FPDR BOARD OF TRUSTEES MATERIALS

November 15, 2022

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Note: There are no handouts for Information Items 5 and 6 of the agenda

City of Portland Bureau of Fire and Police Disability and Retirement
Agenda for Regular Meeting – Board of Trustees
Tuesday, November 15, 2022 – 1:00 p.m.

Please note, the Board of Trustees is holding this meeting electronically. All members of the board are attending remotely. The meeting is available to the public on the City's eGov PDX channel on YouTube, Channel 30, and www.portlandoregon.gov/video

ADMINISTRATION

The following consent item(s) are considered to be routine and will be acted upon by the Board in one motion, without discussion, unless a Board member, staff member or the public requests an item be held for discussion.

	1	Approval of Minutes – September 27, 2022 Meeting

INTRODUCTION OF VISITORS

PUBLIC COMMENT PERIOD

Public comments will be heard by electronic communication (internet connection or telephone). If you wish to sign up for public comment, please register at the following link: **https://us06web.zoom.us/webinar/register/WN_toSYzmyqR0--dYD4VFsyHw**
You will be asked to provide your name, phone number, email address, agenda item number(s) you wish to provide comment on and zip code. After registering, you will receive a confirmation email containing information about joining the electronic/virtual meeting. Individuals will have three minutes to provide public comment unless otherwise stated at the meeting. ***The deadline to sign up for the November 15, 2022 electronic board meeting is Monday, November 14, 2022 at 3:00 p.m. Individuals can also provide written testimony to the Board by emailing the FPDR Director Sam Hutchison at sam.hutchison@portlandoregon.gov by November 10, 2022.***

ACTION ITEMS

- There are no action items for this meeting.

INFORMATION ITEMS

The following information items do not require action by the Board and are solely for informational purposes unless a Board member, staff member or the public requests an item be held for discussion.

	1	Auditor's Annual Report Presented by Moss Adams
	2	ETOB Test Results
	3	Legislative Updates
	4	FPDR Summary of Expenditures
	5	FPDR Updates
	6	Future Meeting Agenda Items

Copies of materials supplied to the Board before the meeting, except confidential items and those referred to Executive Session, are available for review by the public on the FPDR website at www.portlandoregon.gov/fpdr or at the FPDR offices located at: 1800 SW First Avenue, Suite 450, Portland, Oregon 97201. ***NOTE:*** *If you have a disability that requires any special materials services or assistance call (503) 823-6823 at least 48 hours before the meeting.*

FIRE AND POLICE DISABILITY AND RETIREMENT BOARD OF TRUSTEES MEETING	MINUTES

As a result of the COVID-19 pandemic and the need to limit in-person contact and promote social distancing, the meeting was held remotely via a Zoom webinar platform.

Date and Time: September 27, 2022, at 1:00 p.m.; Meeting adjourned at 2:23 p.m.

Board Members Present:
Margaret Carter (Board Chair); Catherine MacLeod (Citizen Trustee); James Huang (Citizen Trustee); Kyle MacLowry (Fire Trustee)

Board Members Absent:
Christopher Kulp (Police Trustee)

Also Present:
Sam Hutchison (FPDR Director); Stacy Jones (FPDR Deputy Director/Finance Manager) Kimberly Mitchell (FPDR Claims Manager); Julie Crisp (FPDR Business Systems Analyst); Julie Hall (FPDR Legal Assistant); Franco A. Lucchin (Sr. Deputy City Attorney); Chief Boone (PF&R Fire Chief); Isaac McLennan (President, Portland Fire Fighters' Association, IAFF Local 43); Kevin Machiz (CFA Charter Holder) OpenSignal PDX

Motions Made and Approved:
- Motion by Trustee MacLeod that was seconded by Trustee Huang and passed (4-0) to approve the September 27, 2022, minutes.
- Motion by Trustee Huang that was seconded by Trustee MacLeod and passed (4-0) authorizing FPDR Board of Trustees Meetings to be hybrid starting January 1, 2023 (Action Item No. 1)

A text file produced through the closed captioning process for the live broadcast of this board meeting is attached and should not be considered a verbatim transcript.

Fire and Police Disability and Retirement

By_______________________________

Sam Hutchison
FPDR Director

CLOSED CAPTIONING FILE

[Captioner on standby]

Director Hutchison: We're at 1:00 pm and I think we've got everyone here because Kyle said he probably wasn't going to make it today. Wait, Kyle's there. Sorry, Chris was the one that wasn't able to make it today. So, we've got a quorum of four and we're ready to get started. Margret, you're on mute.

Chair Carter: Hi everybody, it's been a long time – for me that is. I hope all is well. James, where are you?

Trustee Huang: I'm having a little trouble hearing you, sorry Margaret. I'm in the office today.

Chair Carter: Oh, okay. I thought you were still out of the country.

Trustee Huang: No, I wish. But I will, sometime next week.

Chair Carter: Ok, I hope all is well with everybody. I would like to open the meeting with the approval of the last meeting's minutes. Are there questions regarding the minutes?

Trustee MacLeod: I have no questions. I can move to approve the prior minutes.

Trustee Huang: I second.

Chair Carter: It's been moved and seconded that the minutes of the last meeting will be so approved. All in favor say aye.

[chorus of ayes]

Chair Carter: I'm a little formal about this because – anyway. Let's go to our agenda for today since there are no questions regarding our last minutes. Let's go, Mr. Hutchison.

ACTION ITEM #1 – HOW THE BOARD OF TRUSTEES WILL CONDUCT FUTURE MEETINGS

Director Hutchison: So, the first and only action item we have for today is to discuss future board meetings. I think it was in March we said we'd reconsider the location of the future board of trustee's meetings. At that time the options presented were to continue virtual, which we decided to do at least through September, and that is this meeting; in-person, where the board, FPDR staff and all attendees who want to participate directly in the meeting are in City Council chambers, as was done pre-covid; or go hybrid with board and staff meeting in-person in the council chambers, individual board members and staff can attend virtually, if needed, and other attendees who want to participate directly in the meeting either attend in-person or virtually. So that's presently what's being used now in City Council, is the hybrid approach. For a little bit of background - City Council and City Commissioners are requiring all the other city boards to conduct their meetings either in-person or hybrid. So, we wanted to talk about how we want to proceed with the future meetings and then I'll recommend something after we get your thoughts and discussions on that.

Chair Carter: Excuse me, everybody. I forgot to go through the public comment period. Are there members of the public online with us?

Julie Hall: Not today.

Chair Carter: Not today. Ok. Thank you. Then proceed, Sam.

Director Hutchison: Ok. So again, we have three options of how we want to conduct our board meetings in the future, just as a recap. To continue virtual, do in-person, which is pre-covid, or hybrid, which is a blending of the two where we as the board and staff all attempt to come into City Council chambers. We can, if necessary, meet virtually or participate virtually. Any attendees who want to contribute or testify in the board meeting can do so either in-person or virtually. The latter choice is what City Council is doing. Right now, City Council and City Commissioners are requiring all other boards in the city do either in-person or hybrid. So, we're going to talk about what your plan is going forward. We do not have a statutory requirement that we do meet in-person, the other boards and City Council do. We do not because of our uniqueness. Those are the options. Go ahead, Catherine.

Trustee MacLeod: I have a couple of questions. Number one is it awkward or inconvenient to do hybrid meetings? Secondly, what would staff's preference be if you were the deciders?

Director Hutchison: The City Council is doing it, so they have a process they have been doing for two or three months now. So, there have been several meetings and we would just mimic their process. It works pretty successfully; I have not heard of any complaints. But again, the mayor's directive is that he wants City Council to be in-person unless they cannot attend in-person; then he expects them virtually. He likes the main presenters to come in person. Again, they can do it virtually, if necessary. Sometimes it's easier for certain groups to do that, so they still will accept that. As far as staff is concerned, I haven't polled my staffs. I'll leave that up to Kim and Stacy. I think we do need to move to at least a hybrid approach. That's where everybody else is in the city. That's where we are moving to, trying to have personal interaction whenever possible with our members or with people who are interested in FPDR. So, I think we need to sort of split the difference between pre-covid and during covid and do the hybrid model.

Trustee MacLeod: Ok. Thank you. I'll venture my opinion. My opinion is that I would be at this point perfectly comfortable going back in person. I think hybrid offers some transitional flexibilities that might be nice. So, I would probably personally vote for hybrid at this point.

Trustee Huang: Sam, I have a question as well. So earlier you indicated that presenters also have the option to go hybrid, either in-person or present virtually. I'm assuming the phrase, or the term "presenters" would include any commenters or visitors, right?

Director Hutchison: That's correct, anybody who wants to provide direct information. What happens in all three options, everybody can watch this meeting live right now. We'll continue doing that and it's also recorded. The people who want to participate in the meetings when Julie Hall sends out a notice that we have a meeting coming up, she'll either help get them signed up in zoom or signed up if they want to do it in-person. When we do in-person and people want to come to testify, they can do it up to, we allowed them up to five minutes before the meeting starts, where if it's zoom, we like to have a week's notice so we can get all the zoom invitations set up. So, it's a little bit advantageous if somebody has a last-minute thought they want to come in and participate, they can do so in-person and just pretty much sign up when they show up.

Trustee Huang: Great. In that case, I vote to go hybrid. That's consistent with what the city is currently doing and consistent with what a lot of private sectors are doing.

Chair Carter: Kyle, your thoughts?

Trustee MacLowry: I have no problem with going hybrid. As a newer member of the board, this virtual model is all I have ever known. I suspect that there is probably some value being able to see everybody face to face. So, I think hybrid seems to be a good transition and probably a good next step.

Chair Carter: I think transparency is so important in these meetings and for the public to be able to come or to be able to listen by zoom, I think, is definitely the way to go. I think mimicking what the council does makes sense as well, because we don't want to rub anybody the wrong way. So, I am open for a motion, unless there are other comments Sam.

Director Hutchison: I have one comment. If you are looking for a hybrid model, I recommend we start January 1. We want to make sure we can tap into exactly what city hall can do because Julie Hall is going to have to take lead. She may not be around for the November meeting, so this will give her time to learn the way the City Council uses and the city hall equipment and be prepared for a January meeting. That's my recommendation.

Chair Carter: I will take a motion that the hybrid meeting will begin January 1, 2023.

Trustee Huang: I move that we go hybrid starting January 2023.

Trustee MacLeod: I'll second that motion.

Chair Carter: The motion and seconded. Our hybrid meeting will begin January 1, 2023, looking forward to a happy new year. All in favor. Aye.

[chorus of ayes]

Chair Carter: So moved. The next agenda item.

Director Hutchison: Hold a minute. I have got a little email exchange in the back. I'll talk with you in a minute, Chair. I may need your decision on that also. So, we're ready to go with the state of FPDR. We normally require somebody who wants to join a meeting and participate with zoom, we require a week's notice. We have a person who has just sent us an e-mail and wants to participate today. It's Kevin Machiz. Normally I would say no but, Chair Carter, I leave it up to you if you want to allow him to provide information at the end of the state of FPDR.

Chair Carter: If the board is ok with it, again I go back to transparency, and I think that as good a foundation as this board has had with the staff doing such great work, I don't think we have anything to hide. So, if its ok with the other board members, I'm ok with him saying something at the end of the meeting. Any comments from the other board members?

Trustee MacLowry: No objection.

Chair Carter: Thanks, Sam. We'll hear him at the end of the meeting.

Director Hutchison: So, this is for Julie Hall, send him the link for that and you'll be able to join in. We'll have him add contributions at the end of the state of FPDR.

Chair Carter: Thanks.

Director Hutchison: We're ready for the state of FPDR. Julie, when you have a chance, can you fire up that presentation for us and we'll walk you through. You should all have and be able to participate with the board materials we sent you.

Julie Hall: Can you see my screen?

Director Hutchison: Yes.

Julie Hall: Ok, good.

INFORMATION ITEM #1 – STATE OF FPDR PRESENTATION

Director Hutchison: So here we're starting with state of FPDR. I've got to get my notes up too, pardon me. Ok, we're here to present the state of FPDR to the board of trustees. This is a summary of all the events and happenings last year. We provide you important statistics on what we have seen, claims, retirements, etc., funding and the money amount we have spent. So, we'll go through this. The presenters are, I'll lead off and we'll follow with Stacy Jones, our Deputy Director and Finance Manager, and then Kim Mitchell, our Claims Manager. As we go through the presentation, I strongly urge you to ask questions as we go along. We're here to give you information and here to let you ask the questions. We want you to know everything you can know about the state of FPDR. If we're unable to answer questions, we can research, e-mail them to you or put you on the agenda for a follow-up at our next meeting. I want to move to the next slide.

So, what happened this last year? The last year from July of 2021 through June of 2022, covid was still a big player and impact to the bureau. Kim will go through this more in the disability numbers; we had another record number of claims driven by the covid claims. The city lifted covid restrictions this year, which made some changes to how we did our business within the bureau and with our members. We reentered the office, and we'll talk more about what that is later. We started bringing people back one day a week or longer if they wanted to, which feeds into everybody had a hybrid work schedule. And we had the office move, which took quite a bit of time and a lot of effort for people right on top of the record number of claims and other things that were happening this year. Next one, Julie.

So more specifically, covid continued to impact the bureaus. The staff worked entirely remotely for most of the year and worked in the office on a limited basis. The claims were done remotely. We had the omicron variant, which spiked October through December and a little bit more into January here, which led to record number of claims this year. As we said, Kim will give you more of the numbers later. We transitioned out of the covid work restrictions and the city lifted the mandatory mask mandate in March. We still encourage people to wear masks in the bureau and in larger meetings, but it was optional. Mayor wheeler lifted the state of emergency on April 1, 2022. On April 18 we moved to hybrid work schedules. All staff are required to work in the office one day a week, and we set up what we call team days. So Stacy's team, the finance and pension, meets on one Tuesday, then the alternate Tuesday is Kim's disability team. So every other Tuesday we have a team in the office and then for the off week for members, they could choose any day of the week they wanted to come in. We wanted to get together to have team meetings, a little bit of bonding, more personal interaction and problem solving which you can do sometimes better face to face.

The office move was a pretty big issue this year. Our lease expired April 30, so we spent quite a bit of time in the latter part of 2021 reviewing office locations and deciding where we wanted to move to. We negotiated and signed new lease in January of 2022, and we began preparation for the move. That would take us through the end of the fiscal year. The preparation for the move was a big preparation for staff. They had walled offices with filing cabinets and stuff piled everywhere. They had to clean everything out because they moved into a cube environment. So they had to either throw away or recycle the paper or convert it to electronic means, scan it and then recycle it. By the time we were done we had huge recycle garbage cans, we probably filled 40 of them up with paper. That was a tremendous amount of work the staff went through. They had to look through the paper, decide what was important to keep, what was not important to keep, and there were other things they did with the move. So this was done on top of them having a record number of covid claims or a lot of activity on the pension side. It's added work and some angst having to move into a new office, giving up walled offices to move into cubes. We did officially move to the office in July.

For disability, I have said this like a broken record, and I think it will be said a few times more by Kim. We processed and paid a record number of covid claims for members who tested positive and/or needed to quarantine. We processed an increasing number of disability claims for the PTSD and heart/lung conditions, under the new presumption statute. We knew this was coming. Kim can talk more about what we're seeing and the trends we're beginning to see with those claims.

Chair Carter: Would you rather us wait to the end for people to ask questions or ask them as we have them. Which do you prefer?

Director Hutchison: For my presentation let me give you the background, but when Kim and Stacy go, ask them as you have the questions. You don't have to wait until the end. Mine is just a high-level thing, I'm giving you teasers for what Kim and Stacy are going to talk about. If you have questions, they would be the two best people answer those.

Chair Carter: Ok.

Director Hutchison: So we added a new managed care organization, which is a physician's group or medical group to which people who are on a claim must seek their treatment from. We have had two in place, and we added a third one this year, which is Providence. We had quite a few people wanting them. They stepped up with the RFP this year, so we're getting them onboard. Kim will go through more on that.

Where we had a lot of change was in the pension and finance area. We promoted the Financial Analyst 2 up to our Financial Analyst 3 because she was retiring. That was Mika and Asha's the one we promoted. Then we hired Svetlana, our new Financial Analyst, to replace Asha. We also implemented the new Portland Police Association contract. That's always quite a bit of work because they always have retro payments, and we have to go back and recalculate and refigure out everything that we've already paid or pensions that have already been granted at that point. We have a new state tax offset law, and we managed that particular benefit. So I went through some of these changes before, but the staffing changes continue. We had a new legal assistant since Kathy Kakesako retired and Julie Hall was promoted into that position. We have a new office support specialist, which was Julie's old position, that was Lauren. All these changes led to 25% of FPDR staff are in new positions. That's quite a load to be carrying, even though half of them were promoted from within the bureau, they still have to learn new jobs. So that's a big turnover. It hit the finance and pension team much greater than the disability team. We didn't have any disability turnover; it was all finance and pension.

Technology - part of the changes were using secured file sharing. It's a way we are trying to exchange documents back and forth with our members and our doctors' offices. Some of you have probably used Dropbox. This is a more sophisticated and secure version of Dropbox. It really saves us a lot of time and effort and we don’t have to mail big packets of records back and forth. Since we're going digital, we don't want to be getting more paper in. It's great if they can dump us electronic copies in a secure folder for us. We have upgraded our computers and laptops. It seems pretty mundane in the back, but on the front end it's helpful because we had some that were six, seven years old, which is ancient by standards. Julie Crisp, our Business Systems Analyst, she used her magic to make sure we have new, upgraded computers here. Again, we’re going totally paperless for the disability side and we're doing hybrid models so it’s great for everybody to have both their home and office computers up to date.

And very important during this time frame for this past year, with all this going on, we provided seamless service and continuous availability to our members. We have made every effort to minimize the impact of what we're going through on them. We see it a little bit here and there, but I think the staff really stepped up and did great work while going through all these changes that I listed. Next slide.

So, what's going to the be happening this year? The staff and new positions are going to settle in and learn their new jobs. They’re already well on their way to doing that. That puts a lot more pressure, since those newer people report to me and Stacy directly, we have to constantly be monitoring what they are doing and making sure their training plans are there and they’re stepping up and learning what they need to be learning. We are starting a process improvement project for the disability claim workflow. Since we moved to digital, as I explained before when we approved the Pregame contract, Pregame are the people doing the work for us on the process improvement. We implemented digital claims processing in a few weeks where it would have taken six to seven months to do it. So we want to go back and look at what we're doing.

Trustee Huang: Quick question on the proceeding slide. Given all the changes in personnel, I’m assuming you guys were able to stress test your succession as well as your onboarding plans. Any lessons learned from that experience, could any changes be considered for the future?

Director Hutchison: We did some good preparation for this. We made sure we had the processes and procedures documented and we redocumented them just as we knew people were leaving. For Kathy's position, Kathy and Julie overlapped for a period of time. so we had hands-on training, which is really good to have. So we didn't have a sudden drop with that. Asha has been promoted into Mika’s position. Mika is still here and will be here through the end of October. So we have made sure we have overlapped employees with part of the training. I have asked Julie Hall to update the processes and procedures because she's seeing it as a new employee. We're going to complete them and make them more detailed. Stacy, any thoughts on your standpoint?

Stacy Jones: I would just say that, yes, we have the luxury of having been able to have great overlap as folks are leaving. Since Mika is retiring in October, as Sam said, and we were able to promote our current Financial Analyst 2 and hire a new Financial Analyst 2 and then have several months of overlap, which is a great luxury and a wonderful thing. Also, on my team we just have, you know, I could share my screen, but I won't disrupt the presentation. We document things like you wouldn't believe. We have hundreds of procedure documents that we create, we try to test every year. As my retiring lead Financial Analyst goes out the door, she has updated those procedures. We have also been going through more complex processes on Teams and recording them so that we can always come back to that video and see, how she did reconcile our database to the city financial system and things like that. We're not all the way through it so I'm sure there will be some lessons learned.

Trustee Huang: Great. Again, you know, thank you for also keeping the customer service standards so high, as reflected in your previous slide. Thank you for doing that.

Stacy Jones: Thank you.

Director Hutchison: There is one follow-up thing we're doing, James. Pregame, who's coming in and helping us with the process improvement and the strategic plan, is also doing an in-depth interview with both Kathy and Mika just because they have been here for so long. They are going to meet with them individually and together and say, ok, what works and doesn't work in FPDR, what would they like to do differently. Both are very dedicated, excellent employees so we want to get them out there in a comfortable environment with a third party, so they'll open up and say what they think and give advice we need. That will be occurring I believe in October. We should have the report back in November and will see what they learned and found. So that will be some good value-add to our process and to the bureau as a whole.

Trustee Huang: Great. Thank you.

