



# FIRE AND POLICE DISABILITY AND RETIREMENT City of Portland, Oregon



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Samuel Hutchison, Director

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TO: Andrew Scott, City Budget Office  
Ryan Kinsella, City Budget Office

FROM: Samuel Hutchison, ~~FPDR~~ Director

RE: FPDR FY 2016-17 Spring BMP Submission

DATE: March 27, 2017

Please find attached FPDR's FY 2016-17 Spring Budget Monitoring Process (BMP) submission. FPDR's only request is to transfer \$1,330,000 from fund contingency to prevent over-expenditure in major object categories. Funds would be transferred as follows:

- \$1,000,000 to cover unbudgeted current year and retroactive pension payments resulting from labor arbitration decisions, specifically the return of 27 pay dates to the pension calculation and a new alternate payee reversionary benefit
- \$300,000 to cover higher than anticipated PERS reimbursements on overtime and premium pay for FPDR 3 Fire members
- \$30,000 to cover additional expenses associated with the creation of a new retiree web portal, and to leave adequate budgetary cushion in the capital budget

FPDR expects to end the fiscal year within 2.5% of budget. The only significant variances are in tax anticipation notes (TANs) and fund transfers. FPDR did not need to transfer funds from the FPDR Reserve Fund to maintain a positive cash position this year. TANs were issued for less than budgeted; this is often the case, as FPDR budgets conservatively in this category to ensure sufficient debt issuance authority to cover any unforeseen cash flow needs.

Property tax revenue has come in as expected throughout the year. Ending fund balance is currently projected at \$8,300,000.

Please feel free to contact me or Stacy Jones, FPDR Financial Manager, with any questions.

**CBO Discussion and Recommendations  
FY 2016-17 Spring BMP**

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

**Type:** Technical Adjustment

**Request:** DR\_001 - Prevent Major Object Over-Expenditures

	<b>Spring BMP Requested Adjustments</b>	<b>Spring BMP CBO/Council Changes</b>	<b>Spring BMP Total Adjustments</b>
<b>EXPENDITURES</b>			
External Materials and Services	1,000,000	0	1,000,000
Internal Materials and Services	300,000	0	300,000
Capital Outlay	30,000	0	30,000
Contingency	(1,330,000)	0	(1,330,000)
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Bureau Description:**

This request for contingency transfer increases FPDR's capital outlay budget by \$30,000, internal materials and services (IM&S) budget by \$300,000, and external materials and services (EM&S) budget by \$1 million. A \$1 million transfer to EM&S will cover the following unbudgeted pension expenses (both current year and retroactive payments): a new alternate payee reversionary benefit and the return of 27 rather than 26 pay dates to the final pay calculation for FPDR 2 pensions. The largest component of FPDR's IM&S budget is reimbursements to the Fire and Police Bureaus for OPSRP contributions made on behalf of sworn employees hired after 2006. OPSRP reimbursements to the Fire Bureau are projected to exceed the budget due to these sworn members earning more overtime and premiums than anticipated in the budget. FPDR's capital budget is comprised entirely of a single small capital project, the FPDR database system. Expenses are expected to exceed the budgeted level due to additional costs associated with the new retiree web portal for the database. In addition, FPDR prefers to budget conservatively in this category since even a relatively small expense could cause an overexpenditure in such a small budget.

