



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

Date: September 30, 2013

To: City Budget Office

From: Samuel Hutchison, FPDR Director

Re: FPDR FY 2013-14 Fall BMP Submittal

Attached please find the FY 2013-14 fall BMP submittal from the Bureau of Fire & Police Disability & Retirement. FPDR has two requests:

- Increase the budget for capital improvements to our new database from \$30,000 to \$75,000. FPDR planned for some software enhancements after go-live in fall 2012, spaced out fairly evenly over several years. FPDR now expects more of the improvements to be made in FY 2013-14. In addition some unanticipated programming must be completed this year to implement changes mandated by the 2013 Oregon Legislature. FPDR will transfer funds internally to support this request.
- The second request reduces various interagency agreements with Office of Management and Finance service providers by \$575 to reflect lower PERS costs.

The only significant variance between budget and actual expenditures for FY 2012-13 is in the bond and note category; FPDR did not need to use its full budget authority for the annual tax anticipation note issue in 2012. Tax revenue was \$0.4 million above budget in FY 2012-13, a difference of less than half a percent. Beginning fund balance for FY 2013-14 is \$14.2 million, \$0.3 million above the budgeted amount.

If you have questions or need more information, please feel free to contact me or Nancy Hartline, FPDR Financial Manager, at 503.823.5501.

BUDGET AMENDMENT REQUEST

Bureau of Fire & Police Disability & Retirement

PERIOD Fall BMP

FISCAL YEAR FY 2013-14

DR_001 - Increase Database Budget

This request increases the FY 2013-14 budget for capital improvements to the new FPDR database, which is used to store beneficiary information and to process beneficiary-related payments. The new database went live in fall 2012. Post go-live enhancements were originally expected to be spread out fairly evenly over several years; FPDR now expects more post go-live improvements to be made in FY 2013-14 than in outyears, primarily because of vendor availability. In addition some unanticipated post go-live improvements must be made, such as programming to implement benefit changes mandated by the 2013 Oregon Legislature.

Dollar Amount: \$0

Type: Technical Adjustment

Resources: Internal Transfer

DR_002 - Decrease OMF Interagency Agreements

This request reduces FPDR's interagency agreements with various OMF internal services providers. The reductions are the result of lower PERS contribution rates than originally anticipated.

Dollar Amount: \$0

Type: Technical Adjustment

Resources: Internal Transfer

Prior Year Fund Reconciliation Report

| | FY 2012-13 Revised Budget | FY 2012-13 Year-End Actuals | Percent of Actuals to Revised |
|---|---------------------------------|-----------------------------------|-------------------------------------|
| 800 - Fire & Police Disability & Retirement Fund | | | |
| EXPENDITURES | | | |
| Personnel Services | 1,774,413 | 1,688,512 | 95.16 |
| External Materials and Services | 107,696,421 | 106,520,787 | 98.91 |
| Internal Materials and Services | 6,567,947 | 6,111,357 | 93.05 |
| Capital Outlay | 175,500 | 170,648 | 97.24 |
| Bond Expenses | 25,516,569 | 21,437,345 | 84.01 |
| Fund Transfers - Expense | 821,534 | 821,012 | 99.94 |
| Contingency | 11,280,009 | 0 | 0.00 |
| TOTAL EXPENDITURES | 153,832,393 | 136,749,661 | 88.90 |
| REVENUES | | | |
| Budgeted Beginning Fund Balance | 13,927,817 | 0 | 0.00 |
| Taxes | 112,072,367 | 112,489,717 | 100.37 |
| Charges for Services | 0 | 31 | 0.00 |
| Interagency Revenue | 360,200 | 360,200 | 100.00 |
| Fund Transfers - Revenue | 753,009 | 753,009 | 100.00 |
| Bond and Note | 25,211,000 | 21,355,124 | 84.71 |
| Miscellaneous | 1,508,000 | 1,597,174 | 105.91 |
| TOTAL REVENUES | 153,832,393 | 136,555,255 | 88.77 |

Fund Reconciliation Narrative

Variances of more than 10% between budget and actuals occurred in bond expenses and bond revenues.

FPDR issues Tax Anticipation Notes (TANs) each year to prevent a cash shortfall prior to the receipt of property tax revenue in November. The TAN issue is budgeted in January, based on projected expenses from July through October, less projected beginning fund balance. The size of the actual TAN issue is based on a cash flow analysis completed in July. These timing and methodology differences sometimes result in a variance between budgeted and actual TAN revenues and repayment expenses.

Prior Year Fund Reconciliation Report

| | FY 2012-13 Revised Budget | FY 2012-13 Year-End Actuals | Percent of Actuals to Revised |
|---|---------------------------------|-----------------------------------|-------------------------------------|
| 801 - Fire & Police Disability & Retirement Res Fund | | | |
| EXPENDITURES | | | |
| Fund Transfers - Expense | 750,000 | 750,000 | 100.00 |
| Contingency | 750,000 | 0 | 0.00 |
| TOTAL EXPENDITURES | 1,500,000 | 750,000 | 50.00 |
| REVENUES | | | |
| Budgeted Beginning Fund Balance | 750,000 | 0 | 0.00 |
| Fund Transfers - Revenue | 750,000 | 750,000 | 100.00 |
| TOTAL REVENUES | 1,500,000 | 750,000 | 50.00 |

Fund Reconciliation Narrative

No variances to report.