Director Hutchison: We're going to do a strategic plan next year. FPDR has not had a strategic plan, as far as I know, for decades. I think it's important that we do have one because we've begun to see turnover and I think turnover rates will still be higher than they have been, so it's important we have a plan so there's continuity going forward as the people change. At the last board meeting you approved us getting a new Disability Analyst, that's going through the City Council process. We've basically received a thumbs-up that it will go through. You know, City Council has got to vote on it. But Stacy has been spearheading that since it goes through the budget process. So Stacy is doing it. It looks like we've gotten the go-ahead and have no issues with that extra position being approved from the city's standpoint.

We will be putting out an RFP for actuarial work. Millman's contract has been renewed for the maximum amount that we can without going out for an RFP. We'll be putting that out in the next few months, and we'll give you more of an update maybe in November or January of what we're going to be doing with that. That will be a big decision for us. Milliman can be selected again, they’re not banned from doing it, we just cannot renew without going through the RFP process this time.

We have the 2023 State legislative session going to start here in January. We'll monitor that closely and I'll give you more detail at the next board meeting of what I look for when I monitor, because I go through hundreds of bills to see how they are going to impact FPDR or our members. It's going to be an interesting session this year. We'll have a new governor, new leadership in both houses and I think anywhere from a third to half the representatives and senators will be new. So it's going to be an unknown quantity of what's going to happen in the legislature this year. And then we'll be continuing to look through our continuity of operations plan, what to do if there's a major emergency. We have a lot of little things we learned during the pandemic. It's just the process of putting it in our larger plan. Ok, go forward on that one.

Performance measures. I'll start with the first one, then I’ll turn this over to Stacy. This was put together quite a long time ago. What we want to do is get a one-day snapshot, the same day every year, June 30, of how many firefighters and police officers are on disability as a percent of firefighters and police officers employed by the city. We have been running fairly level the past few years, about 3.5 to 3.2. There was a little bit of an uptick this year, and it’s interesting that we chose June 30. That was a matter of consistency, but if we had chosen December 30, you would have seen 2021 and 2022 much higher because of covid. I think they’re short duration claims, so people returned back to work fairly quickly. This is a snapshot, if you move the snapshot, it would have made a difference this year, but it's pretty consistent. And what this shows, this slide is important. If we had a 20-year lookback prior to the reorganization of the bureau, or of the plan in 2007, you would have seen these numbers be anywhere from 6% to 9%, so double what we're seeing now. So a lot of what has happened, we have done excellent claim management, which includes monitoring people's claims, making sure they are getting the proper medical treatment, and making sure they have return-to-work opportunities.

We have had great work with both the police and fire bureau as far as transitional duty, which is trying to get people back to work, even when they are disabled, with the intent that they will stay with the bureau when they become well enough to go back to work full-time. It's a proven-to-work program. We really have some dedicated employees in both police and fire that would rather be working than off work. So they are dedicated to that job. So this is showing it pretty level. Again, if we had gone to 2007, you would have seen things up around 9%. So there's been big changes in the city, which is good to the plan. Stacy, turn it over to you.

Stacy Jones: All right, everybody. For the record, I'm Stacy jones, FPDR deputy director and finance and pension manager. Please go ahead and interrupt me if you have questions as we're going along. I get tired of listening to myself drone on, so I appreciate an interruption here and there, but it's a little hard to track a presentation and people raising their hands. So, I think we're a small enough group you can jump in and interrupt me. Julie can also help keep an eye if anyone drops a question in the chat or a hand raised.

We're still moving through some of our key performance measures, which these are our measures that council and the budget office have identified they want us to report on every year. I'll finish moving through those and then we'll talk about pension programs. This slide has two different but related data series on it. First, the bars show FPDR retirements from active service each year, with the fire in red and police in blue because we're not very creative, with the total number of retirements on the left axis. The second thing this chart shows is the purple line which shows the percent of the sworn workforce that is now comprised of the FPDR 3 members with the percent on the right axis.

I like to show them together because essentially all retirements are FPDR 2 members. Those retirees are all being replaced with new FPDR 3 members. One impact of service retirement is an increase in the percent of the sworn workforce that is FPDR 3. Just a quick reminder that FPDR 3s are those who are hired in 2007 and later and are enrolled in Oregon PERS for their pensions. We pay their PERS contributions from the FPDR fund. So, a couple of other interesting things to say about the slide. After that record-breaking retirement year in 2021 with 99 service retirements, which was the most ever in our history, we had a pretty quiet retirement year last year. I think that's a pretty typical number of retirements to see in a year that doesn't have a 27 pay day month, but the numbers skewed a little bit more towards police than usual last year. I would say we only had two fire retirements last year. The only other thing I would say, since there were so few retirements last year, the needle didn't move much on the percent of the workforce that is now FPDR 3. We were at 50% FPDR 3 in fiscal year 2021 and now we're at 51% FPDR 3 in 21-22. So they are very slightly a majority of the sworn workforce now. Just to give a sense of where we are in the transition from a pay as you go to a pre-funded plan, we're kind of about halfway through it. The balance is a little bit different between the bureaus. Police is 53% FPDR 3 and while fire is only 49%. Police just turns over their workforce more quickly than fire does.

Trustee MacLeod: I have a quick question.

Stacy Jones: Sure.

Trustee MacLeod: Are the number of new hires that are now replacing retirements or terminated employees, are those increasing? I know there were quite a lot of vacancies, particularly with police. Are those being filled more rapidly than in prior years?

Stacy Jones: I would say, no, they are not being filled more rapidly. Right now, I don't have the latest number, but police still have a massive number of vacancies. And they did just hire 40 new people, but before that, they hadn't hired anybody for a long, long time. So certainly at police they are nowhere near replacement level. You'll see that some more in some of these other slides. They are nowhere near replacement level for the retirements that they went through, and I don't believe that fire has caught up either. They are not in as bad position as police. I know fire is in the process of asking for additional positions as well. Historically, even though they have some vacancies now, historically fire has not had many vacancies. Historically, fire has been able to staff up and fill their authorized positions. I know they are concerned they don't have enough positions. Police has not been able to staff up to fill the positions that they have, honestly ever since I came to the city in 2005.

Trustee MacLeod: Thank you.

Stacy Jones: Julie, we can move on to the next slide.

Trustee MacLowry: Back up real quick. I wanted to add to that, from the fire side. Catherine, while we may not face the exact same staffing issue that the police do, we consider us to be critically understaffed as well. Looking at that previous page, it would be quite a successful graph if that number, the purple line was much higher than 50%. We need to get more firefighters hired, and appropriately staff the fire department.

Trustee MacLeod: Ok. So I know that's out of the purview of this board.

Trustee MacLowry: It is, it is.

Trustee MacLeod: I was trying to understand whether that gradual increase in the line is reflective of replacing recent retirees and those who voluntarily separated versus staffing up and increasing filling those vacancies or increasing the approved positions. It sounds like it's the former.

Trustee MacLowry: I would say there's not a very clear correlation between the retirees and the people being hired. It's not a seat for seat type of replacement.

Stacy Jones: You will see in the data, so Trustee MacLowry, you're talking about increasing the number of positions that the fire bureau has. How many vacancies do you have now?

Trustee MacLowry: We don't carry vacancies the same way police do.

Stacy Jones: When you guys talk about understaffing, you guys are talking about the need to increase position authority and to create more firefighter positions and then hire new firefighters into those positions. Whereas at police, they are talking about we have position authority, we just can't hire people into those positions. Those are the two different issues that fire and police have, but to your question, Trustee MacLeod, that line moving up is the result of replacing retirees. It is not the result of adding positions. And you will see as we go along here actually how much the size of the sworn workforce has declined, has continued to decline actually, in the last couple of years.

Trustee MacLeod: Thank you.

Stacy Jones: Moving on to the tax levy. This slide is almost identical to the slide you saw last year for this metric because we only conduct a new tax levy analysis every other year and we're doing one right now. So you will see an updated version of this chart and updated tax levy rate projection in January; so this is from the last analysis that was done as of June 30, 2020. Let me explain what this chart shows, especially for the benefit of Trustee MacLowry who wasn't here last year. FPDR pays for virtually all our costs with a dedicated property tax levy, which is separate from the city's general government levy, and the City Charter caps that levy at $2.80 per $1,000 of real market value. It's always good to bear in mind that RMV, or real market value, is quite different from AV, or assessed value, because of Oregon's unique property tax system, and the fact that RMV is higher than AV for virtually all properties in Portland, often significantly higher. The red line across the top of the chart is that $2.80 mark that we can't exceed per City Charter. And so what this chart shows is where the tax levy rate has been and where it is projected to be over the next 20 years in relation to that cap. So there are kind of four different lines on this chart. The first line is the line in blue. What that tells you is what the tax levy rate, those are actuals, what the rate has actually been for the last six years. The brown line that is next to it that goes out for the upcoming five years is the city economist projection of where the rate will go over the next five years, given what he expects to happen to real market values, and what we expect to happen with our budget. The next two lines, the green line on the top, what color is that line on the bottom? Kind of brown I guess, yeah. Kind of the green and brown lines, those are projections from the tax levy adequacy analysis that Milliman, our independent actuaries mocked up for us back in June 2020. You can kind of think of the green line on the top as a worst-case scenario. That is their projected tax levy rate, the 95th percentile. What that means is they throw 10,000 different scenarios with this analysis and 95% of the scenarios come up with a tax levy rate that is below that green line. And then the brown line you can kind of think of that's the 50th percentile marker and you can kind of think of that as a most likely scenario. That means that about half of the scenarios they ran were above it and half were below it. It's kind of a median probability event, that brown line. The main thing to note is that in the most likely case, the tax levy is not expected to be considerably higher than it has been already, even in our most expensive years, which we'll have our peak expense years early to mid-2030s. And the worst-case scenarios are very bad, that's like everything goes bad - RMV collapses, the stock market tanks, things are very dire. Even in those scenarios, you know, Milliman believes there's virtually no chance that the FPDR tax levy would ever need to exceed that cap in the City Charter. I did want to also mention that last year's tax levy rate for the fiscal year 21-22 rate, it was $1.26 as you can see. We have previously projected that at

$1.32 because the city economists have projected flat RMV growth and that did not happen. That's why the rate was a little bit lower last year. Any questions? I know the slide is a little complicated. Let me pause and ask if there are questions. I think all of you except Trustee MacLowry have seen it before.

This is our last slide that's kind of around the key performance measures. This shows two different measures of the administrative spending level of the plan over the last 10 years. So the gold line shows administrative spending as a percent of total FPDR spending. The purple bar shows administrative spending per plan participant. Those are both common measures for tracking administrative spending in a pension plan. But in our case, we are seeing total spending continue to increase exponentially, as planned. You know, in our 2006 charter reforms, that was the intent of transitioning from the pay as you go plan to a prefunded plan, was that spending would double up on this generation of taxpayers. This is all intentional in planned increases in spending that's happening for the next 10 to 15 years. What that does mean is if we are tracking administrative spending as a percent of that total spending, it's going to get distorted because we could increase our administrative spending a whole lot and still have it, you know, be a relatively low percent because we are funding two generations of pensions simultaneously, which is making our total spending go up. For us, I think, I will continue to show them both to you. But for us, I think the better measure is administrative spending per participant because the number of plan participants has been relatively stable. Now, it's actually gone down a little bit recently, as we were just discussing. It may go up in the future, but compared to spending, it’s more stable. If all things were equal, those purple bars should be going up with inflation. If that's not the case, we can stop and ask why. As a matter of fact, administrative spending increased from $679 per plan participant to $758 last year, which is about 11% growth. As bad as inflation has been, it’s not quite that bad.

So you might reasonably ask, well what's been going on? It's a combination of 2021 being a low year for administrative spending and 21-22 being a bit of a high year in terms of operating expenses. In 2021 most of the staff had mandatory furloughed time, so that drove down personnel costs. So you can see that the 2021 cost actually dropped as compared with 19-20. That's related to the mandatory furlough time and a few other things. So partly in 21-22 we're seeing a rebound to normal cost levels. We did have higher-than-usual costs in 21-22 in two categories. The first was we had higher than usual personnel costs because we double-filled some positions in advance of retirements and we had a pretty large leave payout to a retiree who had been with us for 28 years. And, secondly and more significantly, we had moving costs for our new office suite. Those are both one-time events that drove up costs in 21-22, in addition to rebounding from lower personnel costs in 20-21.

The final thing I’ll say about this slide that I think is worth keeping in mind is that administrative spending is not very much. So small things can swing this number around a lot. Our total administrative spending in 21-22 was only $2.6 million. So that's less than 1.5% of our total spending, as you can see.

Chair Carter: Stacy, how do we compare with other agencies our size in terms of the cost of operation?

Stacy Jones: So in terms of - it's a really good question. I haven't looked in a year or two. As a percent of total spending, I know we are on the low end. As a percent of total spending, most pension plans, many pension plans are defined contribution plans, so they have different expenses. They will have investment boards and things like that, and they have more expenses than we do as a defined benefit plan. So, their administrative costs tend to be higher. But that's not a very good comparison because we don't have an investment board and all those things. So when we compare ourselves, it's hard to find purely defined benefit plans to compare to. They tend to be in that sort of 2% range for administrative spending as a percent of total spending. I don't know the answer to your question on the per-plan participant front, though. I could look into that. Trustee MacLeod, I don't know if you have come across these kinds of things in your line of work, if you would have anything to add to that.

Trustee MacLeod: I do have some experience with that, mine is more on the pension side with the private sector than the public sector, but I do see some of it and I would agree that something in the vicinity of 2%, 1.5% to 3%, so even 2% might be a little bit on the low end. But the unique thing about this plan and the cost per participant is really where I would say in most plans tends to be around the complexity of the plan. This plan is pretty complex as plans go in terms of its structure and the PERS tier and the non-PERS tiers and the combination of the medical-health benefit component along with pension makes it pretty unique. It's tough to tell, but I would say in general 2% is a very reasonable threshold.

Chair Carter: One other question, Stacy. When you look at the tier 3s coming on next year, do you see a reduction in cost or see it staying right where it is because you're not bringing new people into the system?

Stacy Jones: Well, we will see. If we're talking about administrative costs, we don't see an increase in administrative costs from bringing new people into the system because those PERS folks that we're bringing in on the pension side, they’re less work for us administratively, because they are going to be in the PERS pension plan. So we will not be doing pension estimates for them, they won't be coming to our retirement workshops or anything like that. They are still young enough that they wouldn't be doing any of that anyway. But as they age through the system, that will be at least a small reduction in administrative workload for us. On the disability side of the operation, they are just replacing other folks who are retiring, and they are covered by our plan for disability. So I don’t think it's an increase in workload for the disability side, it's just a continuation of existing workload on the disability side. So in terms of administrative and operating expenses no, there's really no impact as those folks come on. For total spending for the total plan as we continue to hire more FPDR 3s and we continue to retire more FPDR 2s, we are building to that planned moment of peak expense in the early 2030s. That moment of peak expenses is when the whole workforce is FPDR 3, so we're prefunding everybody's pension plans and we are simultaneously still direct paying on a pay as you go basis all the pension benefits of the FPDR 2 retirees. That's our moment of peak total expense. As that FPDR 2 population starts to pass away, then we'll start to come down the other side of the mountain and future generations of taxpayers will be very happy that this generation of taxpayers bore the brunt of two generations of pensions and paid for it, because they'll only be paying for one generation going forward and it will be less expensive because it will be a prefunded plan. Does that make sense? Did I over answer the question? I probably did.

Chair Carter: No, you did not. Thank you. Any questions for Stacy, before the next person comes on? No.

Stacy Jones: Ok. You wish you could be so lucky as the next person coming on.

Chair Carter: You're the next person.

Stacy Jones: You'll have to wait a little bit longer to get Kim up here and you'll get a change in speaker. Sorry, guys, it's still me, but only for a few more slides. Julie, moving on to the pension program. I manage the pension programs and I'm just going to say a few words about it. I think you guys like to see these slides every year so you can see how they are changing.

This slide shows the number of people who received a pension benefit at any point in the fiscal year. So that's retirees, surviving spouses of retirees who passed away, divorced spouses when pensions have been divided by divorces and a couple of minor children. So this is kind of everybody who is getting a pension benefit. The total number of pension beneficiaries is in a table at the bottom and running along the Y axis as well. The percent that are FPDR 1 versus FPDR 2 beneficiaries are in the bars with the FPDR 1s in purple and FPDR 2s in beige. So with all this talk about FPDR 3s, who we call FPDR 3s but are really just in PERS, both FPDR 1 and 2 members are part of the FPDR pension plan. So the FPDR 1 members, just to refresh everybody, are those folks who were either already retired or on long-term disability in January of 1990. FPDR 2 members are those who were either actively working in January of 1990 or hired later, but before 2007, and then the FPDR 3s are the folks who were hired in 2007 or later. So our pension population is this mix of FPDR 1s and 2s and always will be because the FPDR 3s are not part of our plan, FPDR is only providing the disability plan for the FPDR 3s. So the percent of pension beneficiaries who are FPDR 1 has obviously declined. It was about one-third 10 years ago and it's only about 15% of our pension population today. That's because they are older, and mortality has impacted them more than the younger FPDR 2s. You can also see in the slide that after a big jump two years ago in fiscal year 2021 when we had all those retirements, the number of pension beneficiaries declined a little bit last year from 1935 to 1925, which is just a little bit unusual. But that's because we only added 29 new retirees, those 23 service retirees you saw on an earlier slide, plus a few vested terms and a few folks who moved from disability to retirement, and we had 70 deaths. Interestingly, that's the exact same number of deaths we had in the prior year in 2021. So both of those years are a bit high for deaths. Before the pandemic we averaged 61 deaths annually over those preceding five years before the pandemic, and then these last two years we have had 70, which is similar to what you will see other pension plans reporting. That's probably not surprising, given the disproportionate impact of covid of folks in this age group, although I don't have any data that speaks to how many of our retirees, you know - if covid was the proximate cause of death or not.

Trustee MacLeod: You answered my question about that. I was curious about that if there was any formal tracking. I know it's difficult to do because of all the data gathering involved. I should know this, but I can't recall. Are there any FPDR 3 retirees yet?

Stacy Jones: There are a few, I think we have four or five now. I'd have to go look. So those are folks who have retired and then kind of funny they just go away for us. We keep tracking them because we want to know who they are and make sure we know what happened to them, what's going on with them. So we have a particular code we use for them. They are folks who are FPDR 3, so if they were eligible to retire, it's because they had preexisting PERS service somewhere else obviously and came in as a lateral transfer, did more time and retired. But we do have four or five of those folks. So the only thing they remain eligible for at that point is if they had a service-connected or occupational disability that happened while they were working for us and covered by our FPDR plan. For the rest of their lives, we will pay for their reasonable medical expenses arising from that condition. So some of them we will continue to be in touch with for that purpose, I assume down the road. I don't think for these first crop of people that's the case.

Trustee MacLeod: And would you have to continue to track those folks just for the potential presumptive kind of disability claims?

Stacy Jones: It's a good question, and we haven't really gotten into it, because there've been so few of them. But the other issue is technically the way the charter is written, they also are entitled to one-time funeral benefit when they pass away because the funeral benefit provisions are the same for FPDR 2 and 3. So we have had a few discussions of, how are we going to find these people when they pass away? They are not staying in touch with us. They could be gone from our plan for 30, 40 years. I think the answer will probably be connecting with our PERS liaison. We have a PERS liaison and will be working with them to get contact information for those folks. But I assume if they have a recurrence of a disability, that they are going to get back in touch with us. I don't know, Kim, if you want to speak to that.

Kim Mitchell: There are provisions under the heart/lung and cancer presumptions that would allow them a way back in if they were to develop those cancers or conditions within a certain number of years after retirement. So, yes, there is a way back in again, under the cancer presumption. The PTSD presumption also has some post-termination or retirement provisions that would allow them back in.

Trustee MacLeod: Interesting. Challenging. Thank you.

Kim Mitchell: Yes.

Stacy Jones: Yes. I appreciate you raising that point, Trustee MacLeod, because someday we have to figure out how to find these people because we will eventually have to pay them funeral benefits. We do need to add that to our to-do list. Julie, I think we can go to the next slide, unless there is another question.

