



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



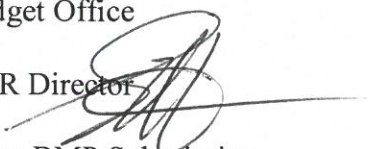
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Samuel Hutchison, Director

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TO: Andrew Scott, City Budget Director  
Jessica Kinard, City Budget Office

FROM: Samuel Hutchison, FPDR Director 

RE: FPDR FY 2017-18 Spring BMP Submission

DATE: March 26, 2018

Please find attached FPDR's FY 2017-18 Spring Budget Monitoring Process (BMP) submission. FPDR has two budget adjustment requests. The first is to transfer FPDR's pro-rata share (\$682) of the new DCTU professional development fund to OMF. The second is to transfer \$530,000 from fund contingency to cover potential over-expenditures in three areas:

- \$400,000 to cover higher than budgeted PERS contributions for sworn Police employees, the result of a large number of new hires at the Police Bureau this fiscal year
- \$110,00 to cover software development costs, primarily for a new module in FPDR's database to automate portions of the labor-intensive pension estimate process
- \$20,000 to cover additional personnel costs arising from the new DCTU contract

FPDR expects to end the fiscal year within five percent of its original budget. Direct pension benefits for FPDR One and FPDR Two beneficiaries are currently forecast at 99 percent of budget. Disability benefits are tracking lower than forecast at the beginning of the year; they are projected to come in approximately ten percent under budget.

On the revenue side FPDR did not need to execute a budgeted transfer from the FPDR Reserve Fund to maintain a positive cash position this year, and tax anticipate notes were issued for less than budgeted (\$36.2 million rather than \$44.3 million). Property tax revenues are expected to be under-collected by \$300,000 due to higher compression on the FPDR levy than originally foreseen. Ending fund balance is expected to be around \$11.4 million, \$1.6 million more than the \$9.8 million beginning fund balance on July 1, 2017.

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

**CBO Discussion and Recommendations  
FY 2017-18 Spring Supplemental Budget Ordinance**

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

**Type:** Technical Adjustment

**Request:** DR\_002 - DCTU Professional Development

	<b>Spring BMP Requested Adjustments</b>	<b>Spring BMP CBO/Council Changes</b>	<b>Spring BMP Total Adjustments</b>
<b>EXPENDITURES</b>			
Internal Materials and Services	682	0	682
Contingency	(682)	0	(682)
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Bureau Description:**

This request for contingency transfer increases the FPDR interagency agreement with the Office of Management and Finance by \$682 for FPDR's pro rata shares of the DCTU professional development expenses per the DCTU labor agreement effective July 2017.

**CBO Discussion and Recommendation**

**CBO Discussion and Recommendations  
FY 2017-18 Spring Supplemental Budget Ordinance**

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

**Type:** Technical Adjustment

**Request:** DR\_003 - 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>			
Personnel Services	20,000	0	20,000
Internal Materials and Services	400,000	0	400,000
Capital Outlay	110,000	0	110,000
Contingency	(530,000)	0	(530,000)
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Bureau Description:**

This request includes three contingency transfers. The first increases FPDR's interagency agreement with the Police Bureau by \$400,000 for OPSRP reimbursement. FPDR reimburses the Police Bureau for OPSRP contributions made on behalf of sworn employees hired after 2006. OPSRP reimbursements to the Police Bureau are projected to exceed the budget due to the Police Bureau hiring a large number of sworn employees sooner than anticipated in the budget. The second contingency transfer increases FPDR's personnel budget by \$20,000. Personnel costs are projected to exceed budget because of unanticipated wage increases included in the most recent DCTU contract. The third adjustment increases capital outlay by \$110,000, mainly to cover the cost of implementing the pension estimate automation module.

**CBO Discussion and Recommendation**

## Fund Projection Report

	Spring BMP Revised Budget	FY 2017-18 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	\$11,438,197	
Personnel Services	\$2,163,014	\$1,401,376	\$2,148,693	99%
External Materials and Services	\$128,004,484	\$73,117,897	\$126,643,461	99%
Internal Materials and Services	\$14,786,138	\$5,010,895	\$14,519,160	98%
Capital Outlay	\$156,451	\$62,693	\$152,713	98%
Bond Expenses	\$44,835,166	\$33,957	\$36,624,242	82%
Fund Transfers - Expense	\$920,378	\$113,587	\$170,509	19%
Contingency	\$9,547,196	\$0	\$0	0%
<b>TOTAL EXPENDITURES</b>	<b>\$200,412,827</b>	<b>\$79,740,404</b>	<b>\$191,696,975</b>	<b>96%</b>
<b>REVENUES</b>				
Budgeted Beginning Fund Balance	\$9,058,579	\$0	\$9,789,387	108%
Taxes	\$144,268,948	\$133,620,733	\$143,568,948	100%
Interagency Revenue	\$1,359,000	\$261,586	\$1,085,345	80%
Fund Transfers - Revenue	\$750,000	\$0	\$0	0%
Bond and Note	\$44,312,000	\$36,231,649	\$36,231,649	82%
Miscellaneous	\$664,300	\$671,780	\$1,021,646	154%
<b>TOTAL REVENUES</b>	<b>\$200,412,827</b>	<b>\$170,785,749</b>	<b>\$191,696,975</b>	<b>96%</b>

### Fund Projection Narrative

Overall, fund revenues and expenditures are expected to be within four percent of the post-BMP Revised 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, work on a pension estimating module caused capital spending to exceed the original budget. Three revenue categories - fund transfers, bond/note proceeds and interagency revenues - 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. Additionally, interagency revenues are expected to be under budget this year as continued staffing issues at the Police Bureau limit their ability to take on third-party work, which in turn reduces the associated pension and disability overhead charges that are passed on to FPDR.

# Fund Projection Report

	Spring BMP Revised Budget	FY 2017-18 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	\$0	0%
Fund Transfers - Expense	\$750,000	\$0	\$0	0%
<b>TOTAL EXPENDITURES</b>	<b>\$1,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>
<b>REVENUES</b>				
Budgeted Beginning Fund Balance	\$750,000	\$0	\$0	0%
Fund Transfers - Revenue	\$750,000	\$0	\$0	0%
<b>TOTAL REVENUES</b>	<b>\$1,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</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 2017-18.

## Capital Program Status Report

### Fire and Police Disability and Retirement

CIP Program	FY 2016-17 Adopted Budget	FY 2016-17 Revised Budget	FY 2016-17 Year-End Actuals	Variance \$	Variance %	FY 2017-18 Adopted Budget	Spring BMP Revised Budget	FY 2017-18 Year to Date Actuals	Variance \$	Variance %
Maintenance and Reliability	\$46,000	\$76,000	\$67,320	(\$8,680)	(11%)	\$46,451	\$156,451	\$70,798	\$110,000	237%
<b>Total</b>	<b>\$46,000</b>	<b>\$76,000</b>	<b>\$67,320</b>	<b>(\$8,680)</b>	<b>(11%)</b>	<b>\$46,451</b>	<b>\$156,451</b>	<b>\$70,798</b>	<b>\$110,000</b>	<b>237%</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 2016-17 is slightly more than 10%. FPDR budgets 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

FPDR is increasing its capital budget in the Spring BMP by \$110,000, which should be adequate to cover additional planned upgrades to the FPDR database. The additional work is primarily related to the development of a new database module to increase automation in the pension estimate process. FPDR's contractor now has a larger team of programmers available, thus more programming can be achieved this year than was initially estimated.