Bureau of Fire & Police Disability & Retirement

Performance Measures

| Performance Measure | Type | FY 2011-12 Year-End Actuals | FY 2012-13 Year-End Actuals | FY 2013-14 Adopted Budget | FY 2014-15 Performance No Dec Pkg | FY 2014-15 Performance With Dec Pkg |
|--|------------|-----------------------------------|-----------------------------------|---------------------------------|---|---|
| DR_0002 - Administrative cost as a percentage of bureau budget | EFFICIENCY | 1.90% | 1.80% | 1.94% | 0.00% | 0.00% |
| DR_0003 - Number of retirements from active service | WORKLOAD | 74 | 45 | 51 | 0 | 0 |
| DR_0004 - Number of pension estimates | WORKLOAD | 225 | 228 | 246 | 0 | 0 |
| DR_0005 - Number of FPDR 1 & 2 pension recipients | WORKLOAD | 1,936 | 1,953 | 1,995 | 0 | 0 |
| DR_0006 - Number of pre-retirement workshop participants | WORKLOAD | 25 | 49 | 30 | 0 | 0 |
| DR_0007 - Percentage of workshop participants who rated workshop helpful | EFFECTIVE | 100% | 100% | 100% | 0% | 0% |
| DR_0008 - Percentage of pension estimates processed within one week | EFFICIENCY | 80% | 65% | 80% | 0% | 0% |
| DR_0011 - Number of members on short-term disability | WORKLOAD | 196 | 215 | 196 | 0 | 0 |
| DR_0012 - Number of medical bills | WORKLOAD | 5,337 | 4,089 | 5,337 | 0 | 0 |
| DR_0013 - Number of long-term disability recipients | WORKLOAD | 90 | 61 | 61 | 0 | 0 |
| DR_0014 - Medical cost savings | EFFECTIVE | \$1,171,007 | \$1,072,069 | \$1,205,179 | \$0 | \$0 |
| DR_0015 - Savings as a percentage of total medical costs | EFFECTIVE | 36.5% | 35.9% | 36.3% | 0.0% | 0.0% |
| DR_0020 - Percentage of disability claims decisions in 90 days | EFFICIENCY | 98% | 98% | 99% | 0% | 0% |
| DR_0021 - Percentage of disability claims decisions in 60 days | EFFICIENCY | 89% | 89% | 87% | 0% | 0% |
| DR_0022 - Percentage of disability claims decisions in 30 days | EFFICIENCY | 63% | 67% | 71% | 0% | 0% |
| DR_0023 - Percentage of members whose final pay was 99% or more of last estimate | EFFECTIVE | 100% | 100% | 95% | 0% | 0% |
| DR_0024 - Number of disability claims filed | WORKLOAD | 298 | 315 | 310 | 0 | 0 |

Performance Measure Variance Descriptions

The number of retirements decreased from 74 in FY 2011-12 to 45 in FY 2012-13. The larger number in FY 2011-12 was primarily due to final pay lookback periods including an extra pay date in that fiscal year. The demographics of membership, labor negotiations, and the regional economy also affect retirement patterns. The number of long-term disability recipients continued to decline from 90 in FY 2011-12 to 61 in FY 2012-13. Disability retirements, terminations and deaths resulted in the decrease. A significant reduction in the number of medical bills is due to a methodology change. Timeliness of pension estimates slid in FY 2012-13, but estimates were prioritized by possible retirement dates to minimize the impact on members' decision making.

Capital Program Status Report

Fire and Police Disability and Retirement

| CIP Program | FY 2012-13 Adopted Budget | FY 2012-13 Revised Budget | FY 2012-13 Year-End Actuals | Variance \$ | Variance % | FY 2013-14 Adopted Budget | Fall BMP Revised Budget | FY 2013-14 Year to Date Actuals | Variance \$ | Variance % |
|--------------|---------------------------------|---------------------------------|-----------------------------------|------------------|---------------|---------------------------------|-------------------------------|---------------------------------------|-----------------|---------------|
| Acquisitions | \$95,500 | \$175,500 | \$170,648 | (\$4,852) | (3%) | \$30,000 | \$75,000 | \$0 | \$45,000 | 150% |
| Total | \$95,500 | \$175,500 | \$170,648 | (\$4,852) | (3%) | \$30,000 | \$75,000 | \$0 | \$45,000 | 150% |

* Prior Year variances compare Year-End Actuals to Revised Budget

** Current Year variances compare Revised Budget to Adopted Budget

Prior Year Variance Description

No significant variance between between revised budget and actual expenditures in FY 2012-13.

Current Year Variance Description

The fall BMP includes a request to increase the FY 2013-14 budget for FPDR's sole capital project, improvements to the new FPDR database. Post go-live enhancements were originally expected to be spread out fairly evenly over several years; FPDR now expects more post go-live improvements to be made in FY 2013-14 than in outyears, primarily because of vendor availability. In addition some unanticipated post go-live improvements must be made.