Now moving from our pension beneficiaries to members who are actively working, this slide shows the total number of active fire and police members on June 30 each year. So it’s a snapshot of a moment in time. This is obviously only members. So the FPDR 2 are still in beige, but now the purple is FPDR 3. Like I said, the active population is a mix of FPDR 2s and FPDR 3s. Here you see the flip of what we saw on the previous slide. The FPDR 2s are increasing in proportion of our retiree population, but they are a declining proportion of our active population. As we talked about before, they are still about half of the workforce. A little more at fire and a little less at police, but it's about half and half at this point. I think it's good to remember that active FPDR 2s don't cost us a dime, at least not for pension. Active FPDR 3s only cost us while they are working because of course the FPDR 2s are part of the pay as you go pension plan. We will pay them pension benefits when they retire directly from tax resources, but right now we are using tax resources to prefund the FPDR 3 pension. Once our FPDR 3s retire, they don't cost us anything. FPDR 2s only cost us once they retire. But what really jumps out at this chart and that Trustee MacLowry and Trustee MacLeod were starting to talk about earlier is that for the second year in a row we see this continued decline in the size of the sworn workforce. I'm not talking about positions. I'm talking about people, actual people who are working. And that sworn workforce dropped from 1,543 employees in 2020 to 1,454 in fiscal year 2021 and instead of rebounding, and it's now dropped again, slightly, but dropped to 1,423. So you can see the struggle for them to replace the retirees. This is primarily a police problem. Fire only has about nine fewer sworn employees than it did two years ago. It does have fewer, but only nine fewer. Of course, you know, I’m not getting into the issue of what is needed and how the city has been growing, but nine fewer than two years ago. Police have 111 fewer sworn employees than it did two years ago, so that's fairly dramatic. It is holding down PERS costs for us because, you know, if they have been able to replace all those folks, we should be paying PERS contributions on 120 additional people, which would be a lot of money. So for us eventually that cost will come onboard, but it has been depressing that cost because they haven't been able to replace all those retires, although they are making a run at it. Any questions before, no? Ok.

Moving to the next slide. Let's talk about money, that's my favorite topic. This slide shows the amount of money that we've been spending on all these people. This is all the pension expenses for the last 10 years with PERS contributions for our prefunded FPDR 3 members in purple and our direct pay as you go pension costs for the FPDR 1 and 2 beneficiaries in tan. So since we were just talking about the active population and its decline, you can see that our PERS contribution expenses are still going up. They went up about 16% last year and they went up about 11% the year before that. But that is less than what we would expect if people were retiring and being replaced with new hires smoothly. Then we would expect growth to average about 20% a year after factoring in the pay increases and the escalating PERS contribution rates, on top of that the number of people on whom we're paying PERS contributions getting bigger. So the growth rate is less right now than was predicted back in 2006 when we moved these folks into a prefunded plan because the size of the sworn workforce has not grown, has not been maintained as was expected at that time. But for FPDR 1 and 2 pension expenses, which for now are still much bigger than our FPDR 3 PERS contributions, growth was a little bit slower than usual, which makes sense given what we were talking about two slides ago. There were just a few new retirees this past year and we had quite a few deaths. So the growth that you are seeing is from the changing mix of FPDR 1s and 2s in the retiree population as FPDR 2s make up a bigger percent of that group, costs do go up because the FPDR 2 pension is more generous than the FPDR 1 pension.

Moving on for just a couple more slides. Just to kind of touch on some of those highlights in pension and finance, I'm not going to belabor this because Sam talked about this before. I always like to spend a couple of slides talking about what was unique or different this year. There's not as much change management this year as the year before, thank goodness. We still had a lot of changes and a lot of new issues to navigate. FPDR staffing is really stable, and it continues to be really stable, even as compared to other government agencies, and even throughout the pandemic. But nevertheless over the past few months, I have put new people in 50% of positions on my team. There are six folks on my team, and we have three new people. But it's not because people left. It's exclusively because one person retired and two were promoted. That's the kind of growth you want to see. People are not leaving FPDR. They are either being promoted internally, which means we're creating good paths for career advancement for folks, and we can't really begrudge two 25-year-plus folks from retiring. We have had staff transitions and some other issues that Sam already mentioned which are on the board. We had some FMLA leaves from folks, two were from surgeries that were delayed from the pandemic. One was from a death in the family. You know and all the challenges of moving our physical office and office reentry, hiring new folks. But through it all I think our folks have really continued to have very high morale to deliver their work on time and accurately. They have just been willing to dig deep over and over again. I think it's a real testament to their commitment to our mission, to our members, and to each other. I just wanted to take a minute and publicly acknowledge the work of our team and share that with the board.

I also just wanted to talk for a minute about our lead Financial Analyst, Mika Obara, who you guys probably never met and who will be retiring at the end of October. Most of the thousands of members she served have probably never met or heard of her. I want everyone to know she has been the heart of FPDR finance for decades and that she is an incredibly talented finance professional who also brings a spirit of excellence and helpfulness and humility to her work. She has been with the city for 26 years, most of them here at FPDR. And although she certainly deserves a happy retirement, her loss is going to be really tough when she retires at the end of October. I know she's not watching because she's on vacation today, but I'll make her go back and know that I wanted to acknowledge the astounding work of Mika. If in the future I say "I don't know" a lot more often, it's because I don't have her anymore. We have promoted our really outstanding Financial Analyst 2, Asha, and hired a great Financial Analyst 2, Svetlana. I'm happy about the future of the organization, but still sad to say good-bye to such a great team member.

Moving on, Julie. This slide talks about some of other highlights for the pension program fund, finances for the last fiscal year -

Chair Carter: Stacy, before you move on. I don't know what the protocol is, Sam, with you guys when people of that kind of longevity stay with us, but if it's appropriate, I'd like for something to come from you and the board, Sam, to say thank you to her.

Director Hutchison: Ok. We'll follow up on that. Great idea, Chair.

Trustee Huang: I also want to add that certainly, you know, with the team's morale and engagement being so high, that's generally a reflection of the quality of the leadership team as well. I think you guys also deserve recognition for keeping your team engaged and productive and happy in terms of providing the supportive services to members. So I also want to call that out.

Trustee MacLeod: Agreed, well said.

Stacy Jones: Thank you, thank you so much. It has been a tough couple of years, but my goodness I'm surrounded with such great people here and it is really great team. We have enjoyed being back together again in the office. Not every day, but many days. Although somebody brought Voodoo doughnuts today and I ate one for lunch. That didn't happen when I was working from home.

So I'm not going to talk about these other highlights because I think we have talked about all of these at one board meeting or another. This is just kind of to recap things. In one place, there might be one exception. I'm not sure we have talked about retirement workshops much at board meetings. But we have been offering them virtually on Zoom throughout the pandemic, which is tough. In-person workshops by their nature are large gatherings of people in a single room, so they have been harder to bring back. The virtual workshops were not very in demand earlier in the pandemic. People instead wanted to have one-on-one meetings with the pension coordinator. As members got more used to things happening virtually and everyone got used to using Zoom, they started to sign up. So we did have 52 members come to one or another of our virtual retirement workshops last year in fiscal year 21-22. But that's still less than half of how many would normally come in a year before the pandemic. I'm happy to say we finally had our first in-person workshop about a month ago. We had 23 members and several spouses there and all our usual presenters. So the in-person retirement workshop, which I think is what our members feel most comfortable with, is also coming back.

For my very last slide, Julie, if you want to click to the end. Every year I just like to show the board something that you haven't seen before, you know for a little flair or at least present it in a different way. I was thinking this year about what I haven’t talked to the board about either lately or ever. I don't think I have ever shared pension estimate data with the board. So one of the things that the finance staff do is prepare these very precise, very individualized - this is nothing like what PERS does - very detailed pension estimates for any member who wants one and as many as they want. We have had to restrict folks to two or three dates a few times during the pandemic and at one point we had to put people on pause who wanted estimates that were further out, sometimes folks like to see estimates that are five or ten years out. But under normal circumstances we'll do an unlimited number of dates and scenarios for folks. This slide shows the number of what I would call estimate sets that we’ve prepared each fiscal year for the last 15 years.

So an estimate set usually includes three or four different estimates for the same member based on three or four different possible retirement dates. If you look at last year when we prepared 336 estimate sets, that probably represents at least a thousand individual estimates last year in fiscal year 21-22. So before we automated part of the process, which you may or may not recall we did a couple of years ago, it took on average about five experienced staff hours to prepare one estimate set although there’s a lot of variability. But with automation we have cut the time down to about three hours which is great, but it's still a pretty labor-intensive process. The number of estimates we prepare each year has been trending up. The high points were definitely fiscal year 15-16 and 16-17, which was the time frame when the 27 pay date month was returning after arbitration, so a lot of folks wanted estimates in those two years. Over the last five years, after those two high years, we have been averaging 318 estimate sets a year. And then the eight years before those two years high, so for fiscal year 07-08 through fiscal year 14-15 we averaged only 227 estimates a year. So the volume of estimate requests has really gone up, and I’m very glad we found a way to decrease the labor intensiveness of preparing them with some capital investment, because that’s allowed us to handle that increase in demand and output without increasing our staffing resources. But I’m not sure why we're getting so many more estimate requests, it's kind of interesting. I don't know if Trustee MacLowry or Trustee Kulp who’s not here know, but we do get more estimate requests. I won't share that with the board, although we're happy to do it for members. Let me pause for more questions before I pass the baton to Kim.

<u>Chair Carter</u>: Here's a broad question that you and Sam might want to take a stab at. How does the program prepare for the high number of people that will probably be hired between police and fire? I was very saddened the other night when I looked at a couple of fire stations and there was only one or two people there and they are trying to handle the stress of big fires. I just don't see how our city can continue to not hire people in these positions. So how do we or you prepare for that number?

<u>Stacy Jones</u>: It's a really good question, and it's funny because I was just talking to the fire finance manager last Thursday as they are preparing some packages to think about adding some fire positions. We prepare by modelling. So we have a model that we use to estimate our PERS contribution costs based on our existing population of active employees and then how many people we think fire and police are going to hire, not just next year, but over the next five years. And so we work closely with the fire and police staff with their hiring projections, and we build those into our financial models. Then, usually for the budget year we kick in some cushion in case they are successful in hiring more folks than we thought they would be able to handle, than we were projecting. So that's how we handle it budgetarily. I stay close with the fire and police finance managers, one of whom is a very old friend and one I have become good friends with, because we need to know everything they're trying to do. When they are talking to council about adding positions or hiring more people, they are very well-trained, they know that's a cost for us. So they reach out right away at the start and they are really good about that, letting us know when that happens. It's not to say we have never been caught off guard. There was a year many years ago when counsel surprised us by adding some police positions we weren't expecting. So sometimes that happens, but that's kind of what fund contingency is for and will cover the cost that year. In the end we've got to raise the tax levy to pay for those folks.

<u>Chair Carter</u>: That's where my question was going because the politics of raising taxes is so negative in our city today, and so how are you prepared for this? So thank you for that, Stacy. I wish us all well in terms of how we handle the future of these numbers and people coming on board.

<u>Stacy Jones</u>: It is interesting when you think about the 2006 reforms, you know. So that's 15 years ago now, more than, of folks who very responsibly said, we need to switch from a pay as you go plan to a prefunded plan, which is precisely what should have been done. When you do that, you've got this generation that must pay for both. We're now in the middle of that generation.

Even though I think they did a good job, I wasn't around back then, of communicating that, expressing that to the public. As the public lives through that moment, it's a different matter. It starts to feel more painful and, like I said, we're not going to hit that moment of peak expense until the early to mid-2030s, which is precisely when they thought the peak expense would happen in 2006. So everything is going as planned, but a plan made 15 years ago by different people, you know, do people remember that? And then things change. Nobody expected PERS contribution rates to go up as much as they have when this plan was created. And then you have this bumpiness in retiring. Things happen over 30 years that were not predicted to happen as well.

Trustee MacLeod: On the plus side, out 10, 15 years, there's actually a forecasted reduction. That's a very rare thing, reduction out in the future. So fingers crossed.

Stacy Jones: Yes, we are on the financially responsible path, and this is the part where you have to have faith and know that the right thing is coming down the road.

Trustee MacLowry: I think it's important to recognize too, with the actuarial documents you showed earlier, even at that peak expense in 15 years, we're still well under the cap of $2.80 of the levy, and that's in 95% of the 10,000 scenarios that were put together. So even with the potential and the likelihood and eventuality of raising the tax, it's still very solid and it's fine. And like you said, it's as expected. Those changes in 2006 and '07 are doing exactly what they are supposed to do. No surprises.

Stacy Jones: I absolutely agree with all of that, yes. None of this is - this is all as planned, yes. I mean, there are a few tweaks, but the general outlines are as planned.

Chair Carter: That's good, I'm glad to hear that.

Stacy Jones: All right, Kim, unless there are further questions, I'm going to pass it over to you, although it looks like we lost our presentation.

Kim Mitchell: I was wondering if we could get that back. I think Julie is right there. Great. Good afternoon, we're going to continue the state of FPDR presentation. I am Kim Mitchell the disability claims manager. I don't get to present too often, usually at the state of FPDRs, so bear with me. I'm going to look around at a couple of slides because I need big print. It helps me visually. But I'm going to proceed here and just start with some disability program highlights this year.

One of the big projects that we worked on was adding Providence MCO to our list of contracted providers. For many years we've gotten feedback from membership about expanding our panel of MCO providers and wanted to do that at a time where it felt like that expansion was really indicated and of course when we submitted the RFP, they responded this time as well. So we were working diligently with Providence MCO to bring them on board, to inform and educate them about FPDR and how we work, and we are pleased that they are on board. So what means for our membership is they now have three options between Kaiser Permanente on-the-job, MHN Caremark Comp, and Providence MCO. So following an injury, the members can select their MCO, and we'll go through that in a few minutes here. So with the onboarding of a new MCO, we have needed to create and adopt some new rules and policies to make sure that we're all moving to the new MCO together and that information is there on how people will access the MCO. So what we did was we created a mailing to all our active members, to let them know that Providence MCO was becoming available, and to explain the process. The feedback that I've gotten was that it was helpful and helped them to understand what that would mean for them in terms of their selection following approval of their claim for benefits.

One of the policies that we implemented that is helpful for us is that members preselect the MCO during the pended phase of the claim. Upon receipt of the filing of the disability claim, we send out a notice acknowledging receipt of their claim and a form that the members can use to preselect the MCO who is going to manage their care following approval. The benefit for this is that it offers continuity of care from that transition of the treatment that they have received during the pended period of the claim to the treatment that they will receive from claim approval moving forward. So that preselection helps with that and will reduce the delay that it takes sometimes in getting them into the MCO. We appreciate the members' participation in that. They have been sending the preselection forms so that we can carry that on as we are administering their claims to approval.

What we also had worked on was creating a digital interface with Providence MCO to take advantage of the discounts that we will receive by utilizing their providers, and so that we can pay for the treatment that our members receive within that MCO. So this was a big undertaking and one that was several months in the works. But we are here, we are rolled out, and it's fairly new in implementation. I think it's just been a little over a month now. We've got a few members who have signed up with Providence MCO and we're just working through the new enrollment and any kinks that we find along the way, as is anticipated when you bring someone new on board. But overall we're pleased, and we hope the members will take advantage of that new option for treatment following approval of their claim for injuries. The other thing that it will do for our membership is they will be able to select an MCO similar to what they have selected under their private health plan, so that continuity of working with providers that they are familiar with and going to facilities that they are more familiar with is also going to be helpful to our membership. So we look forward to that relationship with providence MCO and their treatment of our members. That's one of our big projects that we have worked on this past year. I'll go on to my next slide.

Some other disability program highlights. We had a lot going on. The archiving project was a huge project and a huge undertaking. It was a continuation of our transition to digital processing, but something that also needed to be done to prepare us for our move. What this involved was review of hundreds of paper file claims to make sure that they were ready for archiving and storage, that they were closed, that we had digitized any records that we needed to keep in the digital format, and then the packaging and boxing and sending of these files to archives. We had tons of boxes, hundreds of boxes we sent to archives. I would like to give a shout-out to Jennifer, who is one of the behind-the-scenes folks and one of the members of our staff who spearheaded the office move and the archiving project. We could not have done that without her. That was a tremendous amount of work and certainly my staff who were all involved in reviewing files and making sure that things were digitized, if need be, and were ready for us to handle in a paperless format. So that was one of our larger projects.

Another project that we worked on this past year was a leave restoration process. When a member files a claim for benefits, there are times when we have to pend that payment of disability benefits. Maybe we don't have the - there's time loss that they report to us, but we don't have the doctor's information authorizing that time off work. So for various reasons that time loss is pended and then we restore it upon claim approval. What we did was an audit and analysis of our existing leave restoration process that was implemented after approval. And what we learned and wanted to try after audit of the process from the member standpoint, and our internal processing standpoint is that we would be able to speed the process dramatically by doing preauthorization forms. What that meant is that our membership would at the time we receive a claim for benefits, they would get a form. We would send it in the mail and the form would require their signature. What it does is it preauthorizes any restoration of leave, should they be entitled to it. It speeds the restoration process both internally and as we move this along in the process to payroll. What it has meant is that there is no stopping point, which was what had happened in the past when we waited until claim approval. So as much as we can get done early in the process of our claim before we even have to make the decision to restore the benefit is helpful. That's what that preauthorization process has done for us. The membership has been happy with it, and I’ve gotten really good feedback about it. And so we hope to see some real improvement and speed in the processing of leave restoration. So that's been another big project for us.

Chair Carter: Kimberly, one question.

Kim Mitchell: Yes.

Chair Carter: What's the turnaround time for people who have emergency sicknesses, cancer, something of that nature, what is the turnaround time for you guys to get back to them until the preauthorization is issued?

Kim Mitchell: I am so sorry. Can you say that one more time?

Chair Carter: What kind of turnaround time do you have for preauthorization when a person is sick or has an emergency and that kind of stuff? Does your policy say you have a 24-hour turnaround time or three weeks turnaround time?

Kim Mitchell: That turnaround can vary, and it's not about the severity or type of claim. It's really about the information that we have to support that restoration. So the restoration occurs after claim approval. So any time that is pended during the processing of our claim, which again the type of claim not necessarily drives this, it is the completion of the information we need to restore that leave and it can only be done at claim approval. Ideal turnaround is about two to three weeks, 14 to 21 days. Again, that is under the ideal circumstances where we have gotten the member's response, the signature on the preauthorization form, historically the form that we sent at time of approval. So ideally turnaround is 14 to 21 days, and it can just depend on whether or not we have all of the information we need to restore those benefits.

Chair Carter: Right. Thank you.

Kim Mitchell: You're welcome. Then the last on this slide is a program review that we just started working on, but this is a continuation of the work we've done to look at our digital claims processing. As Sam mentioned earlier, the initial surge in the covid pandemic threw us into digital claims processing, so we've continued to work with it, we would not have been able to manage to get through the pandemic without it. So, it's been a great tool for us. We just didn't walk into digital claims processing the way we would have liked to. We're continuing to look at those processes. One of the things that our process improvement folks Pregame, who you supported our usage of, has started, we started working with them and looking back at our digital claims processing. It's something that's been started but will continue.

So disability staffing - certainly through the height of the second surge of the covid pandemic, we did bring on some temporary staff to help us with archiving and other projects, naming document mail that came into the office for claims, and we also did plan for the DCTU strike, making sure that we had support. That strike was averted, but it was something we had to do a process just to look at what we would do if that happened. Again, we hired temporary staff to help us with some of our archiving projects and to offer other staff support. We looked at and analyzed staff caseloads and determined that additional staff was needed. Thank you all again for approving that for us and we will continue to work through that process. Once we get council approval after the fall bump, we will recruit for a new Disability Analyst position.

In terms of our claims, which is what we're here to do to serve our members who've been injured on the job, we had another year where we received the second highest number of claims for a second year in a row, over 580 claims this year. In the years prior to covid, we averaged 300 to 350 claims. So, that additional 200 new claims were quite the workload for me and my staff, one they did well, but yeah, for the second year in a row and we'll go into that number again. Covid took over everything, but we also administered more PTSD and heart-related claims. We'll talk about that in a little bit. Undergirding the receipt of these claims is the medical management of complex claims. One of the claims we did manage that was very complex was a cancer claim. It wasn't an occupational or cancer claim imposed on us under the heart and lung presumption. This member suffered from an occupationally related cancer, it just wasn't a presumptive cancer. What that means for you, Trustees, is that if we find that they suffer a condition that is related to their work, whether it is listed as an occupational disability or carved out under statute, we will approve that claim. We're very saddened by the loss of this member, who fought diligently to survive through the cancer. He didn't, and this touched us deeply. I don't want to share the name out of confidentiality and respect for the member and the family, but it’s one of the things that touches us pretty deeply when something like that happens. So we'll go on to the next slide.

What we are looking at are the injury causes. Again, we talked about covid. Covid wins the day again for another year. We looked at, if we look at the fire on the left side of the screen, we see that almost 65% of the claims that were incoming were covid, related to the pandemic, as shown in blue. Then we break down the top five causes of injuries to our officers and firefighters. So for firefighters, the second most caused injury was as a result of lifting, lifting patients is mostly what happens here, patients at the scene of a call, and down stairwells, things like that. There are all kinds of lifting-type injuries they sustain in their service to our citizens. And those specific causes tend to be those claims, just to clarify what that means for you. No specific cause tends to be those claims that are more occupationally related, where they can't identify maybe one specific date, but there's a broader effect of a condition that was caused by work. So this isn't, oh, I slipped and fell and broke my leg, this is something that's occurred over time. So we have almost 9% of claims caused by those no specific cause. Overexertion at 7%, again, those are lifting, bending, twisting, anything that our membership could be doing in serving our members, or sometimes at the stations, during physical agility or some of their trainings, are where some of those overexertion type injuries occur. Then the slip-and-fall, which is about 6.74%. Those are slip and trip and falls at the scene of a call is most often where those occur, but they can occur at the station or anywhere. So those are the top five causes of injuries for our firefighters this past year.

