



## City of Portland, Oregon



### BUREAU OF FIRE AND POLICE DISABILITY AND RETIREMENT

1800 SW First Ave., Suite 450, Portland, OR 97201 · (503) 823-6823 · Fax: (503) 823-5166

Samuel Hutchison, Director

[fpdr@portlandoregon.gov](mailto:fpdr@portlandoregon.gov)

Date: September 25, 2015

To: City Budget Office

From: Samuel Hutchison, FPDR Director 

Re: FPDR FY 2015-16 Fall BMP Submittal

Attached please find the FY 2015-16 fall BMP submittal from the Bureau of Fire & Police Disability & Retirement. FPDR has no requests for this BMP.

The significant variances between budget and actual revenue for FY 2014-15 were both related to cash flow. In order to prevent a cash shortfall prior to the receipt of property tax revenue in November, FPDR issues Tax Anticipation Notes (TANs) each year. The TAN issue is budgeted in January, based on projected expenses from July to mid-November less projected beginning balance, but the size of the actual TAN issue is based on a cash flow analysis completed in June. These timing and methodology differences resulted in a variance between budgeted and actual Bond Expenses and Bond and Notes Revenues in FY 2014-15. In addition we did not need to transfer the FPDR Reserve Fund's balance to the FPDR Fund to maintain a positive cash position.

Tax revenue was \$2.5 million above budget in FY 2014-15, a difference of 2.1 percent. Beginning fund balance for FY 2015-16 is \$17.7 million, \$0.7 million below the budgeted amount.

If you have questions or need more information, please feel free to contact me or Stacy Jones at 503.823.2609.

## Prior Year Fund Reconciliation Report

	FY 2014-15 Revised Budget	FY 2014-15 Year-End Actuals	Percent of Actuals to Revised
<b>800 - Fire &amp; Police Disability &amp; Retirement Fund</b>			
<b>EXPENDITURES</b>			
Personnel Services	1,851,231	1,849,886	99.93
External Materials and Services	113,266,417	109,869,238	97.00
Internal Materials and Services	8,182,183	7,967,855	97.38
Capital Outlay	88,300	77,254	87.49
Bond Expenses	31,636,349	25,908,928	81.90
Fund Transfers - Expense	895,911	145,911	16.29
Contingency	11,259,318	0	0.00
<b>TOTAL EXPENDITURES</b>	<b>167,179,709</b>	<b>145,819,071</b>	<b>87.22</b>
<b>REVENUES</b>			
Budgeted Beginning Fund Balance	13,663,467	0	0.00
Taxes	120,321,535	122,814,274	102.07
Charges for Services	0	26	0.00
Interagency Revenue	879,953	796,492	90.52
Fund Transfers - Revenue	750,254	254	0.03
Bond and Note	31,258,000	25,815,144	82.59
Miscellaneous	306,500	348,881	113.83
<b>TOTAL REVENUES</b>	<b>167,179,709</b>	<b>149,775,071</b>	<b>89.59</b>

### Fund Reconciliation Narrative

In order to prevent a cash shortfall prior to the receipt of property tax revenue in November, FPDR issues Tax Anticipation Notes (TANs) each year. The TAN issue is budgeted in January, based on projected expenses for July through mid-November, less projected beginning fund balance. The size of the actual TAN issue is based on a cash flow analysis completed in June. These timing and methodology differences resulted in a variance between budgeted and actual Bond and Note Revenues in FY 2014-15. In addition to TANs, FPDR plans a \$750,000 transfer from the FPDR Reserve Fund to the FPDR Fund each fall to maintain positive cash balance in the event the TANs are insufficient. In FY 2014-15, TANs alone were sufficient and the fund transfer was not necessary, resulting in a significant under-collection in Fund Transfer – Revenue.

