



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: March 30, 2015

To: City Budget Office

From: Samuel Hutchison, FPDR Director 

Re: FPDR FY 2014-15 Spring BMP Submittal

Attached please find the FY 2014-15 spring BMP submittal from the Bureau of Fire & Police Disability & Retirement. FPDR has two requests:

- Increase the budgets for the Bureau of Technology Services interagency agreement by \$45,000 for a new phone system and server upgrades and also for capital improvements to our new database by \$45,000 to support changes recommended in the recent disability program audit and the disability payments process review and to develop a new member portal. FPDR will transfer funds internally to support this request.
- The second request increases interagency agreements with the Police and Fire Bureaus by \$275,000 to better align the budgets of all three bureaus with expected spending. FPDR's partial subsidy of transitional duty expense is higher than usual in both bureaus. The increase is partially offset by recognizing \$222,753 in additional revenue from Police.

There are variances between budget and projected revenue or expenditures for FY 2014-15 in fund transfers and note proceeds. FPDR did not need to transfer the FPDR Reserve Fund balance to maintain a positive cash position this year, so the budgeted \$750,000 transfer did not take place. Likewise, the annual tax anticipation note issue was less than budgeted because of better than expected cash flows. Ending fund balance for FY 2014-15 is projected to be \$18.4 million.

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

**CBO Discussion and Recommendations
FY 2014-15 Fall Supplemental Budget**

Bureau: Bureau of Fire & Police Disability & Retirement

Type: Technical Adjustment

Request: DR_002 - Adjust Fire and Police Interagency Agreements

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
External Materials and Services	(52,247)	0	(52,247)
Internal Materials and Services	275,000	0	275,000
TOTAL EXPENDITURES	222,753	0	222,753
REVENUES			
Interagency Revenue	222,753	0	222,753
TOTAL REVENUES	222,753	0	222,753

Bureau Description:

This request increases FPDR's interagency agreement with the Fire Bureau by \$225,000 and the Police Bureau by \$50,000. Of the Fire increase, \$50,000 is for higher Oregon Public Safety Retirement Program (OPSRP) contribution reimbursements and \$175,000 is for wage subsidies for temporarily disabled employees. The entire increase for Police is wage subsidies. Both bureaus have been able to return more employees on short-term disability to work with temporarily restricted duties; FPDR pays the bureaus a partial wage subsidy when employees can be accommodated in this way. This request also increases interagency revenue from the Police Bureau. Third parties who contract for Portland police services pay a pension and disability overhead charge as well as wages and benefits. FY 2014-15 is the first year the Police Bureau will pass all such pension and disability charges on to FPDR, and the original budget inadvertently left out charges for short-term contracts, such as event security. Including these charges will result in an additional \$222,753 in funds passed through the Police Bureau to FPDR.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2014-15 Fall Supplemental Budget**

Bureau: Bureau of Fire & Police Disability & Retirement

Type: Technical Adjustment

Request: DR_003 - Increase Budget for Technology Projects

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
External Materials and Services	(90,000)	0	(90,000)
Internal Materials and Services	45,000	0	45,000
Capital Outlay	45,000	0	45,000
TOTAL EXPENDITURES	0	0	0

Bureau Description:

This request increases FPDR's interagency agreement with the Bureau of Technology Services (BTS) by \$45,000: \$25,000 for the purchase and installation of a new phone system and \$20,000 for required upgrades to FPDR's two servers. The request also increases the budget for capital improvements to FPDR's database by \$45,000. Two capital upgrades to the FPDR database will be completed this fiscal year that were not anticipated in the original budget: a new web portal for sworn employees and new functionality recommended by the recent disability program audit. Funds will be shifted from consulting, where FPDR originally budgeted funding for projects to be identified in the technology roadmap.