**CBO Discussion and Recommendation**

# Fund Projection Report

	Spring BMP Revised Budget	FY 2016-17 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
<b>Fire &amp; Police Disability &amp; Retirement Fund</b>				
<b>EXPENDITURES</b>				
Unappropriated Fund Balance	\$0	\$0	\$8,470,356	
Personnel Services	\$2,086,912	\$1,312,993	\$2,000,000	96%
External Materials and Services	\$121,312,236	\$70,062,641	\$121,129,015	100%
Internal Materials and Services	\$11,461,988	\$5,455,986	\$11,461,988	100%
Capital Outlay	\$76,000	\$53,330	\$75,415	99%
Bond Expenses	\$34,899,037	\$31,801	\$29,372,276	84%
Fund Transfers - Expense	\$1,060,028	\$102,443	\$310,002	29%
Contingency	\$6,338,111	\$0	\$0	0%
<b>TOTAL EXPENDITURES</b>	<b>\$177,234,312</b>	<b>\$77,019,193</b>	<b>\$172,819,052</b>	<b>98%</b>
<b>REVENUES</b>				
Budgeted Beginning Fund Balance	\$12,588,094	\$0	\$13,633,434	108%
Taxes	\$128,071,818	\$119,162,386	\$128,071,818	100%
Interagency Revenue	\$905,200	\$538,901	\$905,200	100%
Fund Transfers - Revenue	\$750,000	\$0	\$0	0%
Bond and Note	\$34,476,000	\$29,129,050	\$29,488,100	86%
Miscellaneous	\$443,200	\$408,785	\$720,500	163%
<b>TOTAL REVENUES</b>	<b>\$177,234,312</b>	<b>\$149,239,121</b>	<b>\$172,819,052</b>	<b>98%</b>

**Fund Projection Narrative**

Overall, fund revenues and expenditures are expected to be within 2.5 percent of budget. The only expenditure category projected to exceed the pre-BMP budget by more than ten percent is capital outlay. The capital outlay category is more subject to variance than other categories because it is comprised entirely of one small capital project, the FPDR database system. This year, security requirements for a new retiree web portal attached to the database caused capital spending to exceed the original budget. Two revenue categories, fund transfers and bond/note proceeds, are projected to be under budget by more than ten percent. 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, as well as the fact that FPDR budgets conservatively in this category to ensure sufficient debt issuance authority to cover any unanticipated cash flow needs, generally results in a variance in this category. Fund transfers will be under budget because FPDR did not need to transfer from the FPDR Reserve Fund to maintain a positive cash position this year.

## Fund Projection Report

	Spring BMP Revised Budget	FY 2016-17 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
<b>Fire &amp; Police Disability &amp; Retirement Res Fund</b>				
<b>EXPENDITURES</b>				
Unappropriated Fund Balance	\$750,000	\$0	\$750,000	100%
Fund Transfers - Expense	\$750,000	\$0	\$0	0%
<b>TOTAL EXPENDITURES</b>	<b>\$1,500,000</b>	<b>\$0</b>	<b>\$750,000</b>	<b>50%</b>
<b>REVENUES</b>				
Budgeted Beginning Fund Balance	\$750,000	\$0	\$750,000	100%
Fund Transfers - Revenue	\$750,000	\$0	\$0	0%
<b>TOTAL REVENUES</b>	<b>\$1,500,000</b>	<b>\$0</b>	<b>\$750,000</b>	<b>50%</b>

**Fund Projection Narrative**

FPDR budgets a transfer from the FPDR Reserve Fund each year should tax anticipation note proceeds prove insufficient to maintain a positive cash balance in the operating fund. The transfer was not necessary in FY 2016-17.

## Capital Program Status Report

### Fire and Police Disability and Retirement

CIP Program	FY 2015-16 Adopted Budget	FY 2015-16 Revised Budget	FY 2015-16 Year-End Actuals	Variance \$	Variance %	FY 2016-17 Adopted Budget	Spring BMP Revised Budget	FY 2016-17 Year to Date Actuals	Variance \$	Variance %
Maintenance and Reliability	\$80,320	\$80,320	\$72,089	(\$8,231)	(10%)	\$46,000	\$76,000	\$62,929	\$30,000	65%
<b>Total</b>	<b>\$80,320</b>	<b>\$80,320</b>	<b>\$72,089</b>	<b>(\$8,231)</b>	<b>(10%)</b>	<b>\$46,000</b>	<b>\$76,000</b>	<b>\$62,929</b>	<b>\$30,000</b>	<b>65%</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 2015-16 is slightly more than 10%. FPDR budgeted conservatively in this category as it is comprised of one small capital project and even a small unanticipated expense could cause over-expenditure.

#### Current Year Variance Description

The Revised FY 2017-18 capital budget is \$30,000 more than the Adopted Budget because of the additional programming, security, and configuration costs of our new member portal, along with miscellaneous enhancements and new functionality for the FPDR database. This was FPDR's first experience building an external web site with access to personally identifiable information (PII), and security requirements proved more expensive than originally anticipated.