And then if we look at police on the right, we see that almost 62% of their claims were covid-related caused by the pandemic, followed by assault and human altercation at 14%, then motor vehicle accidents, which is 11.7% of the injuries caused. Overexertion for our police officers, again, can occur in altercations, but can also occur lifting equipment or doing other things. There's a variety of injuries that fit into the overexertion category. And then, again, no specific cause, these are just claims. Some are non-service that fall into that category, but these are claims that don't have that kind of specific cause of their injury or illness. So, I’m going to go on to the next slide.

This is a visual of what we've talked about, and that is the increase in number of claims driven by the covid pandemic. We see for the last two years, fiscal year ending 21 and 22, that we've had an increase in the number of claims. We look at the 10-year average, where we're between 300 at our lowest, 379 at our highest in 2016, and this is prior to 2021 where we've got that jump from the 300s to 536 in 20-21 to 584 in 21-22. This is a cutoff as of the date we compiled the data for reporting, we've had more than 584 claims filed, it's more like in the 590 area, but as of our cutoff dates for consistency, that's what we've reported here. We see that more fire have had covid-related claims than police for both fiscal year 2021 and 2022. I think this just is a reflection of their environments at the stations and the calls that they are on that expose them to persons with the virus. We'll leave that at that unless you have any questions.

Chair Carter: Questions from members?

Trustee Huang: Actually can I have a question? I'm sorry that I'm experiencing internet connection issues, so I'll have to keep my camera off. With respect to the preceding slide where you indicated that assault by humans, I believe, was the second cause for the number of claims from police officers, how is that trending by the way? Is it trending upwards year over year or is that?

Kim Mitchell: You know, I would like to maybe look at that a little more. Generally what I've seen is that during the years where we've had protests, we have more assaults. And so looking at I think 2020 and 2021, that number would probably be the same, or higher I should say, than this year, because we haven't had as many of those protest-related events. That said, how we're trending over time, I'd have to look at that more and get back to you. It is usually one of our top five, though, because that's a common occurrence for our police officers is that they're involved in assault during their arrest of suspects. So a common theme, a common one in our top five.

Trustee Huang: Great, thanks. And do you know, and I don't know if this is more of a question for Trustee MacLowry, is the fire department mitigating risks associated with lifting related injuries?

Kim Mitchell: You know they do, and FPDR has sponsored some of their programs. They have done, oh jeez, I can't remember the exact name of their programs, but they do do some training. They do training, practices, and drills to help mitigate the lifting injuries they receive. They have fitness programs that promote their strength and agility as they're out there doing their work. So the effort is definitely there. Does that help you?

Trustee Huang: Yes, thank you.

Trustee MacLowry: So I can just add to that, there is a wellness coordinator who is who is very involved with trying to help us maintain our strength and mobility. But all that aside, it would be hard to even explain some of the situations we get to in order to get people up into a gurney or from the second or third floor down to a gurney and so forth. There are some very dynamic lifting issues that you can be as strong and flexible and mobile as anybody, but they're just bad situations. So yeah, there's some effort being done to mitigate the injuries and the lifting issues, but it's also just part of the job.

Trustee Huang: Exactly.

Kim Mitchell: Yes, it's really difficult to mimic some of the real-life scenarios they face every day. Tight corners and turns up and down narrow stairwells. I think they do their best.

Trustee Huang: Yeah, definitely. Certainly as a citizen of Portland I appreciate what the fire department and all the firefighters have done for our city, so definitely want to call that out to you.

Chair Carter: One thing about this board, I appreciate so much Trustee MacLowry and Trustee MacLeod for being here, because your input help those of us who don't work in these arenas to better understand them, so we can better ask questions. Thank you so much for your input.

Trustee MacLowry: Of course.

Chair Carter: Back to you.

Kim Mitchell: Very good, I think we are going to move on. Slide 24 is something we like to report on every year, and that is our approve and deny rates. These claims come in. We look at them and determine whether they're eligible for the benefits and for the fiscal year 2022 we have 90.47% of the claims filed were approved, and we're looking at the top box here in the bar graph in blue. We have 5.2% of the claims denied. They're not eligible for the benefits, or that's the determination that's been made. We have 2.65% of claims that were withdrawn. A little over 1% of the claims that were incomplete. And then the remaining is what was pended at the time we took this data, meaning there was no decision made. But it shows us, as we look at the bottom of this page, we are pretty consistent in the number of claims that we approve each year. Our rates can go up and down for various reasons, but still tend to hover between 5% in most of these years, sometimes lower. I think this is just information that is really important to share, especially as we want to encourage members to file these claims, is that the majority of these claims that we receive are approved. And so that's just good information to share every year. Any questions about that?

So I'm going to continue. Another thing that we like to share with the board is the time it takes to make a claim decision. So this year we have, in this bar graph in green, the number of claim approvals. Out of 584 claims, 431 of them were approved in under 30 days. That means from the time they came in the door, until we made a decision, the review of their claim, gathering information, and giving them a decision, we've got almost 74% of those claims that were decided in under 30 days, which is no small feat given the volume of claims and all that has gone on this past year. So I do commend my staff for their effort in getting those claims in and getting those worked up and decided. Again, no small feat. I guess while I'm at it, part of what helps us with these claims coming in is the work that our liaisons do to help facilitate the receipt of information that we need to make those decisions in the time frames that we do. So I would like to shoutout to our fire liaison Brent Cavanais and Jared Laws, who helped him while he was on leave, and then Jeff Morris who is our police liaison. This is work done by our analysts, but their facilitation and coordination of our receipt of key information is really helpful. So we look at 99, which is about 17% of our claims, were decided within the 31-60-day timeline. These tend to be the more complex claims, where we're gathering more information to make a determination. Then in the beige, we have the claims decided in the 61 to 90 days. Again, anything over the 30 and 60-day tend to be the more complex claims, where we're gathering more information, maybe a medical examination to help us understand the condition and its relation to work. We have about 19 claims and I didn't write the percentages here, I should have, that were decided in 61 to 90 days, and then 21 that were decided in over 90 days. But I am pleased to report that the great majority of these are decided in under 30 days. Again, for this past year with the highest number of new claims received on record, not a small feat. I'm proud of my staff for being able to do that.

Going on to the next slide, which is our total disability cost by fiscal year, and what we see compared to last year is there's been a drop. About a million dollars less in total time loss disability costs. Some of this is influenced by the covid claims, most certainly by covid claims, where we got shorter duration of time loss, even from the first surge that occurred in 2021, where initially people were pretty consistently being authorized to be off work 14 days, sometimes more depending on the nature of their claim. But as time has moved on, in terms of the duration of disability of covid claims, and people becoming vaccinated, the duration of time loss was less. So I think that does account for some of that decrease. We'll see a breakdown in the next slide that our medical is also less, so when we look at our disability cost, covid again is a big factor in the difference in these numbers from year to year for the past couple years.

The next slide, over to your right here our medical costs is represented in purple. Our time loss cost represented in the grayish-looking color. What we see is a decrease in our medical costs from 2021 to 2022. Again, the covid claims didn't require a lot of treatment. An office visit was all we paid for in most cases, sometimes a follow-up. But this drop in medical costs makes sense, given the nature of the claims that we administered this past year. In terms of our time loss cost, we are neck and neck from 2021 to 2022. I know dollars and cents would give us some distinct difference but overall, the fact that those costs are the same, even though we have more claims that have been filed, would also be reflective of the shorter duration of disability for the majority of these claims, the covid claims, which would support that we've spent about the same in terms of time loss and disability costs this year.

Trustee MacLowry: Kim, was there a portion of the covid costs paid by federal money?

Kim Mitchell: Not to FPDR. The city had the - oh, boy, I'm not going to remember the name of the program.

Trustee MacLowry: Right.

<u>Kim Mitchell</u>: But the city did pay for time off work related to covid for covid that was not service related, but we weren't part of that.

<u>Trustee MacLowry</u>: So none of that money was funneled to FPDR?

<u>Kim Mitchell</u>: No.

<u>Trustee MacLowry</u>: Thank you.

<u>Kim Mitchell</u>: Going to our next slide, and this slide breaks down our costs, excuse me, I want to get my notes up here. Okay, so this is our time loss components by fiscal year. These are all the disability benefits that we pay. We have our biweekly disability benefits shown in blue. Our return to work, which is our transitional duty/return to work shown in orange. And then our monthly disability benefits that is shown in green.

So our biweekly is the amount that we pay to our active members who are on short or sometimes longer-term disability, depending on the type of claim. We're looking a little over $2.5 million from 2021 to 2022 in biweekly disability benefits. Covid again is where we see very little change from last year to this year. We see the spike from previous years in disability benefit payout, but pretty much the same. As I've already explained, some of that is just that we've got more claims, but shorter duration of time loss, which would account for those numbers being pretty much the same. I'll jump to our monthly members in green, we've seen from fiscal year 2013 to 2022 a steady decline in the members who have transitioned from a biweekly to a monthly disability benefit. There are a few things that account for that. Fewer members who are permanently impaired would account for that number being the same. We also have the people on monthly disability benefits going to retirement can also affect that number. But it's been pretty steady for the past couple years, and still been declining from the prior years as we see on this graph here, on this line. And then the line represented in orange on the bottom is the transitional duty program. It's a great program, an incentive program to get members back to work, who are injured but who we anticipate being able to return to regular work. So utilization of that program, it's down slightly over the past couple years. And again, that's a reflection of covid, right? Short duration claims. Typically it's really hard for the bureau's fire or police to offer somebody a transitional duty job when they're only off work for maybe 14 days, and even less this past year where the duration of time loss was maybe five days or even less. So, not much utilization, but still we have utilized it for people with physical injuries, and this is reflected in our pay out here.

This is our last slide; this is our medical savings by fiscal year. You'll see a substantial drop in the amount billed from 2021 to 2022. Covid has just been its own unique thing. When we look at the prior years, we've had our lows, but $4 million in that range has been kind of consistent for several of the prior years, even though we've had some dips. From 2021 to 2022, a substantial dip. The members aren't, because of covid, are not requiring that level of treatment. That doesn't mean that our other injury claims don't require treatment. We still have those with some pretty serious injuries, breaks, needs for surgery, things like that which make up the amount billed. I guess I should orient you to that a little better. There's a legend, the description across the bottom, the light blue is the total billed. This is what we get in the door. The dark blue is the total paid. And then in kind of orange here is our savings. And so while we were billed $2.9 million, we paid $1.9 million. That $.89 million is our savings and that savings is a result of our utilization of a fee schedule for workers' compensation type claims, it’s also a reflection of some of the discounts that we get from our MCOs, and sometimes negotiations that our bill payer takes advantage of when we have members who treat out of the network area. Some people, living out of state or whatever, who still have treatment that's payable under our plan, we get to negotiate that. So that represents the savings that we experienced this year. Any questions on that? All right. I'm done. Thank you for listening to me. I will turn that over to Sam.

<u>Director Hutchison</u>: Normally what we do here at the end is I extend an invitation to all our labor presidents – PFFA, PPCOA and PPA, so the fire, police, and the police command officers associations. Isaac McLennan from PPFA is the only one who accepted, but I don't see him on today. Is he on Julie?

<u>Julie Hall</u>: Yes, he's here.

<u>Director Hutchison</u>: Okay. Isaac, do you want to go ahead and comment? Or did you have anything to say?

<u>Isaac McLennan</u>: Yeah. First, I’ll just say I appreciate the invitation from the new Director Hutchison. I appreciate the work everybody does, Chair Carter and the rest of the Trustees, as well as all the staff at FPDR. You guys do the, I mean, talk about people who are there for firefighters, you know, when firefighters must answer the call to the public, you guys answer the call for firefighters and police. So on behalf of me, I just want to say thanks to everybody on this board, everybody that works for FPDR, for all the tireless work that you do to keep us safe when we get injured. And then to make sure that you provide for all of us to have a secure retirement and to be able to retire with dignity. On that note, you know, I guess is a couple comments. You know, as I look at kind of in that same vein, we have to evolve as we go forward, and learn new things. There's always been kind of a reach from the international association of firefighters to kind of look at our careers and see where the job has really impacted our health and wellness. And always look for opportunities to sort of grow in respect when it comes to, you know, whether it be cancer or other heart or lung-related illnesses or other presumptions that we have. I also look to see that we're different here in Portland than the rest of the state when it comes to firefighters. I know we have, like you mentioned, I think firefighters have somewhere in the neighborhood of 650 members in FPDR, something around that number. There are 3700 firefighters statewide, professional firefighters, most of them obviously in the SAIF program. As that program molds and modifies and as changes happen with the legislature, I always welcome the opportunity to make sure we have the same, any firefighter in Oregon, we're all susceptible to the same impacts of the job. I always look for opportunities to make sure that firefighters across Oregon are managed the same. On that same note, we kind of talked a lot about and I heard conversations about staffing. The staffing issue in the police force is very much recognizable, but I would offer up, I believe, I heard the number, we have nine firefighters less this year.

What we haven't done, and while there is the staffing crisis that exists, it's because the number of firefighters that are off each day has increased, and the number of firefighters that are available in that sort of traveler pool, I'll call them, to fill those vacancies has not gone up. In fact, by your numbers, it's gone down by nine. So you can see that that decrease and also the increase of leaves for various reasons, whether it be vacation, sick leave, injury leave, as you guys know those numbers very well, there's the problem in that, that's the issue that we're looking at as a staffing issue, is that we don't have enough people to fill the vacancies that are there each day. The number of vacancies that exist each day that need to be staffed has increased. So that's kind of the issue that we're working through, and I know we'll get there on that, but we need to look at the ability to hire, attract and retain people. We know that the degradation of our, in 2019 legislative session has really hurt our ability to do that by decreasing the ability for firefighters to retire with dignity. Any member that's on FPDR 1 and 2 is going to have the ability to retire with dignity, but anybody on FPDR 3 or PERS must either retire with less or work longer or their option is to have a decrease in their income today. Those are the three options. I always look for where FPDR can make up the difference to make sure that Portland firefighters, who are here to serve the community, have the opportunity to retire with the same level of retirement they were promised when they were hired. I know we look for options for that, but I'd be remiss if I didn't bring that up. I really appreciate everyone's work and being allowed to speak on those topics. I'll pass it back to Sam.

Director Hutchison: Thank you very much, Isaac. Did anybody on the board have questions for Isaac? Okay. Again, thank you very much for spending your time listening to the entire presentation and offering your comments. Very valuable, appreciate it. Let's go to the next slide here.

The chiefs, I extended the same invitation to Chief Lovell, Chief of Police, and Fire Chief, Chief Boone. Unfortunately Chief Lovell was unable to attend but we are fortunate to have Chief Boone here. So Chief Boone, you want to go ahead and jump on and give us any comments you may have.

Chief Boone: Thank you for the opportunity to speak on behalf of FPDR, the services they provide to Portland fire, as well as the members of local 43. Any of the comments are going to be firsthand, as well as through our liaison, who is pivotal in the relationship and the bridge building when it comes to taking care of the members.

So I know FPDR has a small team, and yet have worked with both fire and police bureau liaisons to take care of the members that fall within the disability and retirement plan. I also know that they went above and beyond last year to process an incredible amount of covid-19 related claims as well as setting members up for success on their retirement decisions and pension projections. FPDR under the leadership of Sam Hutchison is exceptionally well-organized, efficient, and dedicated to ensuring quality service within the scope and parameters of the legal fund.

Last year was our first line of duty death in many years and it had a significant impact on this entire organization. So as we still lived up to our oath and duty to care, protect and serve the community members within the City of Portland, the region, and the state, we also had to care for ourselves. It was significantly - I don't even if that's the right word. Many of us, it brought us to our knees. We had to rely on each other to pick ourselves up, because we still had a memorial to plan for. Where FPDR stepped in through the liaison is the benefits that were going to go to the family. Out of all the multitude of processes and complexities FPDR was the first to process and approve, and they did it with compassion and care and their commitment to take care of those who swore an oath to protect and serve. So I just want to acknowledge that, it was very impactful. I also want to say, just when it comes to their compassion and working with the retirees, many times we've had people who passed away, and again they are very compassionate and sympathetic as well as just effective and efficient in the quality of service, not only to the members, but to their families as well.

And then I will say, lastly, FPDR does an outstanding job on being proactive when it comes to engagements for retirements and making sure members have all the information they need to make well informed retirement decisions. They usually, if they can, have approximately four retirement seminars each year. Yet they also coordinate with other benefits stakeholders to make sure important information is presented to the members, whether it's VEBA, social security, medical benefits, that they are the glue and the link that brings all the other subject matter experts to present at these sessions. So I just want to say that FPDR, with the extraordinary load of what they had to carry, how they have shifted and enhanced and modernized their processes, as well as the small teams when it comes to claim analyst disability, pension retirement, they are just exceptional. So I just wanted to acknowledge their outstanding work. Thank you.

And if anybody wants to know our numbers based national numbers when it comes to covid related, I can present comparables like I did last year, so you have an understanding of where we are in processing claims and the number of covid-related disabilities compared to the national standard.

Director Hutchison: Thank you very much, Chief. I appreciate all the accolades you gave to us. At FPDR, our goal is to offer superior customer service. We strived to do that through the trials and tribulations over the last couple years. I'm glad to hear that we are living up to our mission, in helping everyone at all phases of their disability claim, or their retirement, or even death. Again, thank you, chief, I appreciate that.

We have one more person here. This is Kevin Machiz, he asked us to join us shortly before the meeting. Kevin, you're on board. Share any comments you have with us.

Kevin Machiz: Could I do a screen share, please?

Director Hutchison: Sure. Go ahead.

Kevin Machiz: Looks like it's disabled by the host currently.

Director Hutchison: Let's see what I can do here.

Kevin Machiz: Still not allowed currently.

Julie Hall: I think if we make him a cohost, he could share his screen.

Director Hutchison: Why don't you go ahead and do that.

Julie Hall: Okay. Did that work, Kevin?

Kevin Machiz: Thank you. I'm Kevin Machiz, I'm a CFA Charter holder, and I urge the board to get an analysis of a comprehensive actuarial funding policy. The City Charter puts FPDR on a pay as you go basis. The only two governments in the United States still using this approach are Portland and Puerto Rico. This puts Portland out of line versus peers and best practice. Indeed, Portland has the costliest public pension system in the United States today. The left side of this chart shows Portland police and firefighters. The right side of this chart shows police and firefighters across Oregon who are participating in Oregon PERS. The average annual salary is shown in green, a little higher for Portland versus the rest of Oregon.

The important difference is the ludicrous annual actuarial costs associated with Portland's pensions shown in red. So these combined compensation costs show that it's costing Portland more than twice as much to employ a single active member on average compared to the rest of Oregon. I see several benefits to getting off of pay as you go. First, it would improve transparency of compensation. Costs shouldn't be hidden by passing them off to future generations of taxpayers. Second, it would move the system toward intergenerational equity. Third, it would reduce cumulative long-term costs. Finally it would mitigate the city's financial risks. Red flags have come from several places regarding FPDR's funding policy. The City Auditor has made repeated recommendations since at least 2011 that the city has failed to implement, to reduce the expected increase in the FPDR tax levy, including both alternative funding sources and methods to control pension costs, to reconsider options to prefund and/or reduce the cost of FPDR. City staff's response to the City Auditor in 2013, OMF agrees that the fiscal challenges facing the city are considerable, including increasing pension liabilities. The CPA firm hired by the city to audit its financial statements - “There are at least a couple significant consequences or risks of the city's current declining net position trend.” One often overlooked consequence is the inherent unfairness that results when future generations end up paying a significant portion of the costs by past users. In addition, there is an increased risk that prior obligations will not allow sufficient resources left over to maintain current service levels.”

FPDR’s own financial statements regularly disclose that property tax compression would be a risk to the city before any theoretical breach of the limit regularly covered in the levy adequacy analysis relied on by the board. Service cuts are not theoretical. Shown here is contemporary press coverage of savage cuts to the Portland Children’s levy that occurred due to compression. The board reviewed alternative funding policies analyzed by the actuary in 2011 amid increasing risks. Alternative funding policies were never implemented. National experts have also commented on Portland’s issues. Request your actuary provide an analysis of a comprehensive actuarial funding policy. Thank you.

Director Hutchison: Thank you, Kevin. Any questions from the board?

Trustee MacLeod: I have just one question right now. The information you are taking, were those from accounting reports that report the accounting liability or were they from - I mean funding numbers would be very different. I'm just curious about the source of the numbers.