CBO Discussion and Recommendation

Fund Projection Report

	Spring BMP Revised Budget	FY 2014-15 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
Fire & Police Disability & Retirement Fund				
EXPENDITURES				
Unappropriated Fund Balance	\$0	\$0	\$18,376,039	
Personnel Services	\$1,851,231	\$1,239,357	\$1,832,358	99%
External Materials and Services	\$113,266,417	\$71,494,934	\$108,782,300	96%
Internal Materials and Services	\$8,182,183	\$4,308,739	\$8,044,535	98%
Capital Outlay	\$88,300	\$26,286	\$73,900	84%
Bond Expenses	\$31,636,349	\$35,033	\$25,910,533	82%
Fund Transfers - Expense	\$895,911	\$97,272	\$145,911	16%
Contingency	\$11,259,064	\$0	\$0	0%
TOTAL EXPENDITURES	\$167,179,455	\$77,201,621	\$163,165,576	98%
REVENUES				
Budgeted Beginning Fund Balance	\$13,663,467	\$0	\$13,761,432	101%
Taxes	\$120,321,535	\$112,857,041	\$122,400,000	102%
Interagency Revenue	\$879,953	\$402,694	\$880,000	100%
Fund Transfers - Revenue	\$750,000	\$0	\$0	0%
Bond and Note	\$31,258,000	\$25,815,144	\$25,815,144	83%
Miscellaneous	\$306,500	\$189,246	\$309,000	101%
TOTAL REVENUES	\$167,179,455	\$139,264,125	\$163,165,576	98%

Fund Projection Narrative

Overall, fund revenues and expenditures are projected to be within two percent of budget. Individual categories with significant variances include note proceeds and repayment, fund transfers, and capital outlay. FPDR issues tax anticipation notes each year; the issue is budgeted in January but sized based on actual cash flow in June or July. This timing difference generally results in a variance in this category. There is a variance in fund transfer expense and revenue because FPDR did not need to transfer the FPDR Reserve Fund balance to the FPDR Fund to maintain a positive cash position this year, so neither the transfer in nor the returning transfer occurred. There is a variance in capital outlay because FPDR prefers to budget conservatively in this category, as it is comprised entirely of one small capital project where even a small unanticipated expense could cause an over-expenditure. The percentage variance is small, but FPDR will underspend personnel services by roughly \$20,000 this year because a previously expected staffing transition will not take place. These funds will be added to the FY 2015-16 Proposed Budget.

Fund Projection Report

	Spring BMP Revised Budget	FY 2014-15 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
Fire & Police Disability & Retirement Res Fund				
EXPENDITURES				
Unappropriated Fund Balance	\$0	\$0	\$750,000	
Fund Transfers - Expense	\$750,000	\$0	\$0	0%
Contingency	\$750,000	\$0	\$0	0%
TOTAL EXPENDITURES	\$1,500,000	\$0	\$750,000	50%
REVENUES				
Budgeted Beginning Fund Balance	\$750,000	\$0	\$750,000	100%
Fund Transfers - Revenue	\$750,000	\$0	\$0	0%
TOTAL REVENUES	\$1,500,000	\$0	\$750,000	50%

Fund Projection Narrative

FPDR did not need to transfer the FPDR Reserve Fund balance to the FPDR Fund to maintain a positive cash position this year, so neither the transfer out nor the returning transfer occurred.

Capital Program Status Report

Fire and Police Disability and Retirement

CIP Program	FY 2013-14	FY 2013-14	FY 2013-14	Variance \$	Variance %	FY 2014-15	Spring BMP	FY 2014-15	Variance \$	Variance %
	Adopted Budget	Revised Budget	Year-End Actuals			Adopted Budget	Revised Budget	Year to Date Actuals		
Maintenance and Reliability	\$30,000	\$95,000	\$232,658	\$137,658	145%	\$43,300	\$88,300	\$31,142	\$45,000	104%
Total	\$30,000	\$95,000	\$232,658	\$137,658	145%	\$43,300	\$88,300	\$31,142	\$45,000	104%

* 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 FPDR 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

Two capital upgrades to the FPDR database will be completed this fiscal year that were not anticipated in the original budget: a new web portal for sworn employees (identified as a priority project in FPDR's technology roadmap) and new functionality recommended by the recent disability program audit.