3	Information technology projects	140,000	110,728	190,000	50,000	35.7%	79,272	71.6%	Project start dates delayed due to COVID-19. At least one project may be delayed until 2021.
4	Repairs and maintenance	97,414	23,668	84,424	(12,990)	-13.3%	60,756	256.7%	Some maintenance being delayed or deferred during COVID-19. Expect to return to more normal levels in 2021.
5	Network security monitoring	75,000	44,036	102,000	27,000	36.0%	57,964	131.6%	Project implementation delayed due to COVID-19. Expect full year of monitoring in 2021.
6	Travel - Staff	44,500	3,516	43,200	(1,300)	-2.9%	39,684	1128.7%	Reduced staff travel in 2020 due to COVID-19. Expect to return to more normal levels in 2021.
7	Pension administration software & WMS	283,000	263,616	302,000	19,000	6.7%	38,384	14.6%	Some enhancements delayed due to COVID-19.
8	Investment due diligence	39,000	-	35,000	(4,000)	-10.3%	35,000	100.0%	Purchase of investment software currently deferred. No investment due diligence travel due to COVID-19. Expect to return to more normal levels in 2021.
9	Legislative consultants	126,000	126,000	159,000	33,000	26.2%	33,000	26.2%	Legislature is in session in 2021. Fees are higher for the periods when legislature is in session
10	IT subscriptions/services/licenses	153,100	150,544	182,715	29,615	19.3%	32,171	21.4%	Additional licenses and devices to be covered along with projected increases for renewals.
11	Conference/training registration/materials - Staff	34,800	6,110	36,300	1,500	4.3%	30,190	494.1%	Staff conference training significantly reduced due to COVID-19. Expect to return to more normal levels during 2021.
12	Travel - Board	21,500	-	21,500	-	0.0%	21,500	100.0%	No board travel in 2020 due to COVID-19. Expect to return to more normal level in 2021.
13	Printing	14,000	-	14,000	-	0.0%	14,000	100.0%	Updated member handbook printing not completed due to COVID-19.
14	Conference registration/materials - Board	11,650	-	11,650	-	0.0%	11,650	100.0%	No conferences attended by board members during COVID-19.
15	Administrative contingency reserve	12,000	862	12,000	-	0.0%	11,138	1292.1%	Contingency reserve.
16	Disability medical evaluations	9,500	5,540	16,500	7,000	73.7%	10,960	197.8%	Only one disability evaluation in 2020 so far. 2020 projected actual allows for two in total and 2021 projects for five in total.
17	Office supplies	29,350	14,116	24,850	(4,500)	-15.3%	10,734	76.0%	Office supplies usage down in 2020 due to COVID-19. Expect to return to more normal level in 2021.
	REDUCTIONS:								
18	Other portfolio operating expenses (legal, valuation, tax)	1,520,551	911,834	777,610	(742,941)	-48.9%	(134,224)	-14.7%	Reduction in appraisal, legal and advisor fees for private equity investments expected in 2021.
19	Actuarial services	240,000	241,280	190,500	(49,500)	-20.6%	(50,780)	-21.0%	Experience study conducted in 2020 will not be repeated in 2021.
20	Investment consultant and reporting	365,000	362,084	340,000	(25,000)	-6.8%	(22,084)	-6.1%	HB 322 report costs of \$30k were incurred in 2020 budget and will not be repeated in 2021.
21	COVID 19 Expense	-	19,367	7,500	7,500	100.0%	(11,867)	-61.3%	Purchase of temperature scanners, plexiglass and other COVID-19 supplies in 2020.

** Projected based on 6/30/20 Prelim YTD annualized