Kevin Machiz: It comes from your actuary’s valuation report from 2020, and that same analysis does flow through to your accounting statements under the government accounting standards board.

Trustee MacLeod: Thank you very much.

Chair Carter: I'd feel more comfortable if the board would like to discuss this, or has it been discussed several occasions before now? I would like to discuss it with the board. I'm not comfortable speaking to or asking questions at this moment.

Director Hutchison: We'll give you some background on the issues that Kevin brought up, or brought up before 2007, when we created FPDR 3, and the decision - all those issues were heard and were definitely thought of by the board and by various people in the city and the council. That is why we created FPDR 3 and moved everybody over into PERS. So, that’s prefunded, that’s moving that over. The challenge that was talked about in 2007 and 2011 is how do you move a pay as you go plan into a prefunded plan, because you must have an upfront cost to do that. Just a quick example, on a pay as you go plan, we raise the money as it is needed, but what you do for a prefunded is that let's say you have a firefighter who's been working for 20 years in the PERS program, they've been contributing their own contribution, the employer contribution, and earning investment returns on that money. You're building value in this plan going up over time, so when they do eventually hit retirement age theoretically the value they built into, like the PERS fund, is sufficient to cover all their retirement benefits. If you convert an FPDR firefighter who's been 20 years under the pay as you go plan and then move him immediately into a prefunded plan, and they retire in five years - how much money do you pay them in those five years? Do you pay them only for the five years in which they prefunded the plan or do you have to pay them for the additional 20 years of service they accrued before the prefunding plan came into effect? If that's what you do, you have to have that lump sum of money, that value that would have otherwise accrued somewhere. You have to get that somewhere, and that's hard to do. You have to raise taxes to fund the money that would have accumulated if they had been part of a prefunded plan for the full 25 years.

So that's been one of the reasons why it was looked at 2005 and 2011. The cost to fund a prefunded plan with existing employees is very high. It was felt that let's let this program run out, and we'd move all the new hires into the prefunded plan. That's part of the thinking there. If you want to discuss it more, that would be great. We could have Milliman join in that discussion to talk about what I've done and to talk about the money there. But these issues that Kevin brought up were discussed, and that's why the creation of the FPDR 3 plan was done. They just didn't know how to handle it effectively and without creating a big, additional tax burden, to prefund an existing pay as you go plan.

Trustee MacLeod: I think that's very helpful background, let me add a little bit more. Stacy just talked about how there's a double burden on this current taxpayer generation to be paying for the prefunding with the PERS FPDR 3, members covered by PERS, and the pay as you go benefits for FPDR 1 and 2, and that's true. If a decision were made to prefund this plan entirely now, most of the liability is as Sam described, a past service liability three quarters of which is for current retirees. There's no way to pay for that over the years they were working because that was all in the past. The only way to solve that problem is to either come up with gazillion dollars all at once to drop in, which is simply not available, and taxpayers wouldn't approve it, because that would make today's taxpayer responsible for all the prior years immediately, and that's just unworkable. The solution would be that that unfunded liability would be amortized over some number of years, typically no less than 10 and no more than 30. That's not unlike the remaining pay as you go, period. So, even if the plan were prefunded, it would not be impossible that the annual contribution to the plan would be very similar to the current pay as you go cost. I just wanted to throw that out there. I certainly think it's worthy of additional discussion, but I think that ship is a little bit sailed. This may be the most efficient path to go on without unduly penalizing a very short period of taxpayers. Those are just my thoughts. We could discuss that further if you like.

Chair Carter: Well, director Hutchison, let me take the authority of the Chair by saying I would like to not do any further discussion on this today, but if somebody would like to table it, I stand open to that. But if this has been discussed in the past and there was no movement, it didn't seem rational at the moment for Portland to do. So, what I would like to do is to adjourn the committee unless Sam you have something else you want to say.

Director Hutchison: Yes. A few more points to cover here.

Chair Carter: Okay.

Director Hutchison: Why don't just we quickly go through those.

Chair Carter: Okay.

INFORMATION ITEM #2 – FPDR SUMMARY OF EXPENDITURES WAS NOT DISCUSSED

INFORMATION ITEM #3 – POLITICAL ACTIVITY WAS NOT DISCUSSED

INFORMATION ITEM #4 – FPDR UPDATES

Director Hutchison: Let's see here, I'll just cut it down to a few quick things to do. One is the FPDR covid administrative rules that were created for our disabled members at the start of the pandemic. They were created in conjunction with the mayor's state of emergency that he declared. When the rules were drafted and approved by the board, they had 180-day sunset period after the mayor withdrew the declaration of emergency. I sent you out an email of this a few months ago, that the mayor on April 1st rescinded his state of emergency, so the 180-day sunset period ends today. So all completed claims received before today are under the covid rules. Those that are received tomorrow and into the future are under our normal rules. Yes, we will consider the claim, but they won't get the special handling outlined in the administrative rules. I can't say, will they more likely be denied or paid? We don't know, but we urge that people, if they feel they're disabled due to covid, they file a claim, and we'll administer it under our normal rules instead of the covid rules.

INFORMATION ITEM #5 – FUTURE MEETING AGENDA ITEMS

The next board meeting is November 15th. It's just general business at this point. The next one is January 24th, and that will be the first one we hold hybrid, as you approved earlier. We will go over the annual budget, as well as the biannual actuarial valuation and levy adequacy analysis presentation. That's all I have. Anybody have questions or recommendations at this point?

Stacy Jones: I want to say, if the board had questions for the Chief Boone, she's still on. I don't know if anybody had any questions for her.

Chief Boone: I can jump off pretty quick.

Director Hutchison: I think we're about ready to all jump off here. I'll leave that up to Chair Carter.

Chair Carter: Are there any further questions from members or Trustees? I would entertain a motion for dismissal please, for closing of meeting. Excuse me. Sam, I don't want to be rude. Were you through?

Director Hutchison: Yeah. I'm through. I would have stopped you if I wasn't.

Chair Carter: Okay. Can I have a motion here?

Trustee MacLeod: I'll move to adjourn the meeting.

Trustee Huang: I'll second.

Chair Carter: The meeting will be closed. Thank you for a great meeting. Kimberly, you didn't do bad at all. Good job, even though you were nervous about it. Thank you. Welcome to all of our new members at the organization. Thank you all. Have a good day.

Kim Mitchell: Thank you, Chair.

Director Hutchison: Thank you.

Stacy Jones: Bye everyone.

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Communications with Those Charged with Governance

The Board of Trustees
City of Portland, Oregon, Fire and Police
Disability and Retirement Fund and Reserve Fund

We have audited the statement of plan net position and the related statement of changes in plan net position of the City of Portland, Oregon, Fire and Police Disability and Retirement Reserve Fund (the "Funds") as of and for the year ended June 30, 2022 and have issued our report thereon dated October 28, 2022. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated May 16, 2022, we are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with *accounting principles generally accepted in the United States of America*. Our audit of the financial statements does not relieve you or management of your responsibilities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and *Government Auditing Standards*. As part of an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we considered Funds' internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in the engagement letter dated May 16, 2022.

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Funds are described in Note 1 to the financial statements. During the year ended June 30, 2022, the Funds adopted GASB Statement No. 87, *Leases*. Updates to conform to this new accounting standard have been reflected in the financial statements as of and for the year ended June 30, 2022. No other new accounting policies were adopted and there were no changes in the application of existing policies during 2022. We noted no transactions entered into by the Funds during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. *The most sensitive estimates affecting the financial statements were*

- FPDR share of City PERS OPEB asset
- FPDR share of City PERS Pension Liability

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. *The most sensitive disclosures affecting the financial statements were:*

- Note 1 – Summary of Significant Accounting Policies
- Note 5 – Employee Retirement Systems and Pension Plans

Significant Unusual Transactions

We encountered no significant unusual transactions during our audit of the Funds' financial statements.

Significant Difficulties Encountered in Performing the Audit

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the Funds' financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor's Report

There may be circumstances in which we would consider it necessary to include additional information in the auditor's report in accordance with generally accepted auditing standards. There were no circumstances that affected the form and content of the auditor's report.

Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of our audit procedures that were material, either individually of in the aggregate, to the financial statements as a whole, for the fiscal year ended June 30, 2022.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 28, 2022.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Funds' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

This information is intended solely for the use of the board of trustees and management of the Funds and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams llp

Portland, Oregon
October 27, 2022

Report of the Independent Auditors and Financial Statements

FOR THE FISCAL YEAR ENDED

JUNE 30, 2022

PORTLAND FIRE AND POLICE DISABILITY AND RETIREMENT FUNDS

TRUST FUNDS OF THE CITY OF PORTLAND, OREGON

FIREFIGHTER
CITY OF POR
ORE.

PORTLAND POLICE
OFFICER

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INTRODUCTORY SECTION

City of Portland, Oregon

Fire and Police Disability

and Retirement Funds

Trust Funds of the City of Portland, Oregon

June 30, 2022

Administration Offices

Harrison Square Building

1800 SW 1st Avenue, Suite 250

Portland, Oregon 97201

Fund Administrator

Samuel Hutchison

Finance Staff

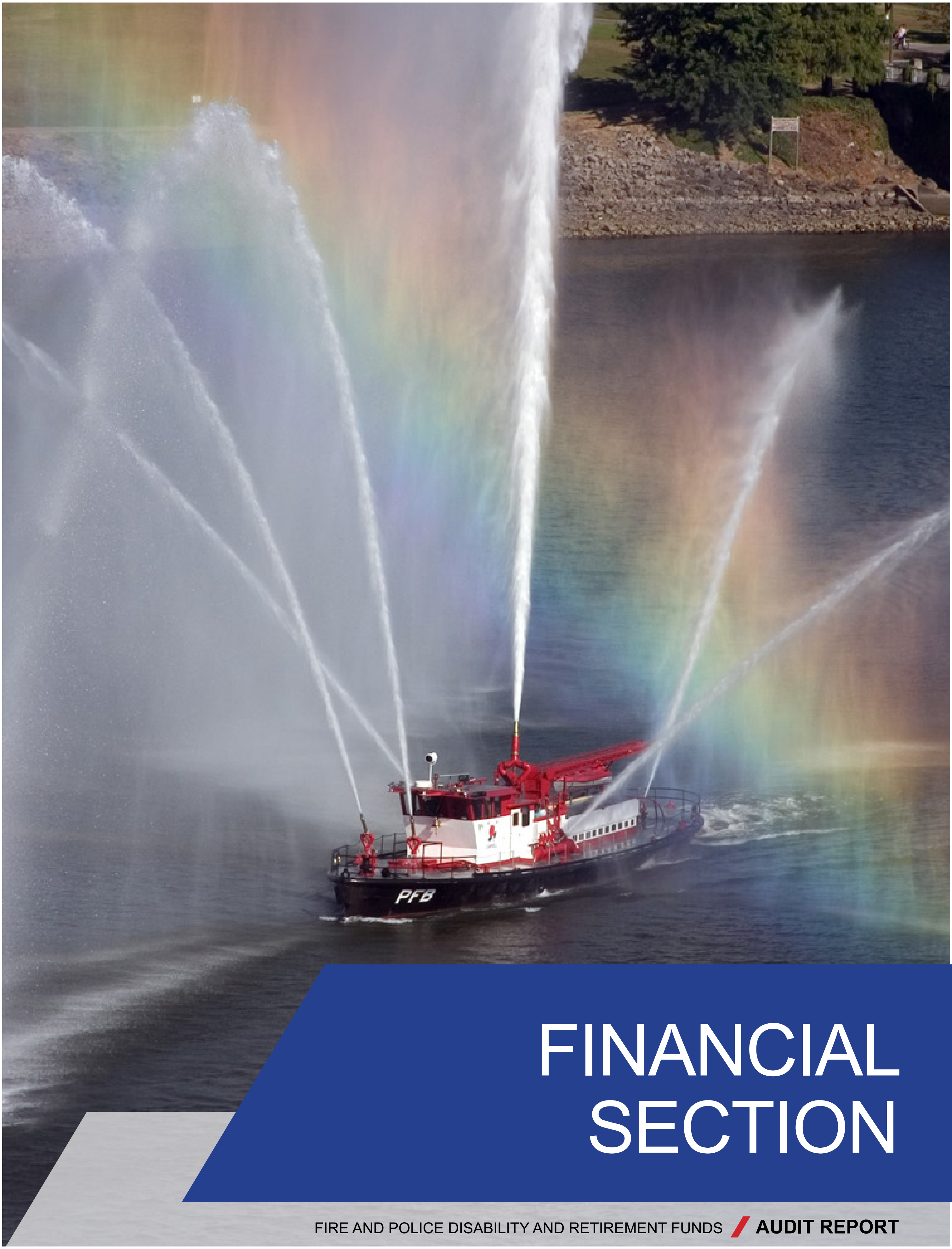
Stacy Jones

Asha Bellduboset

Mika Obara

Svetlana Vitruk

Cynthia Carlile (Bureau of Revenue and Financial Services)



FINANCIAL SECTION

FIREFIGHTER
CITY OF POR
ORE.
PORTLAND POLICE
OFFICER

Report of Independent Auditors

The Board of Trustees
City of Portland, Oregon, Fire and Police
Disability and Retirement Fund and Reserve Fund

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statement of plan net position and the related statement of changes in plan net position of the City of Portland, Oregon, Fire and Police Disability and Retirement Fund and the City of Portland, Oregon, Fire and Police Disability and Retirement Reserve Fund (the "Funds"), component units of the City of Portland, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Funds' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Funds as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Funds and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Funds' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, the City share of Oregon Public Employees Retirement System, and the City share of OPERS Other Postemployment Benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Funds' basic financial statements. The budgetary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the supplementary data as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2022 on our consideration of the Funds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Funds' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Funds' internal control over financial reporting and compliance.

Moss Adams llp

Portland, Oregon
October 27, 2022

MOSSADAMS

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
City of Portland, Oregon, Fire and Police
Disability and Retirement Fund and Reserve Fund

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Portland, Oregon, Fire and Police Disability and Retirement Fund and the City of Portland, Oregon, Fire and Police Disability and Retirement Reserve Fund (the "Funds"), component units of the City of Portland, Oregon, which comprise the statement of plan net position as of June 30, 2022 and the related statement of changes in plan net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Funds' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Funds' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Funds' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Portland, Oregon
October 27, 2022

Management's Discussion and Analysis

As management of the City of Portland, Oregon's Fire and Police Disability and Retirement Fund (FPDR Fund) and Fire and Police Disability and Retirement Reserve Fund (Reserve Fund), collectively referred to as the Funds, we offer readers this narrative overview and analysis of the financial activities of the Funds for the fiscal year ended June 30, 2022. For more detailed information regarding the Funds' financial activities, the reader should also review the actual financial statements, including the notes and supplementary schedules.

Financial Highlights

- An independent actuary conducts biannual valuations of FPDR's obligations. The most recent valuation was completed with data as of June 30, 2020; rolling that valuation forward to June 30, 2022 yields a total pension liability (the actuarial present value of the plan's projected benefit payments that are attributed to past periods of member service) of $3.8 billion.

- The FPDR Fund is financed on a pay-as-you-go basis. The Portland City Charter provides for annual employer contributions that equal current year benefits and administrative expenses. Employer contributions are primarily financed by a dedicated property tax levy, which provided $194.2 million of the $194.5 million in total contributions. Other employer contributions derive from a surcharge collected when fire or police services are provided to external organizations, subrogation on disability claims, and miscellaneous revenue.

- The imposed FPDR property tax levy for the fiscal year ended June 30, 2022 was $1.20 per $1,000 of real market value (RMV) within the City of Portland. By Charter the levy may not exceed $2.80 per $1,000 of RMV. Portland property owners make tax payments on assessed value (AV) rather than RMV; the FPDR levy was $3.01 per $1,000 of AV for the fiscal year ended June 30, 2022.

- Since governmental accounting standards do not allow future dedicated tax revenues to be reflected in the Funds' financial statements, the Plan's net position reflects only current assets, primarily cash on hand. Net position was $27.7 million on June 30, 2022, an increase from the June 30, 2021 net position of $13.3 million.

- FPDR Fund assets increased substantially by $13.6 million or 43.0% for the fiscal year ended June 30, 2022. Asset growth was driven entirely by a $13.6 million increase in cash, as additional taxes levied and set aside in contingency and other line items for various pandemic-related risks were not required.

- Simultaneously, FPDR Fund liabilities (as opposed to FPDR plan liabilities) fell by $2.1 million or 10.9%. A decrease in the City's liability in the Oregon Public Employees Retirement System (PERS) was the single largest cause, reducing the FPDR Fund's share of that liability by $1.3 million. A $0.5 million drop in the FPDR Fund's liability for PERS contributions on the accrued leave balances of FPDR Three members was another major contributor.

- Benefit payments to retirees and disabled members, as well as their beneficiaries, climbed modestly to $174.4 million, an increase of 2.8%, or $4.7 million. Pension benefits primarily grew with the annual cost of living adjustment, which was 2.0% on July 1, 2021 for most beneficiaries. In addition, pension benefits increase annually as newly retired FPDR Two members begin receiving pension payments and new FPDR Three members, for whom the FPDR Fund must pay PERS contributions, are hired to replace them. Disability benefit payments remained above average, as the active sworn population continued to miss work because of COVID infections and exposures and, increasingly, vaccine side effects. Nevertheless, total disability benefit payments decreased by $1.0 million for the fiscal year ended June 30, 2022, from their high point in the prior fiscal year of $7.4 million.

Financial Statements and Analysis

The FPDR Fund provides retirement, disability, and death benefits to the sworn employees of Portland Fire and Rescue and the Portland Police Bureau and their survivors. Chapter 5 of the Portland City Charter serves as the Plan document and establishes the level of benefits and the method of administering benefits.

The FPDR Fund is financed on a pay-as-you-go basis. Each year's benefits and expenses are paid from employer contributions derived almost entirely from a dedicated property tax levy assessed each year. No assets are accumulated to fund benefit payments in future years. Although the City Charter provides FPDR with dedicated property tax levy authority of up to $2.80 per $1,000 of RMV, the Oregon state constitution caps each property's general government taxes at $10 per $1,000 of RMV. After reaching this point all levies, including the FPDR levy, are subject to compression to fit under the $10 limit. For this reason, it is unlikely that FPDR could collect the full $2.80 per $1,000 of RMV on each property. However, it appears increasingly unlikely this will ever be necessary. The RMV levy rate for the fiscal year ended June 30, 2022 was $1.20, well below the $2.80 cap.

Sworn members of the Fire and Police Bureaus hired after 2006 are enrolled in the prefunded Oregon PERS pension plan. The FPDR Fund pays the employee and employer portions of PERS contributions for these members. The FPDR Plan itself provides only disability, funeral and pre-retirement death benefits to these members. Members of the FPDR plan sworn prior to 2007 are covered by the FPDR plan for their retirement and post-retirement death benefits, as well as their disability, funeral and pre-retirement death benefits. Funding both PERS contributions for members hired since 2006 and current benefits to retirees hired before 2007 (and their survivors) under FPDR's pay-as-you-go pension plan – simultaneous payments for two generations of employees – creates upward pressure on FPDR's tax levy. The levy is expected to peak in the mid- to late-2030s, when most members hired before 2007 will be retired and receiving direct FPDR pension benefits, and nearly all of the active workforce will be enrolled in PERS with FPDR pre-funding their PERS pensions.

The FPDR Plan's net pension liability is $3.7 billion for the fiscal year ended June 30, 2022, a drop of $795.2 million from June 30, 2021. Both calculations are roll forwards of the June 30, 2020 liability calculated during the full biannual plan valuation. The decrease for June 30, 2022 is entirely attributable to an increase in the discount rate used to calculate the net present value of that liability, the June 30 value of the Bond Buyer General Obligation 20-Bond Municipal Bond Index (Bond Buyer Index). The index value rose from 2.16% on June 30, 2021 to 3.54% on June 30, 2022. Since the FPDR Plan has no investment assets, a single risk-free rate is used for discounting in accordance with the requirements of Governmental Accounting Standards Board Statement Nos. 67 and 68.

Many assumptions used in the June 30, 2020 actuarial valuation and subsequent roll forwards are derived from an experience study of the FPDR Plan completed with data from July 1, 2014 – June 30, 2019. Based on that study, it is projected that 25% of Fire members and 45% of Police members retire between ages 50 and 55, and that all members retire by age 65. (In prior valuations, it was assumed that all Fire members would retire by age 60.) For the first time, different retirement rates are now projected for those with less than 25 years of service who are eligible to retire based on age; previously, retirement rates were based on age only. The assumption that 65% of members will retire in a "27 pay date month," when the final pay used to calculate pensions includes 27 pay periods rather than the usual 26, is unchanged from earlier valuations, as is the projection that 80% of retirees will choose the lowest survivor benefit option. The June 30, 2020 valuation and subsequent roll forwards further presume that 70% of retirees will have a surviving spouse at death, a decrease from 80% in previous liability calculations. Prior valuations assumed that 80% of beneficiaries live in Oregon, for purposes of determining eligibility for the additional pension benefit provided in Oregon Revised Statutes to those subject to Oregon income tax; based on the most recent experience study it is now assumed that only 70% live in Oregon.