**Bureau of Fire & Police Disability & Retirement**  
**Performance Measures**

Performance Measure	Type	FY 2012-13	FY 2013-14	FY 2014-15	FY 2014-15	FY 2014-15
		Year-End Actuals	Year-End Actuals	Adopted Budget	Revised Budget	Year-End Actuals
DR_0002 - Administrative cost as a percentage of bureau budget	KPM	1.80%	2.20%	1.90%	2.00%	1.57%
DR_0003 - Number of FPDR 2 retirements from active service	KPM	45	26	54	67	40
DR_0004 - Number of pension estimates	WORKLOAD	228	219	206	204	240
DR_0005 - Number of Fire & Police Disability & Retirement 1 and 2 pension recipients	WORKLOAD	1,953	2,106	2,024	2,162	1,972
DR_0006 - Number of pre-retirement workshop participants	WORKLOAD	49	30	32	54	53
DR_0007 - Percentage of workshop participants who rated workshop helpful	EFFECTIVE	100%	100%	100%	100%	100%
DR_0008 - Percentage of pension estimates processed within one week	EFFICIENCY	65%	69%	71%	66%	73%
DR_0011 - Number of members on short-term disability	WORKLOAD	215	230	215	230	243
DR_0012 - Number of medical bills	WORKLOAD	4,089	4,351	4,006	4,143	4,114
DR_0013 - Number of long-term disability recipients	WORKLOAD	61	55	48	48	48
DR_0014 - Amount of medical cost savings	EFFECTIVE	\$1,290,551	\$2,005,553	\$992,341	\$1,878,084	\$1,306,255
DR_0015 - Savings as a percentage of total medical costs	EFFECTIVE	39.1%	44.7%	44.6%	40.7%	38.8%
DR_0020 - Percentage of disability claims decisions in 90 days	EFFICIENCY	98%	99%	100%	99%	100%
DR_0021 - Percentage of disability claims decisions in 60 days	EFFICIENCY	89%	93%	94%	96%	93%
DR_0022 - Percentage of disability claims decisions in 30 days	EFFICIENCY	67%	65%	68%	69%	67%
DR_0023 - Percentage of members whose final pay was 99% or more of last estimate	EFFECTIVE	100%	100%	100%	100%	100%
DR_0024 - Number of disability claims filed	KPM	313	343	338	380	360
DR_0025 - Percent of workforce who are FPDR 3	KPM	24%	25%	0%	26%	27%
DR_0026 - FPDR Tax Levy Rate (Per \$1,000 of Real Market Value)	KPM	\$1.55	\$1.62	\$0.00	\$1.48	\$1.48
DR_0027 - Percentage of workforce on disability at June 30	KPM	4.1%	4.6%	0.0%	3.6%	4.2%

**Performance Measure Variance Descriptions**

Administrative cost as a percentage of bureau budget has historically been less than 2%. The higher percentage in FY 2013-14 is due to legal fees for two large settlements. The number of service retirements was 40 this year. The number fluctuates from year to year as the demographics of membership, labor negotiations, and the regional economy affect retirement patterns. The number of disability claims has slightly increased over last two years. However, the efficiency measures for claims processing have not been affected. The percent of FPDR3 workforce has been increasing as expected. Tax rate per \$1,000 of RMV was \$1.48. The lower tax rate is due to the growth of real market value and lower discount and compression rates. The percentage of workforce on disability on June 30 was 4.2%. Since the Charter change in 2007, it decreased steadily for the first five years and has been stable at around 4% more recently.

# Capital Program Status Report

## Fire and Police Disability and Retirement

CIP Program	FY 2014-15	FY 2014-15	FY 2014-15	FY 2014-15	FY 2015-16	FY 2015-16	FY 2015-16	FY 2015-16	Variance %
	Adopted Budget	Revised Budget	Year-End Actuals	Variance \$	Adopted Budget	Revised Budget	Year to Date Actuals	Variance \$	
Maintenance and Reliability	\$43,300	\$88,300	\$96,313	\$8,013	\$80,320	\$80,320	\$22,290	\$0	0%
<b>Total</b>	<b>\$43,300</b>	<b>\$88,300</b>	<b>\$96,313</b>	<b>\$8,013</b>	<b>\$80,320</b>	<b>\$80,320</b>	<b>\$22,290</b>	<b>\$0</b>	<b>0%</b>

\* Prior Year variances compare Year-End Actuals to Revised Budget  
 \*\* Current Year variances compare Revised Budget to Adopted Budget

**Prior Year Variance Description**

The variance between the Revised Budget and actual expenditures for FY 2014-15 is less than 10%.

**Current Year Variance Description**

There is no variance between the FY 2015-16 Adopted Budget and the Fall BMP Revised Budget.