



## City of Portland, Oregon



### BUREAU OF FIRE AND POLICE DISABILITY AND RETIREMENT


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Samuel Hutchison, Director

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Date: September 25, 2014

To: City Budget Office

From: Samuel Hutchison, FPDR Director 

Re: FPDR FY 2014-15 Fall BMP Submittal

Attached please find the FY 2014-15 fall BMP submittal from the Bureau of Fire & Police Disability & Retirement. FPDR has one request for this BMP: moving \$1,536 from external materials and services to internal materials and services to fund FPDR's share of new debt management software for OMF.

The only significant variance between budget and actual expenditures or revenue for FY 2013-14 was that we did not need to transfer the FPDR Reserve Fund's balance to the FPDR Fund to maintain a positive cash position; tax anticipation note revenue was sufficient to get us to the first November tax turnover. Tax revenue was \$0.8 million above budget in FY 2013-14, a difference of 0.6 percent. Beginning fund balance for FY 2014-15 is \$13.8 million, \$0.1 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.

**Supplemental Budget Request  
FY 2014-15 Fall Supplemental Budget**

**Bureau:** Bureau of Fire & Police Disability & Retirement

**Type:** Technical Adjustment

**Request:** DR\_001 - OMF IA Adjustment

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
<b>EXPENDITURES</b>			
External Materials and Services	(1,536)	0	(1,536)
Internal Materials and Services	1,536	0	1,536
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Bureau Description:**

This request funds FPDR's share of OMF's new debt management software.

**CBO Discussion and Recommendation**

## Prior Year Fund Reconciliation Report

	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals	Percent of Actuals to Revised
<b>800 - Fire &amp; Police Disability &amp; Retirement Fund</b>			
<b>EXPENDITURES</b>			
Personnel Services	1,848,432	1,757,833	95.10
External Materials and Services	112,475,263	112,035,731	99.61
Internal Materials and Services	6,981,119	6,873,479	98.46
Capital Outlay	95,000	69,040	72.67
Bond Expenses	28,339,886	27,032,276	95.39
Fund Transfers - Expense	109,699	109,699	100.00
Contingency	12,254,417	0	0.00
<b>TOTAL EXPENDITURES</b>	<b>162,103,816</b>	<b>147,878,058</b>	<b>91.22</b>
<b>REVENUES</b>			
Budgeted Beginning Fund Balance	13,754,338	0	0.00
Taxes	118,618,232	119,378,897	100.64
Charges for Services	0	34	0.00
Interagency Revenue	542,200	542,200	100.00
Fund Transfers - Revenue	759,046	9,046	1.19
Bond and Note	28,000,000	26,930,235	96.18
Miscellaneous	430,000	579,606	134.79
<b>TOTAL REVENUES</b>	<b>162,103,816</b>	<b>147,440,017</b>	<b>90.95</b>

### Fund Reconciliation Narrative

In order to prevent a cash shortfall prior to the receipt of property tax revenue, FPDR plans a \$750,000 transfer from FPDR Reserve Fund to FPDR Fund each fall in addition to Tax Anticipation Notes (TANs). However, TANs alone were sufficient and the fund transfer was not necessary this year. This resulted in a significant under-collection in Fund Transfers – Revenue.

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

Performance Measure	Type	FY 2012-13	FY 2013-14	FY 2013-14	FY 2013-14	
		Year-End Actuals	Adopted Budget	Revised Budget	Year-End Actuals	
DR_0002 - Administrative cost as a percentage of bureau budget	EFFICIENCY	1.80%	1.94%	2.00%	2.20%	0.00%
DR_0003 - Number of retirements from active service	WORKLOAD	45	51	63	30	0
DR_0004 - Number of pension estimates	WORKLOAD	228	246	206	219	0
DR_0005 - Number of Fire and Police Disability and Retirement 1 and 2 pension recipients	WORKLOAD	1,953	1,995	1,990	2,106	0
DR_0006 - Number of pre-retirement workshop participants	WORKLOAD	49	30	32	30	0
DR_0007 - Percentage of workshop participants who rated workshop helpful	EFFECTIVE	100%	100%	100%	100%	0%
DR_0008 - Percentage of pension estimates processed within one week	EFFICIENCY	65%	80%	71%	69%	0%
DR_0011 - Number of members on short-term disability	WORKLOAD	215	196	215	230	0
DR_0012 - Number of medical bills	WORKLOAD	4,089	5,337	4,006	4,351	0
DR_0013 - Number of long-term disability recipients	WORKLOAD	61	61	58	55	0
DR_0014 - Amount of medical cost savings	EFFECTIVE	\$1,072,069	\$1,205,179	\$992,341	\$1,109,155	\$0
DR_0015 - Savings as a percentage of total medical costs	EFFECTIVE	35.9%	36.3%	44.6%	45.6%	0.0%
DR_0020 - Percentage of disability claims decisions in 90 days	EFFICIENCY	98%	99%	100%	99%	0%
DR_0021 - Percentage of disability claims decisions in 60 days	EFFICIENCY	89%	87%	94%	93%	0%
DR_0022 - Percentage of disability claims decisions in 30 days	EFFICIENCY	67%	71%	68%	65%	0%
DR_0023 - Percentage of members whose final pay was 99% or more of last estimate	EFFECTIVE	100%	95%	100%	100%	0%
DR_0024 - Number of disability claims filed	WORKLOAD	315	310	338	343	0

**Performance Measure Variance Descriptions**

Administrative cost as a percentage of bureau budget was higher than the target due to legal fees for the settlements of the Pension Overpayment Recovery and Fire Apparatus Operator Pay litigations. The number of service retirements was only 30 this year. The number of service retirements fluctuates from year to year as the demographics of membership, labor negotiations, and the regional economy affect retirement patterns. Over the last few years, FPDR has achieved a greater savings in medical costs with its access to the Oregon Fee Schedules and MHN allowance. The full-year implementation of in-house medical bill processing, which started during FY 2012-13, resulted in further savings this year as it allowed FPDR more control over medical bill payments, especially in the areas of auditing bills and negotiating with non-Managed Care Organizations and out-of-state providers.

# Capital Program Status Report

## Fire and Police Disability and Retirement

CIP Program	FY 2013-14 Adopted Budget	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals	Variance \$	Variance %	FY 2014-15 Adopted Budget	Fall BMP Revised Budget	FY 2014-15 Year to Date Actuals	Variance \$	Variance %
Maintenance and Reliability	\$30,000	\$95,000	\$232,657	\$137,657	145%	\$43,300	\$43,300	\$3,838	\$0	0%
<b>Total</b>	<b>\$30,000</b>	<b>\$95,000</b>	<b>\$232,657</b>	<b>\$137,657</b>	<b>145%</b>	<b>\$43,300</b>	<b>\$43,300</b>	<b>\$3,838</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

FPDR failed to capitalize \$148,810 of internal labor costs associated with the development and continued improvement of the database in FY 2011-12 and FY 2012-13. These costs were capitalized in FY 2013-14 and are included in current year expenses on this asset report. Bureaus were directed not to make budget adjustments for these entries as they are not considered current year expenses and will not display as such on any other budget-to-actuals reports.

### Current Year Variance Description

No significant variance is anticipated in FY 2014-15.