Financial Statements and Analysis, continued

Because of the FPDR plan's pay-as-you-go funding basis, the net pension liability does not reflect the value of dedicated future revenues from the property tax levy. Management assesses the plan's long-term financial condition in part by projecting the future availability of revenues from this tax, which is the source of employer contributions under the Charter. The most recent levy adequacy analysis, completed by an independent actuary in connection with the actuarial valuation of the Plan, was as of June 30, 2020. At baseline assumptions, property tax revenues are expected to be sufficient to cover future benefit payments and fund expenses for the life of the plan. Under a wide range of simulated economic scenarios in the foreseeable future, the analysis projects that there is less than a 1% probability of the FPDR Fund levy reaching the maximum $2.80 per $1,000 of RMV in any year through 2039. At the median (50th percentile) probability, the analysis predicts the FPDR tax rate will peak at $1.46 per $1,000 of real market value in 2031 - 2033. The previous June 30, 2018 analysis estimated a 1% probability of reaching the FPDR levy cap, and a peak FPDR tax rate of $1.32 at the median probability. The projected peak tax rate in the June 30, 2020 levy analysis is higher because Portland RMV growth fell below the prior model's median assumed RMV growth rate. Furthermore, the June 30, 2020 levy analysis projects slower RMV growth going forward. The tax levy analyses encompass all facts, decisions and conditions pertaining to the FPDR plan known at the time each analysis was completed.

The FPDR Reserve Fund provides a reserve in case the FPDR Fund cannot meet its current obligations. At June 30, 2022 the Reserve Fund had a $750,000 net position and generated no income or expenses. Interest earned on the Reserve Fund balance is credited directly to the FPDR Fund. The following statements present the combined totals of the FPDR Fund and Reserve Fund.

The *Statement of Plan Net Position* presents information on all of the Funds' assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the funds is improving or deteriorating, but due to the pay-as-you-go nature of the plan, management's goal is to meet current obligations and maintain a reasonable contingency for the current year, not to achieve a certain level of fund balance or to prefund benefits.

The *Statement of Changes in Plan Net Position* presents information showing how the Funds' net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some changes to assets and liabilities reported in this statement will not result in changes to cash flows until future fiscal periods.

Financial Statements and Analysis, continued

The following schedule compares total plan assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position for the fiscal years ended June 30, 2022 and 2021:

Summary of Net Position
For Years as Stated

	2022	2021	Change
ASSETS			
Cash and investments (held by City Treasurer)	$ 39,560,775	$ 25,993,126	$ 13,567,649
Receivables	5,337,040	5,309,791	27,249
FPDR share of City PERS OPEB asset	24,079	5,508	18,571
Capital assets, net	131,555	187,014	(55,459)
Total assets	45,053,449	31,495,439	13,558,010
Deferred outflows of resources (City PERS pension)	1,335,532	1,210,502	125,030
Deferred outflows of resources	1,335,532	1,210,502	125,030
LIABILITIES			
Accounts payable	12,484,958	12,592,171	(107,213)
FPDR share of City PERS pension liability	1,975,746	3,295,820	(1,320,074)
Other liabilities	2,744,476	3,418,634	(674,158)
Total liabilities	17,205,180	19,306,625	(2,101,445)
Deferred inflows of resources (City PERS pension)	1,499,196	107,589	1,391,607
Deferred inflows of resources	1,499,196	107,589	1,391,607
NET POSITION			
Total net position	$ 27,684,605	$ 13,291,727	$ 14,392,878

Financial Statements and Analysis, continued

The Funds' net position more than doubled between June 30, 2021 and June 30, 2022, growing from $13.3 million to $27.7 million. This is principally because assets (mainly cash) grew substantially, although liabilities also declined. Total assets increased 43.0% as the Funds' cash balance increased by $13.6 million. FPDR management increased fund contingency for the fiscal year ended June 30, 2022 to manage various financial risks associated with the pandemic, including the possibility that more front line public safety workers could retire than expected; that disability costs could soar as COVID infections, exposures, and vaccine side effects impacted the sworn workforce; and that property tax delinquencies could grow in the uncertain economic environment. As only one of these risks materialized in a financially significant way, most of the excess fund contingency fell to balance on June 30, 2022. The additional cash will be used to offset the 2022 property tax levy later this fall. Total plan liabilities changed less pointedly, decreasing by 10.9% from $19.3 million in the fiscal year ended June 30, 2021 to $17.2 million for the fiscal year ended June 30, 2022. The largest single change was a $1.3 million drop in the FPDR Fund's share of the City's overall liability for PERS, for FPDR employees. FPDR's liability for accrued employee leave balances also fell by $0.7 million. Most of this change, which is part of Other Liabilities in the table above, is for FPDR's liability for PERS contributions on the accrued leave balances of sworn employees hired after 2006, although a portion is also for the total liability of accrued leave balances for FPDR's own employees. As the pandemic eased, employees across the City began using their leave balances again.

The following schedule displays changes in employer contributions, benefit payments, administrative expenses and plan net position during the fiscal years ended June 30, 2022 and 2021.

	2022	2021	Increase (Decrease)
Employer contributions: property taxes	$ 194,183,766	$ 168,021,551	$ 26,162,215
Employer contributions: other	324,670	595,093	(270,423)
Net investment earnings/(loss)	(1,371,551)	108,919	(1,480,470)
Total Additions	193,136,885	168,725,563	24,411,322
Benefit payments	174,400,174	169,727,979	4,672,195
Operating and administrative expenses	4,343,833	4,349,372	(5,539)
Total Deductions	178,744,007	174,077,351	4,666,656
Net Increase / (Decrease)	14,392,878	(5,351,788)	19,744,666
Beginning Net Position	13,291,727	18,643,515	(5,351,788)
Ending Net Position	$ 27,684,605	$ 13,291,727	$ 14,392,878

Financial Statements and Analysis, continued

Additions to plan net position include property tax revenues, other employer contributions, and investment income (loss). The primary funding source for the FPDR Fund is employer contributions derived from the dedicated property tax. The FPDR Board determines the tax revenue required in any given year by approving the annual budget and subtracting other anticipated revenues and existing fund balance. This amount is then forwarded to the City Economist, who calculates the tax levy amount and resulting levy rate after factoring in delinquencies, discounts and compression losses. Property tax revenues totaled $194.2 million in the fiscal year ended June 30, 2022, a $26.2 million or 15.6% increase from the prior year. Property taxes were increased, as they are most years, to fund rising benefit expenses. However, much of the increase for 2021 was the result of a decision to raise taxes in order to increase fund contingency, as discussed above, given the various pandemic-related risks faced by the FPDR Fund. In addition, taxes were levied at an even higher rate to account for a potentially escalated delinquency rate, which was expected to worsen in the second year of the pandemic. In the event, tax revenue came in $3.2 million above expectations for the fiscal year ended June 30, 2022, most likely because delinquencies did not continue to rise as feared.

Employer contributions derived from sources other than property taxes are a very small proportion of total employer contributions. They include pension and disability overhead charges collected from third parties who contract for police and fire services, subrogation revenue recovered from third parties at fault for member disability claims, overpayment recoveries, and other minor miscellaneous revenues.

Non-property tax employer contributions consist primarily of pension and disability overhead charges collected from third parties who contract for police and fire services. This funding source used to add approximately $1.0 million annually to the FPDR Fund. However, in the wake of the City's decision to terminate the Portland Police Bureau contract with TriMet (the regional transit agency) for transit security services, this revenue dropped to $0.6 million for the fiscal year ended June 30, 2021, and to just $0.3 million for the fiscal year ended June 30, 2022. The TriMet contract previously provided most of these third-party charges. The remainder of other employer contributions is comprised of subrogation revenue recovered from third parties at fault for member disability claims, overpayment recoveries, and other minor miscellaneous revenues. Investment income on FPDR Fund balance was $0.4 million for the fiscal year ended June 30, 2022. However, the FPDR Fund's share of the City's overall investment losses as of June 30, 2022 was $1.8 million, leaving a $1.4 million net investment loss for the FPDR Fund.

The largest deduction to a pay-as-you-go pension plan is obviously benefit payments. For the fiscal year ended June 30, 2022, benefits amounted to $174.4 million, an increase of $4.7 million or 2.8%. FPDR benefits generally grow by 5% to 7% each year, as more members sworn before 2007 retire (increasing direct FPDR pension payments) and new sworn employees are hired to replace them (increasing pre-funded PERS contributions made by the FPDR Fund for members hired after 2006, which are also classified as benefit payments). However, there were very few retirements in the fiscal year ended June 30, 2022 and pension expenses grew by little more than the cost-of-living-adjustment awarded to existing beneficiaries.

GAAP operating and administrative expenses were essentially flat at $4.3 million in both the fiscal years ended June 30, 2022 and June 30, 2021. However, a reduction in pension expense for FPDR employees in the PERS system (a GAAP-only administrative expense) masks a $0.2 million increase in budgetary administrative expenses (excluding debt costs). The increase was caused by one-time moving expenses for the FPDR administrative offices, as well as a rebound in personnel costs after mandatory furlough time in the fiscal year ended June 30, 2021. FPDR downsized its office space as part of the move and will save approximately $50,000 in annual lease costs moving forward. In addition, a five-month rent abatement in the fiscal year ending June 30, 2023 will partially offset moving costs incurred in the fiscal year ended June 30, 2022.

Financial Statements and Analysis, continued

COVID-19 Pandemic and Response

The pandemic and associated civil and macroeconomic disruptions have had only minor impacts to the FPDR Fund. The chief direct financial impact for the fiscal year ended June 30, 2022 was a second year of unusually high disability costs for short-term time loss (wage replacement for short-term work absences). The City's sworn workforce has continued to miss work time because of COVID infections and exposures, and increasingly for COVID vaccine side effects as well. Short-term wage replacement benefits were $2.7 million in both the fiscal years ended June 30, 2022 and June 30, 2021, as compared with about $1.5 million annually before. The pandemic also created significant financial uncertainty for FPDR management, particularly with respect to retirement levels, disability expenses, and tax levy delinquencies and compression. In consequence the FPDR Board of Trustees authorized conservative budgets and an increase in fund contingency for the fiscal year ended June 30, 2022. Most of these additional funds proved to be unnecessary and fell to fund balance, and will be used to reduce the 2022 FPDR tax levy. Finally, many FPDR employees switched from working entirely remotely to working hybrid office/remote schedules during the most recent fiscal year, and FPDR resumed in-person retirement workshops and appointments for members. The transition has been smooth in terms of both operations and member service. When the FPDR office lease expired on June 30, 2022, the bureau took advantage of the opportunity to downsize to a smaller and less expensive office suite given the new hybrid schedules. Please see COVID-19 Impacts and Risks in Note 2 for more information.

Capital Asset and Long-Term Debt Activity

FPDR owns an intangible capital asset, a database to issue all participant-related payments, track member and beneficiary information, create pension estimates, and manage disability claims. The database had a net book value of $131,555 on June 30, 2022.

The Funds had no long-term debt activity in the fiscal year ended June 30, 2022, other than FPDR's prorated share of payments on pension obligation bonds issued by the City in 1999 to reduce the City's liability with PERS.

Requests for Information

This financial report is designed to provide a general overview of the Funds' finances for interested readers. All currently known facts, decisions and conditions that will have a significant effect on the Funds' future financial position or operations have been discussed above. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to fpdr@portlandoregon.gov or Finance and Pension Manager, Fire and Police Disability and Retirement Fund, 1800 SW First Ave., Suite 250, Portland, OR 97201.

Fire and Police Disability and Retirement Funds
Statement of Plan Net Position
June 30, 2022

	FPDR Fund	Reserve Fund	Total
Assets			
Cash and investments held by City Treasurer	$ 38,810,775	$ 750,000	$ 39,560,775
Property taxes (contributions) receivable	4,951,603	-	4,951,603
Interest receivable	165,843	-	165,843
Accounts receivable, net	12,987	-	12,987
Overpayment recoveries receivable	203,448	-	203,448
Prepaid expense	3,159	-	3,159
Capital assets			
Software	1,019,358	-	1,019,358
ROU asset - buildings	171,944	-	171,944
Accumulated depreciation and amortization	(1,059,747)	-	(1,059,747)
Net OPEB asset	24,079	-	24,079
Total assets	44,303,449	750,000	45,053,449
Deferred outflows of resources			
Deferred outflows - pensions	1,273,883	-	1,273,883
Deferred outflows - OPEB	61,649	-	61,649
Total deferred outflows	1,335,532	-	1,335,532
Liabilities			
Accounts payable	12,484,958	-	12,484,958
Compensated absences	1,865,675	-	1,865,675
Bonds payable	69,380	-	69,380
Interest payable	331,631	-	331,631
FPDR share of City PERS pension liability	1,975,746	-	1,975,746
Other liabilities	240,000	-	240,000
FPDR share of City other post-employment benefits	237,790	-	237,790
Total liabilities	17,205,180	-	17,205,180
Deferred inflows of resources			
Deferred inflows - pensions	1,466,050	-	1,466,050
Deferred inflows - OPEB	33,146	-	33,146
Total deferred inflows	1,499,196	-	1,499,196
Net Position			
Restricted for pensions	26,934,605	750,000	27,684,605
Total net position	$ 26,934,605	$ 750,000	$ 27,684,605

See accompanying notes to financial statements.

Fire and Police Disability and Retirement Funds
Statement of Changes in Plan Net Position
For the Year Ended June 30, 2022

	FPDR Fund	Reserve Fund	Total
Additions			
Contributions - funded by property taxes	$ 194,183,766	$ -	$ 194,183,766
Other contributions	324,670	-	324,670
Total employer contributions	194,508,436	-	194,508,436
Net investment earnings/(loss)	(1,371,551)	-	(1,371,551)
Total additions	193,136,885	-	193,136,885
Deductions			
Disability, retirement and medical benefits	174,400,174	-	174,400,174
Operating and administrative expenses	4,343,833	-	4,343,833
Total deductions	178,744,007	-	178,744,007
Change in net position	14,392,878	-	14,392,878
Net position - beginning	12,541,727	750,000	13,291,727
Net position - ending	$ 26,934,605	$ 750,000	$ 27,684,605

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund descriptions - The Fire and Police Disability and Retirement Fund (the FPDR Fund), a Trust Fund of the City of Portland, Oregon (the City), was established by adoption of Chapter 5 of the Charter of the City by the voters at the general election held November 2, 1948. The purpose of the FPDR Fund is to provide "for the benefit of the sworn employees of the Bureau of Fire, Rescue and Emergency Services (hereinafter Bureau of Fire) and the Bureau of Police of the City of Portland (hereinafter Bureau of Police) and for the benefit of the Surviving Spouses and Dependent Minor Children of deceased sworn employees" (Charter Section 5-101). The plan may only be amended by voters in the City of Portland, with some exceptions. Ten revisions have been passed by the voters since the creation of the plan in 1948. The most recent voter revision, comprised of eleven different plan amendments, was passed November 6, 2012.

The Fire and Police Disability and Retirement Reserve Fund (the Reserve Fund), a Trust Fund of the City of Portland, Oregon, is authorized under the provisions of Chapter 5, Section 5-104 of the Charter of the City. The purpose of the Reserve Fund is to provide a reserve from which advances can be made to the FPDR Fund in the event the latter fund is depleted to the extent it cannot meet its current obligations. The Reserve Fund maximum is established at $750,000 by the Charter and was fully funded at June 30, 2022.

The Bureau of Fire and Police Disability and Retirement, which administers the FPDR Funds, is a blended component unit of the City of Portland. A blended component unit, although a legally separate entity, is in substance part of the City's operations. The City is considered to be financially accountable for the FPDR Funds.

The FPDR Funds are reported as pension trust funds (fiduciary funds) in the Annual Comprehensive Financial Report of the City of Portland, Oregon, as required by accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of accounting - Financial reporting for the Funds is in accordance with the provisions of Governmental Accounting Standard Statement No. 67 (Statement 67): Financial Reporting for Pension Plans, along with other applicable Governmental Accounting Standards Board (GASB) standards.

The Funds' accounts are maintained on the accrual basis of accounting. Contributions are recognized as revenues within the Plan when the dedicated property tax that funds employer contributions is levied; other revenues are recognized in the period in which they are due. Expenses are reported in the period in which they are incurred.

Use of estimates - In preparing the Funds' financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from estimates.

Budget - The Funds' budget is developed as part of the budgeting process at the City, which is required by state law to budget all funds. State law further requires that total resources in each fund equal total expenditures and requirements for that fund. Appropriations lapse at fiscal year end. The City legally adopts its budget annually for all funds prior to July 1 through passage of an ordinance. The budget ordinance authorizes positions and establishes appropriations for the fiscal year by bureau, fund, and major categories of expenditures. The legal level of appropriation is established for bureau program expenses, interfund cash transfers, debt service and related expenditures, contingencies for each fund, and for the General Fund at the business area level. Bureau program expenses include the major object categories personnel services, materials and services, General Fund overhead, and capital outlay. The City budgets on the modified accrual basis of accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets may be modified during the fiscal year through different means. Bureau managers, without City Council's approval, may request a transfer of appropriations between line items within major object categories, provided transfers do not affect total appropriations. In addition, bureaus may transfer appropriations between major object categories with the permission of their Commissioner-in-Charge, provided the adjustments do not affect total appropriations. However, most appropriation transfers happen via one of the two supplemental Budget Monitoring Process ordinances approved by City Council each year, or the over-expenditure ordinance generally approved by City Council each June. Increases or decreases in total appropriations, including increases funded by a draw on fund contingency, and changes in total positions can only be approved by City Council. Bureaus are allowed to amend the budget via ordinance outside the Adopted Budget, Budget Monitoring, and over-expenditure processes with City Council approval. In addition, Oregon state law requires a formal supplemental budget to increase appropriations or transfer appropriations from a fund's operating contingency during the fiscal year. The supplemental budget process requires a public hearing and advance notice by newspaper publication prior to City Council approval.

Cash and investments - As the FPDR Plan is funded on a pay-as-you-go basis, the Funds have limited cash and investment assets, all of which are maintained in a cash and investment pool with other funds of the City. City Charter states that FPDR funds shall be in the care and custody of the City Treasurer; FPDR does not have separate investments or its own investment policy**.** The Funds' cash and cash equivalents are represented by participation in the City pool rather than specific, identifiable securities. Interest earned on pooled investments is allocated monthly based on the average participation of the funds in relation to total investments in the pool. It is not practical to determine the investment risk, collateral or insurance coverage for the FPDR Funds' share of these pooled investments. Information about the pooled investments, as well as disclosures of the legal and accounting provisions governing the City's management of cash and investments, can be found in the City's annual financial statements.

FPDR accounts for cash and investments in accordance with U.S. GAAP, which requires governmental entities, including governmental external investment pools, to report certain investments at fair value on the balance sheet and to recognize the corresponding change in the fair value of investments in the year in which the change occurred. Disclosures regarding risks associated with cash and investments are included in the City's financial statements.

Contributions funded with property taxes - Property taxes are recognized as receivables and revenues when levied. Property taxes become a lien against the property as of July 1 each year and are due in three installments on November 15, February 15 and May 15. Property taxes are due from property owners within the City of Portland.

Capital assets - FPDR classifies assets with an estimated useful life in excess of one year as capital assets. The FPDR Fund has two intangible capital assets. One is a database used to process participant-related payments and to track member and beneficiary information. The database is stated at cost, and depreciation is calculated on a straight-line basis over ten years (the estimated useful life of the software). The other is a right-of-use ("ROU") asset for a building lease, which recognition is new for the current fiscal year due to the implementation of GASB Statement No. 87 (Statement 87): Leases.

Leases - Leases are recognized in accordance with Statement 87. FPDR has one lease it holds as a lessee for its office space. A lessee is required to recognize a lease payable and an intangible right-to-use lease asset. A lease payable is recognized at the net present value of future lease payments, and is adjusted over time by interest and payments. Future lease payments include fixed payments, variable payments based on index or rate, and any reasonably certain residual guarantees. The right-to-use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement, and is subsequently amortized over the life of the lease in amounts equal to the annual payments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred outflows and inflows related to leases and any respective right-to-use assets are reported in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources. Under modified accrual accounting, lease payments are considered capital outlay and proceeds of lease contracts, and thereafter are recorded as principal and interest payments.

The FPDR Fund has chosen not to implement Statement 87 for the budgetary basis of accounting. For both the budgetary basis of accounting and for leases that do not meet the criteria for valuation under Statement 87, the Fund will report inflows of cash for lessor leases and outflows of cash for lessee leases.

Public Employees Retirement System (PERS) liability – All of the employees that provide services for the FPDR Fund are employees of the City of Portland and therefore are participants in PERS. Contributions to PERS are made by the City and have historically been made based on the annual required contribution. Such contributions are proportionally allocated to the FPDR Fund and charged to expense as funded. In conformance with GASB Statement No. 68 (Statement 68): Accounting and Financial Reporting for Pensions, the City has recognized a PERS liability for the fiscal year ended June 30, 2022; FPDR's share of this liability and related deferred inflows and outflows are reflected in FPDR's ending plan net position.

Deferred inflows and outflows - FPDR's share of the City PERS deferred inflows and outflows are included in FPDR's Statement of Plan Net Position. Deferred inflows represent an acquisition of net position that applies to a future period, and so will not be recognized as an inflow of resources (revenue) until that future period. Likewise, deferred outflows represent a consumption of net position that applies to a future period, and so will not be recognized as an outflow of resources (expense) until that future period. Deferred inflows and outflows of resources for PERS are comprised of several sources; each source is reflected as an actuarially determined balance in FPDR's financial statements. Deferred inflows derive from differences between the City's actual PERS contributions and the City's proportionate share of PERS contributions. Differences between expected and actual experience, differences between projected and actual earnings, changes in assumptions and employer proportion, and City contributions made subsequent to the measurement date constitutes deferred outflows. Both deferred inflows and outflows for PERS are amortized over a five-year period.

NOTE 2 - PLAN FEATURES A ND OTHER INFORMATION

Plan description - The City of Portland Fire and Police Disability, Retirement and Death Benefit Plan (the FPDR Plan or the Plan) is a single-employer, defined benefit plan for sworn employees of the Portland Police Bureau and Portland Fire and Rescue and their survivors. The plan is governed by the Board of Trustees (the FPDR Board), composed of the Mayor or Mayor's designee, two active members of the Fire and Police Bureaus and two citizens appointed by the Mayor and confirmed by the City Council. The Fire and Police member trustees are elected by the active members of the Fire Bureau and Police Bureau, respectively. The citizen trustees must have relevant experience in pension or disability matters. The Plan is administered by the Bureau of Fire and Police Disability and Retirement, led by the Fund Administrator.

The Plan's authority for vesting and benefit provisions is provided by Chapter 5 of the City Charter, which serves as the Plan document, and can be found at www.portland.gov/charter/5. Amendments require approval of the voters in the City of Portland. City Council may provide by ordinance any additional benefits that the City of Portland is required by law to extend to the members and may also change benefits by ordinance to maintain the Plan's tax-qualified status with the Internal Revenue Service. FPDR also publishes a Plan Summary, which can be found at www.portland.gov/fpdr/charter-and-administrative-rules.

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

A special property tax levy was approved by Portland voters as the resource for annual employer contributions. Under the Charter, the dedicated property tax must be set at a rate that will fund current year benefit payments and administrative expenses only. Therefore, the FPDR plan is not prefunded on an actuarial basis. City Charter specifies that the special property tax levy cannot exceed two and eight-tenths mills on each dollar of valuation ($2.80 per $1,000 of real market value) not exempt from such levy. As required by the Charter, the FPDR Board of Trustees estimates the amount of money required to pay and discharge all requirements of the FPDR Fund, exclusive of any loans, advances or revenues from other sources (such as interagency revenue and interest), for the succeeding fiscal year and submits this estimate to the City Council. The Council is required by Charter to annually levy a tax sufficient to fund the estimated expenses for the upcoming year provided by the FPDR Board. While the FPDR Fund has not experienced any funding shortfalls to date, future funding is dependent on the availability of property tax revenues and, in the absence of sufficient property tax revenues, City funds.

Participation and benefits - As of June 30, 2022, membership data related to the Plan was as follows:

	FPDR One	FPDR Two	FPDR Three	Total
Retirees, beneficiaries and participants with disabilities currently receiving pension or long-term disability benefits	283	1,667	-	1,950
Vested beneficiaries not yet in pay status				
Surviving spouses not yet eligible	-	-	-	-
Terminated employees	-	81	-	81
	-	81	-	81
Active members on short-term disability	-	21	10	31
Active members:				
Vested	-	699	-	699
Non-vested	-	-	-	-
Not in FPDR pension plan	-	-	724	724
Total active members	-	699	724	1,423

The FPDR Plan consists of three tiers, two of which are now closed to new employees. Fire and police personnel hired before January 1, 2013 generally became eligible for membership in the Plan immediately upon employment. Sworn personnel initially hired on or after January 1, 2013 are not eligible for membership until they have completed six months of service.

FPDR One, the original tier, and FPDR Two, created in 1990, are part of a single-employer, defined-benefit plan administered by the FPDR Board of Trustees. Active members (those not already retired or on long-term disability) enrolled in the Plan on July 1, 1990 were required to make an election as to whether they wished to fall under the provisions of the Plan as constituted prior to July 1, 1990 (FPDR One) or become subject to the new Plan provisions after June 30, 1990 (FPDR Two). FPDR One and FPDR Two are both closed to new entrants; FPDR Two closed to new entrants on January 1, 2007. As of June 30, 2022, there were 283 FPDR One members and 2,366 FPDR Two members and beneficiaries, as well as 81 former FPDR Two employees who are vested, but not yet receiving a pension benefit.

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

On November 7, 2006, voters in the City of Portland passed a measure that changed the retirement plan for new police officers and firefighters. Members hired after 2006 are FPDR Three members and enrolled in the Oregon Public Employees Retirement System (PERS), predominantly in the Oregon Public Service Retirement Plan (OPSRP) tier, for retirement benefits. New employees do not become members of PERS for six months unless they were previously members of PERS. The Bureaus of Police and Fire pay the employee and employer portions of PERS contributions, but are then reimbursed by the FPDR Fund through the interagency billing process; therefore, the dedicated FPDR tax levy funds FPDR Three PERS contributions as well as the FPDR Plan. FPDR Three PERS contributions are included in disability, retirement and medical benefits on FPDR's *Statement of Changes in Plan Net Position.* More information about the City's PERS liability can be found in the City's annual financial statements. FPDR Three members are covered by the FPDR Plan for disability, funeral and preretirement death benefits. As of June 30, 2022, there were 724 FPDR Three members. This does not include retired FPDR Three members, who remain eligible only for disability benefits (medical costs) arising from service or occupational claims approved before their retirement, and a one-time funeral benefit upon their death. Active FPDR Three members are covered for disability and preretirement death benefits.

FPDR One service-connected and occupational disability benefits are paid at 60% of top-step pay for a police officer or firefighter. Nonservice-connected disability benefits for FPDR One members are paid in the amount of the member's maximum earned pension, defined below, with a minimum payment of 20% of top-step pay for a police officer or firefighter.

The Plan provides for service-connected and occupational disability benefits for FPDR Two and Three members at 75% of the member's base pay, reduced by 50% of any wages earned in other employment, for the first year. After the first year, if the member is medically stationary and capable of substantial gainful activity, benefits are reduced to 50% of the member's base pay, and then further reduced by 25% of any wages earned in other employment. The minimum benefit is 25% of the member's base pay. The Plan also provides for nonservice-connected disability benefits at reduced rates of base pay after 10 years of service.

FPDR One retirement benefits are provided upon termination of employment on or after attaining age 50 (with 25 or more years of service) or 55 (with 20 years or more of service). Retirement benefits are paid to members at 2% of current top-step pay for a police officer or firefighter for each year of active service (up to 60%). Therefore, FPDR One members receive post-retirement benefit increases equal to increases in current top-step police officer or firefighter pay. FPDR One retirement benefits are increased, as necessary, on July 1 of each year. If increases in police officer or firefighter pay occur after July 1 in any given year, FPDR One beneficiaries receive the corresponding increase to their benefit on the following July 1, unless the mid-year increase was made retroactive to the prior July 1. FPDR One Fire pension benefits were increased by 1.6% on July 1, 2021 and 5.0% on July 1, 2022. FPDR One Police pension benefits did not increase immediately on July 1, 2021, but following ratification of a new Portland Police Association (PPA) contract in February 2022, they were increased retroactively to July 1, 2022 by 1.6%. FPDR One Police pension benefits were increased by another 7.0% on July 1, 2022. High-ranking FPDR One participants also receive a supplemental retirement benefit; these benefits are paid from the FPDR Fund but are authorized by a City ordinance and are not part of the Plan. The supplemental benefit payments totaled $114,198 to five retirees for the fiscal year ending June 30, 2022.

Effective July 1, 1990, the Plan was amended to provide a new tier. FPDR Two retirement benefits are payable upon termination of employment on or after attaining age 55, or on or after attaining age 50 if the member has 25 or more years of service. Members become 100% vested after five years of service. Benefits are paid to members at retirement using the following formula: 2.2% to 2.8% multiplied by years of service (30-year maximum); that product is multiplied by the highest one-year base pay the member received during the final three years of employment. The accrual rate of 2.2, 2.4, 2.6 or 2.8% is selected by the member at retirement; the rate determines the survivor benefit.

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

The City Charter allows the FPDR Board to grant postretirement benefit adjustments to FPDR Two members. The timing and amount of adjustments are at the Board's discretion, with the limitation that the percentage change in any one year may not exceed the highest percentage change granted to police and fire members of PERS for the same period (currently 2%). For both July 1, 2021 and July 1, 2022, the Board awarded the maximum, 2%, to all FPDR Two participants.

Additional pension benefits are mandated by Oregon Revised Statutes (ORS) for both FPDR One and FPDR Two members whose service began prior to July 14, 1995, and whose pension benefits are subject to Oregon income tax. The benefits are calculated as a percentage of the Plan benefits, using the higher of 9.89% times the member's percent of service prior to October 1991 (when Oregon began taxing local pension benefits), or 0% to 4% based on the member's total years of service. Surviving spouses receive the same percentage benefit as the member on their benefits, so long as the pension benefits remain subject to Oregon income tax.

Death benefits are paid to the surviving spouse or minor children of a member in a variety of circumstances, primarily the death after retirement of an FPDR One or Two member. A former spouse can also be treated as a surviving spouse in some situations if specified in a shared interest court-certified domestic relations order accepted by FPDR. Death benefits calculated as a percentage of base pay are also payable to a surviving spouse or minor children if the member dies from a service-connected or occupational injury or illness before retirement, regardless of vesting. Death benefits are also payable to a surviving spouse or minor children in the case of a non service-connected death before retirement if the member has sufficient service time as defined by the Plan.

Contributions - Under the Charter, annual employer contributions to the FPDR Plan are made in the amount of projected current year benefit payments and administrative expenses only. Annual employer contributions to PERS for FPDR Three members are a percentage of current year wages for those members. Employer contributions to both the FPDR Plan and PERS for FPDR Three members are funded by a special property tax levy, which cannot exceed two and eight-tenths mills on each dollar valuation ($2.80 per $1,000 of real market value) not exempt from such levy. In the event that funding is less than the required payments to be made in any particular year, the FPDR Fund could receive advances from the FPDR Reserve Fund first and other City funds second, to make up the difference. Repayment of advances, if any, would be made from the FPDR property tax levy in the succeeding year. For the year ended June 30, 2022, the actual imposed levy rate per $1,000 of real market value under the special property tax levy was $1.20, and the total revenue received from the levy (which is most of the City's employer contribution) was $194.2 million.

The FPDR Board periodically assesses the future availability of property tax revenues by ordering projections and simulations in connection with the actuarial valuation of the Plan. The most recent assessment was as of June 30, 2020. The analysis found that, under a wide range of simulated economic scenarios over the next 20 years, the future FPDR Fund levy would remain under $2.80 per $1,000 of real market value. The levy exceeded the $2.80 threshold in at least one year in fewer than 1% of modeled scenarios. This represents a slight decline from approximately 1% of modeled scenarios in the prior analysis as of June 30, 2018. Robust growth in real market values in the City's tax base over the last decade has made it unlikely the FPDR levy will ever be insufficient to fund benefits and expenses. The June 30, 2020 analysis extends through FY 2039-40. Plan costs peak in FY 2038-39 in nominal terms; the peak on an inflation-adjusted basis is in FY 2034-35.

Approximately 99% of employer contributions to the Plan are funded by property taxes. The remaining 1% is funded from pension and disability overhead charges assessed when third parties hire Portland police or fire services, subrogation revenue from disability claims, and other miscellaneous revenue, such as overpayment recoveries.

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

Employees do not contribute to the Plan. FPDR One members were previously required to contribute 7% of their base salary into the Plan. Effective July 1, 1990, members choosing to join the new FPDR Two tier were no longer required to make contributions into the Plan. All FPDR One members are now receiving retirement or long-term disability benefits and are no longer contributing.

Funding status - The following table shows the Funds' total pension liability and net pension liability for the FPDR Plan, as measured by the most recent biennial actuarial valuation, prepared by independent actuaries as of June 30, 2020 and rolled forward to June 30, 2022. These figures do not include the pension liability for FPDR Three members, who are covered by the PERS Plan. Similar information for PERS can be found in the City's annual financial statements.

	As of June 30,
Total pension liability	$ 3,772,502,576
Less plan net position	27,684,605
Net pension liability	$ 3,744,817,971
Plan net position as a percentage of total pension liability	0.73%

The ratio of the net pension liability to covered payroll is 2,354%. Covered payroll was $159.0 million for the fiscal year ended June 30, 2022. The plan net position is the net position of the FPDR Fund and the Reserve Fund, reported at approximate fair value. Employer contributions to the Plan for the year ended June 30, 2022 were $168.2 million. Employer contributions to the FPDR Fund were $26.3 million higher, but the $26.8 million used for PERS contributions for FPDR Three members, as well as a $0.50 million reduction in PERS contribution liability for FPDR Three member leave accruals, are excluded here as those expenses are not part of the benefit payments shown in the Schedule of Changes in Net Pension Liability and Related Ratios.

The net pension liability, as calculated in accordance with GASB Statement 67 (Statement 67): Financial Reporting for Pension Plans, decreased by $795.2 million between June 30, 2021 and June 30, 2022. The largest contributing factor was an increase in the discount rate – the June 30 value of the Bond Buyer General Obligation 20-Bond Municipal Bond Index (Bond Buyer Index) – from 2.16% on June 30, 2021 to 3.54% on June 30, 2022. The effect of this change in assumptions caused a decrease in the pension liability of $842.5 million.

Significant assumptions used to prepare the June 30, 2020 actuarial valuation and the June 30, 2022 roll forward are listed below. These assumptions were applied to all periods included in the measurement.

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

Discount rate	3.54%
Long-term expected rate of return, net of investment expense	N/A
Municipal bond rate	3.54%
Valuation date	June 30, 2020
Measurement date	June 30, 2022
Experience study date	June 30, 2019
Inflation	2.25%
Projected salary increases, including inflation	3.25%
Post-retirement benefit increases	
FPDR One	3.25%
FPDR Two	Blend 2.00%/1.75%
Mortality	

Pub-2010 tables, generationally projected using Unisex Social Security Data Scale.

Healthy Retirees: Healthy Public Safety Retiree, set back 0 months for males and 12 months for females.

Beneficiaries: Healthy General Employees Retiree, set back 12 months for males and 0 months for females.

Disabled retirees: Disabled Retiree, blended 50% Public Safety/50% Non-Safety, no set backs.

Active members: Healthy Public Safety Employee, set back 0 months for males and 12 months for females.

Actuarial cost method	Entry Age Normal

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

Many assumptions used in the actuarial valuation are based on an experience study of the FPDR Plan completed with data from July 1, 2014 – June 30, 2019. The June 30, 2020 valuation was the first to reflect updated assumptions arising from the June 30, 2019 plan experience study, which can be found at this link, under Reports: https://www.portland.gov/fpdr/budget-reports.

The projected salary increases above are for members who have reached the top pay step of their job classification, which occurs after no more than five years in the Fire Bureau and no more than eight years in the Police Bureau. Those who have not reached the final pay step of their position have projected annual salary increases ranging up to 21.75%, as detailed in the actuarial valuation report. Pre-retirement withdrawal rates are now projected separately for the Fire and Police Bureaus, to reflect the Police Bureau's higher withdrawal incidence. For police officers, 15% are projected to withdraw in the first year of employment and 7.5% in the second year, as compared with 10% in the first year and 1% in the second year for firefighters. It is now projected that 25% of Fire members and 45% of Police members retire between ages 50 and 55, and that all members retire by age 65. (In prior valuations, it was assumed that all Fire members would retire by age 60.) For the first time, the June 30, 2020 valuation also assumes different retirement rates for those with less than 25 years of service who are eligible to retire based on age; previously, retirement rates were based on age only. The assumption that 65% of members will retire in a "27 pay date month," when the final pay used to calculate pensions will include 27 pay periods rather than the usual 26, is unchanged from earlier valuations. The June 30, 2020 valuation assumes that 80% of retirees choose the lowest survivor benefit option. It further presumes that 70% of retirees will have a surviving spouse at death, a decrease from 80% in previous valuations. The valuation projects that 70% of beneficiaries live in Oregon, for purposes of determining eligibility for the additional pension benefit provided in ORS to those subject to Oregon income tax. This is a reduction from an 80% assumption in prior valuations. Medical expenses for disability claims approved before member retirement are calculated as a liability load: 0.65% of projected pension payments. This percentage is identical to that used in earlier liability calculations.

The discount rate is equal to the June 30 value each year of the Bond Buyer Index. The Bond Buyer Index is used to approximate a low-risk rate of return in accordance with Statement 67 requirements. It includes 20 general obligation bonds maturing in 20 years with an average rating of approximately Aa2 (Moody's Investor Services) or AA (Standard and Poor's). As a pay-as-you-go plan, the FPDR Funds have negligible current assets, all of which are cash or short-term investments. It was therefore determined that the discount rate should be based exclusively on a high-quality municipal bond index rather than a blended discount rate that would include the bond rate as well as the long-term expected rate of return on the Funds' assets.

The following table illustrates the net pension liability's sensitivity to the discount rate assumption. If a 4.54% discount rate had been used instead of 3.54%, the net pension liability as of June 30, 2022 would have been $470.1 million, or 13%, lower. If a 2.54% discount rate had been used, the net pension liability as of June 30, 2022 would have been $583.7 million, or 16%, higher.

	1% Decrease 2.54%	Current Discount Rate 3.54%	1%,Increase 4.54%
Total pension liability	$ 4,356,239,068	$ 3,772,502,576	$ 3,302,372,758
Less plan net position	27,684,605	27,684,605	27,684,605
Net pension liability	$ 4,328,554,463	$ 3,744,817,971	$ 3,274,688,153

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

It should be noted that the net pension liability, plan net position as a percentage of total pension liability and the ratio of the net pension liability to covered payroll are measures typically used to gauge the financial health of prefunded plans. Since the FPDR plan is a pay-as-you-go plan funded with a dedicated property tax, the critical measure of the plan's financial health is whether this property tax will ever be insufficient to fully cover plan expenditures, as discussed above in the Contributions section.

Other assets **-** In addition to cash and short-term investments, the FPDR Fund's assets include receivables, two capital assets and an OPEB asset. The Fund's largest receivable is property taxes due but not received at the close of the fiscal year. For the fiscal year ended June 30, 2022, contributions receivable from property taxes are $5.0 million. The City OPEB asset has been valued in accordance with GASB Statement No. 75: Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. FPDR's prorated share of that amount is $24,079. FPDR's capital assets include a software database with a net value of $133,555 on June 30, 2022. The database is being depreciated over 10 years. Also included in capital assets is a right-of-use asset for a building lease, resulting from the implementation of GASB Statement No. 87 (Statement 87) in fiscal year ending June 30, 2022. At implementation, the originally recognized value was $160,885 with an addition of $11,059 for a total of $171,944, which was entirely amortized by June 30, 2022. A new lease was signed on July 1, 2022. Further discussion regarding the new lease agreement can be found in Note 6, Subsequent Events.

Other liabilities – Outside of accounts payable, which is almost entirely for the June 2022 pension benefit payable on July 1, the FPDR Fund has the following, other significant liabilities.

The first is the Fund's share (for FPDR employees only) of the City of Portland's liability in Oregon PERS and the City's internal OPEB plan. GASB Statements 68 and 75 were used to value the City's PERS and OPEB liability. As of June 30, 2022, FPDR's prorated share of these liabilities is $2.0 million and $0.2 million respectively. In the fiscal year ended June 30, 2000, the City issued pension obligation bonds and deposited the proceeds, which were in excess of the City's annual required contribution, with the PERS plan. In compliance with Statement 68, these excess contributions reduce the City's proportional share of the PERS liability.

The second liability is FPDR's share of pension obligation bonds issued by the City of Portland in 1999 to finance its estimated unfunded accrued actuarial liability (UAAL) with PERS and to pay costs related to the financing of the UAAL, including capitalized interest and costs of issuance. Total bonds issued were $300.8 million. The interest rate on the $39.68 million of fixed rate 1999 Series C bonds was 7.93% on June 30, 2022. The debt is allocated to the FPDR Fund (for FPDR employees only), as well as to the general government, enterprise and internal service funds, for these funds to recognize their appropriate share of the indebtedness. The FPDR Fund's share of this indebtedness, as determined by the FPDR Fund's weighted average contribution to PERS in the fiscal year ended June 30, 1999, is $69,380 at June 30, 2022.

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

The FPDR Fund's share of the bonds payable transactions for the year ended June 30, 2022 are as follows:

	Outstanding June 30, 2021	Bonds Allocated	Bonds Matured and Paid During Year	Outstanding June 30, 2022
Oregon Public Employees Retirement System Bonds ("PERS Pension Bonds")	$ 131,256	$ -	$ 61,876	$ 69,380

Future maturities of bond principal and interest at June 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 11,094	$ 58,213	$ 69,307
2024	10,675	61,403	72,078
2025	10,271	64,691	74,962
2026	9,882	68,079	77,961
2027	9,508	71,565	81,073
2028-2032	17,950	154,066	172,016
	$ 69,380	$ 478,017	$ 547,397

The FPDR Fund leases its office space under a noncancelable building lease with a third party. The liability related to this lease was initially recognized on July 1, 2021, with the adoption of Statement 87, in the amount of $160,885 as a qualified lease. When the lease agreement expired as of April 30, 2022, the related payable was fully amortized. Thereafter, the lease agreement became a month-to-month agreement, until a new lease was signed (see Note 6, Subsequent Events for more detail). At the time of implementation, there were ten months left in the lease term, with an interest rate of 1.32%.

Lease payable activity as of June 30, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Building	$ 160,885	$ 11,059	$ (171,944)	$ -

Variable payments related to the lease agreement which is qualified under Statement 87 are not included in the measurement of the lease liability. Variable payments related to qualified leases for the fiscal year ended June 30, 2022 are as follows:

Rental credits	(23,487)
Variable rent	2,228
	$ (21,259)

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

Finally, as of June 30, 2022, FPDR has booked $1.9 million for compensated absences payable. This includes leave earned but not yet paid for FPDR employees, as well as the future PERS contributions payable on leave earned but not yet paid for FPDR Three members at the Fire and Police Bureaus.

Commitments and contingencies - The FPDR Fund is involved in various claims and legal actions in the normal course of business. As of June 30, 2022, there are no claims against the Fund for $50,000 or more, and no claims involving lesser amounts that might exceed $50,000 in the aggregate.

COVID-19 Impacts and Risks - The FPDR Fund has been only minimally impacted by the pandemic and associated economic events. The sole direct fiscal impact that remained important for the fiscal year ended June 30, 2022 was continuing high disability costs for sworn employees. Many more sworn employees than usual have been required to miss work because of COVID infections, exposures and – relatively new this year – vaccine side effects. Short-term time loss benefits (wage replacement benefits) averaged $1.6 million annually over the five fiscal years before the pandemic. For the fiscal year ended June 30, 2022 they were $2.7 million, nearly the same as in the fiscal year ended June 30, 2021. Unfortunately this pandemic-related fund expense has yet to abate. On the other hand, most COVID claims have been of short duration and had few medical costs. Disability costs arising from COVID are expected to decline next year as the pandemic becomes less severe and quarantine requirements are reduced or eliminated. In addition, emergency FPDR administrative rules that made it simpler to qualify for service-connected disability benefits for COVID than most other illnesses expired on September 27, 2022.

Property taxes, which underwrite nearly all FPDR costs, have proven a stable resource during the pandemic. Portland property values have continued to grow throughout the pandemic, albeit at a slower rate. Regardless, Oregon's unusual property taxation system – in which there is a wide divergence between real market value and assessed value for most properties – means that real market values would have to fall very substantially before impacting tax collections. Nonpayment of taxes by distressed households and businesses has been a greater concern. FPDR management grossed up the 2020 FPDR tax levy by 6.0% to account for potentially higher delinquencies than usual. When this proved too high, management grossed up the 2021 tax levy by a more modest 5.3%, although the Portland City Economist expected property tax delinquencies to be worse for 2021 because of a downturn in the commercial real estate market, particularly downtown. In the event, a 5.3% delinquency assumption may have been too high yet again, as 2021 FPDR property taxes came in $3.2 million or 1.7% above budget. The assumed delinquency rate for 2022 property taxes has been reduced to 4.3%, a historically typical rate.

Those FPDR employees who were not already working in the office some of the time began doing so in April 2022. The FPDR offices were re-opened to the public in June 2022. In-person retirement appointments and retirement workshops have also resumed. Going forward, most or all FPDR employees will work a hybrid office/remote schedule, which has allowed FPDR to downsize its physical office and save approximately $50,000 annually in lease expenses. The technical changes required to work effectively in a hybrid environment have been made and all operations and member services are functioning smoothly. No significant changes to internal control processes or approval methods were necessary to accommodate hybrid work.

NOTE 3 - SHORT-TERM DEBT

During the year ended June 30, 2022, the FPDR Fund borrowed $38.5 million in tax anticipation notes. These notes were borrowed to cover fund expenditures from the beginning of the fiscal year until property taxes were collected. There was no outstanding balance as of June 30, 2022.

	Beginning Balance	Additions	Reductions	Ending Balance
Tax anticipation notes	$ -	$ 38,542,500	$ (38,542,500)	$ -

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS

Other postemployment benefits (OPEB) for the FPDR Fund consist of two components: an implicit rate subsidy for its retired staff's Health Insurance Continuation premiums and a contribution to the State of Oregon's Public Employees Retirement System (PERS) cost-sharing, multiple-employer defined benefit plan. All OPEB costs are associated with retired staff. Neither retired nor active members receive FPDR-paid medical benefits other than those associated with an approved pre-retirement disability claim (see Note 2, Plan Features and Other Information). Since numbers are not available for the FPDR Fund as a separate entity, the numbers below are those of the City as a whole, unless specifically identified.

Health Insurance Continuation

Plan description & benefits provided - As part of the City of Portland, the FPDR Fund has a Health Insurance Continuation (HIC) option available for most groups of retirees. It is a substantive postemployment benefit plan offered under Oregon Revised Statutes (ORS). ORS 243.303 requires the City provide retirees and their dependents with an opportunity to participate in group health and dental insurance from the date of retirement to age 65. The rate is calculated using claim experiences from retirees and active employees for health plan rating purposes. Providing the same rate to retirees as provided to current employees constitutes an implicit rate subsidy for OPEB. This single-employer "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

Employees covered by benefit terms - At June 30, 2022, the following employees were covered by the benefit terms:

Retirees & spouses benefitting from HIC benefits	822
Active employees	5,659
	6,481

Total OPEB liability - The City's total HIC OPEB liability of $124,020,407 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial assumptions and other inputs - The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Inflation	2.10%
Salary increases	1.35%, weighted average
Discount rate	2.20%
Healthcare cost trend rates	4.50% - 6.70%
Retiree's share of benefit-related costs	21% of estimated HIC costs

The discount rate was based on an assumed municipal bond rate of 2.16%.

Post-Retirement Mortality used is based on Pub-2010 Base Tables, with Generational Projection using Unisex Social Security Data Scale. Active mortality used is based on Pub-2010 Base Tables, with Generational Projection using Unisex Social Security Data Scale.

The actuarial assumptions used in the June 30, 2021 valuation report were based on the actuarial valuation assumptions from the December 31, 2020 valuations of the Oregon PERS and OPERS retirement plans.

Changes in Total Liability

	Total OPEB Liability
Balance at 6/30/2021	$ 95,637,643
Changes for the year:	
Service cost	3,864,161
Interest	2,127,683
Actual experience	1,054,522
Changes of assumptions	26,944,778
Benefit payments	(5,608,380)
Net Changes	28,382,764
Balance at 6/30/2022	$ 124,020,407

Changes of assumptions reflect healthcare increases that were higher than assumed in the prior valuation, an increased participation rate from 37% to 52%, and several assumption changes from the previous valuation including the rates of retirement, termination, disability, salary scale, and mortality.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (1.20%)	Discount Rate (2.20%)	1% Increase (3.20%)
Total OPEB liability	$ 136,127,564	$ 124,020,407	$ 113,214,845

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare trend rates:

	Healthcare Cost Trend Rates (5.70% - decreasing to 3.50%)	Healthcare Cost Trend Rates (6.70% - decreasing to 4.50%)	Healthcare Cost Trend Rates (7.70% - decreasing to 5.50%)
Total OPEB liability	$110,120,217	$124,020,407	$140,473,747

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB - For the year ended June 30, 2022, the City recognized an OPEB expense of $7,528,777. At June 30, 2022, the City reported deferred inflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows / (Inflows) of resources
Difference between Actual and Expected Experience	$ 4,508,440	$ -	$ 4,508,440
Changes of Assumptions	31,031,019	16,824,939	14,206,080
Subtotal	35,539,459	16,824,939	18,714,520
Contributions after Measurement Date	5,772,375	-	5,772,375
Total	$ 41,311,834	$ 16,824,939	$ 24,486,895

$5.8 million reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recongnized as a reduction of the net OPEB liability in the year ending June 30, 2023.

Amounts reported as deferred outflows or deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year End June 30:	Amount
2023	$ 1,536,933
2024	1,536,933
2025	2,305,899
2026	2,799,199
2027	4,250,788
Thereafter	6,284,768
Total	$ 18,714,520

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS (continued)

OPERS Retirement Health Insurance Account

Plan description - The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. ORS 238.420 established this trust fund and authorizes the Oregon Legislature to establish and amend the benefit provisions. PERS issues a publicly available financial report that includes financial statements and required supplementary information which can be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, telephone (503) 598-7377 or by URL: https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx

Benefits provided - RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible employees. ORS require that an amount equal to $60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the City, and any monthly cost in excess of $60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. The plan is closed to new entrants after January 1, 2004.

Contributions - Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. Participating cities are contractually required to contribute to RHIA at a rate assessed each year by PERS. The City's contractually required contribution rate for the year ended June 30, 2022 was 0.05% of the covered payroll for Tier 1/Tier 2 employees, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year. Contributions to the OPEB plan from the City were $95,872 for the year ended June 30, 2022. Employees are not required to contribute to the OPEB plan.

OPEB assets, liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB - At June 30, 2022, the City reported an asset of $9,347,697 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation date as of December 31, 2019. The City's proportionate share of the RHIA net OPEB asset has been determined based on the City's contributions to the RHIA program (as reported by PERS) during the Measurement Period ending on the corresponding Measurement Date. The City's proportionate share at June 30, 2021 and June 30, 2022 was 1.19705914% and 2.72209700%, respectively.

City of Portland:	Net OPEB Asset	Allocation
Governmental activities	$ 7,441,086	79.6%
Business-type activities	1,769,363	18.9%
Government-wide	9,210,449	98.5%
Fiduciary Fund: Fire and Police Disability and Retirement Fund	24,079	0.3%
Component Unit: Prosper Portland	113,169	1.2%
	$ 9,347,697	100.0%

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS (continued)

For the year ended June 30, 2022, the City recognized OPEB income of $1,203,083. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources	Net Deferred Outflow/(Inflows) of Resources
Difference between expected and actual experience	$ -	$ (260,070)	$ (260,070)
Changes of assumptions	183,926	(139,059)	44,867
Net difference between projected and actual earnings on investments	-	(2,221,508)	(2,221,508)
Changes in proportionate share	1,341,388	(1,876,141)	(534,753)
Total (prior to post-measurement date contributions)	1,525,314	(4,496,778)	(2,971,464)
City contributions made subsequent to measurement date	95,872	-	95,872
Net deferred outflow / (inflows) of resources	$ 1,621,186	$ (4,496,778)	$ (2,875,592)

$95,872 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows/(Inflows) of Resources				
Fiscal Year Ending June 30,	Differences between Expected and Actual Experience	Changes of Assumptions	Net Difference between Projected and Actual Earnings on Investments	Changes in Proportionate Share	Net Deferred Outflow/(Inflows) of Resources
2023	$ (209,965)	$ (30,867)	$ (538,857)	$ 235,286	$ (544,403)
2024	(50,105)	75,734	(473,731)	(770,039)	(1,218,141)
2025	-	-	(507,175)	-	(507,175)
2026	-	-	(701,745)	-	(701,745)
2027	-	-	-	-	-
	$ (260,070)	$ 44,867	$ (2,221,508)	$ (534,753)	$ (2,971,464)

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense/(income) as follows:

Year Ended June 30,		
2023	$	(544,403)
2024		(1,218,141)
2025		(507,175)
2026		(701,745)
2027		-
Total	$	(2,971,464)

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial methods and assumptions - The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation date	December 31, 2019
Measurement date	June 30, 2021
Experience study	2018, published July 24, 2019
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 %
Long-term expected rate of return	6.90 %
Discount rate	6.90 %
Projected salary increases	3.40 %
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality	*Healthy retirees and beneficiaries:* Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. *Active members:* Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. *Disabled retirees:* Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Discount rate - The discount rate used to measure the total OPEB liability at June 30, 2021 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Depletion Date Projection - GASB 74 generally requires that a blended discount rate be used to measure the Total OPEB Liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5	37.5	32.5
Private Equity	14.0	21.0	17.5
Real Estate	9.5	15.5	12.5
Alternative Equity	7.5	17.5	15.0
Opportunity Portfolio	-	5.0	-
Risk Parity	-	2.5	2.5
Total			100.0%

Long-Term Expected Rate of Return - To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Global Equity	30.6%	5.9%
Private Equity	25.5	7.7
Core Fixed Income	23.8	2.7
Real Estate	12.3	5.7
Master Limited Partnerships	0.8	5.7
Infrastructure	1.5	6.3
Commodities	0.6	3.1
Hedge Fund of Funds - Multistrategy	1.3	5.1
Hedge Fund Equity - Hedge	0.6	5.3
Hedge Fund - Macro	5.6	5.1
US Cash	(2.50)	1.8
Assumed Inflation - Mean		2.4%

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Sensitivity of the City's proportionate share of the net OPEB asset to changes in the discount rate **-** The following presents the City's proportionate share of the net OPEB liability/(asset), as well as what the District's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.9%).

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net OPEB liability (asset)	$ (8,266,666)	$ (9,347,697)	$ (10,271,157)

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a $60 monthly payment toward Medicare companion insurance premiums. Consequently, disclosure of a healthcare cost trend analysis is not applicable.

OPEB plan fiduciary net position **-** Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPERS financial report.

Aggregate net OPEB liability/asset, pension expense, and net deferred outflow/inflow of resources related to OPEB - The tables below present the aggregate balance (in millions) of the City's net OPEB liability/(asset), OPEB expense, and net deferred inflows and outflows as of June 30, 2022:

	Deferred Outflow/(Inflow) of Resources - OPEB	Net OPEB Liability/(Asset)	OPEB Expense/(Income)
RHIA	$ (2,875,592)	$ (9,347,697)	$ (1,203,083)
HIC	24,486,895	124,020,407	7,528,777
Total	$ 21,611,303	$ 114,672,710	$ 6,325,694

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

State of Oregon Public Employees Retirement System

Plan description **-** Civilian City employees and all sworn fire and police personnel hired after December 31, 2006 are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan in accordance with Oregon Revised Statutes Chapter 238, Chapter 23A, and Internal Revenue Service Code Section 401(a).

OPERS prepares their financial statements in accordance with generally accepted accounting principles as promulgated by the GASB. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal requirements. Benefits and withdrawals are recognized when they are currently due and payable in accordance with the terms of the plan. Investments are recognized at fair value, the amount that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. OPERS issues a publicly available financial report that can be obtained at: http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPSRP is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

The 1995 Legislature created a second tier of benefits for those who became OPERS Program members after 1995, but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee.

Beginning January 1, 2004, all employees who were active members of OPERS became members of the OPSRP IAP Program. OPERS plan member contributions (the employee contribution, whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. OPERS plan members retain their existing OPERS accounts; however, member contributions after January 1, 2004 are deposited in the member's IAP, not into the member's OPERS account.

On November 7, 2006, voters in the City of Portland passed a measure that took effect January 1, 2007. All police officers and firefighters hired on or after January 1, 2007 are now enrolled in OPERS instead of the City's Fire and Police Disability and Retirement (FPDR) Fund for retirement purposes. They remain under the City's FPDR plan for disability payments.

Benefits provided under ORS 238 - Tier One / Tier Two

Pension Benefits **-** The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years, or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General Service employees may retire after reaching age 55, Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits **-** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- Member was employed by a PERS employer at the time of death,
- Member died within 120 days after termination of PERS-covered employment,
- Member died as a result of injury sustained while employed in a PERS-covered job, or

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

- Member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits **-** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes after Retirement - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360, monthly benefits are adjusted annually through a cost-of-living adjustment (COLA). The COLA is capped at 2.0%.

Benefits provided under Chapter 238A - OPSRP Pension Program

Pension Benefits - The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

> *Police and Fire:* 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement. Reduced retirement benefits are available at age 50 to fire and police OPSRP members.
>
> *General Service:* 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits **-** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

Disability Benefits - A member who has accrued 10 or more years of retirement credits before the member becomes disabled, or a member who becomes disabled due to job-related injury, shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes after Retirement **-** Under ORS 238.360 monthly benefits are adjusted annually through a cost-of-living adjustment (COLA). The COLA is capped at 2.0%.

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Funding Policy - PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

The City elected to finance its December 31, 1997 unfunded actuarial accrued liability to receive a lower employer contribution rate of covered employee's salaries. Proceeds of the 1999 Series C, D, & E Bonds were used to finance all of the estimated UAAL of the City with OPERS as of December 31, 1997. As of June 30, 2022, only Series C is outstanding. The debt is recorded on the government-wide statements in the Annual Comprehensive Financial Report of the City of Portland, Oregon, and is allocated to both governmental and business-type activities. Ultimately this debt is viewed as being an obligation of the general government.

Contributions - PERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary.

The City's employer contributions for the year ended June 30, 2022 were $101.8 million, excluding amounts to fund employer-specific liabilities. The contribution rates in effect for the fiscal year ended June 30, 2022 for each pension program were: Tier1/Tier 2 – 22.35%, OPSRP general service – 18.36%, and OPSRP uniformed – 22.72%. Pension expense for the year was $92.8 million.

Pension Asset (Liability) and Related Deferred Inflows and Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 and rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on the City's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. References to the City of Portland, as the Reporting entity, include the City's fiduciary fund and component unit. At June 30, 2022, the City's proportion of OPERS net pension liability was 4.54010000%.

The City's net pension liability as the Reporting entity was allocated based on contributions by activity:

City of Portland:	Net Pension Liability	Allocation
Governmental activities	$ 395,017,866	72.71%
Business-type activities	135,882,938	25.01
Government-wide	530,900,804	97.72
Fiduciary Fund: Fire and Police Disability and Retirement Fund	1,975,746	0.36
Component Unit: Prosper Portland	10,412,633	1.92
	$ 543,289,183	100.00%

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

For the year ended June 30, 2022, the Reporting entity recognized pension expense of $92.8 million. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/ (Inflows) of Resources
Differences between expected and actual experience	$ 50,855,419	$ -	$ 50,855,419
Changes of assumptions	136,001,641	1,429,808	134,571,833
Net difference between projected and actual earnings on investments	-	402,192,773	(402,192,773)
Changes in proportionate share	74,978,060	803,018	74,175,042
Differences between City contributions and proportionate share of contributions	119,285	22,855,437	(22,736,152)
Total (prior to post-measurement date contributions)	261,954,405	427,281,036	(165,326,631)
City contributions made subsequent to measurement date	101,770,889	-	101,770,889
Net deferred outflow / (inflows) of resources	$ 363,725,294	$ 427,281,036	$ (63,555,742)

$101.8 million reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported by the City as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in subsequent years as follows:

	Deferred Outflow of Resources				
Fiscal Year Ending June 30,	Differences between Expensed and Actual Experience	Changes of Assumptions	Changes in Proportionate Share	Differences between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflow of Resources
2023	$ 17,110,079	$ 45,134,823	$ 22,614,079	$ 99,405	$ 84,958,386
2024	15,686,740	29,486,928	22,614,079	19,880	67,807,627
2025	9,940,113	25,574,954	15,577,502	-	51,092,569
2026	6,097,499	25,574,954	10,526,258	-	42,198,711
2027	2,020,988	10,229,982	3,646,142	-	15,897,112
Total	$ 50,855,419	$ 136,001,641	$ 74,978,060	$ 119,285	$ 261,954,405

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

	Deferred Inflows of Resources					
Fiscal Year Ending June 30,	Changes in Proportionate Share	Changes of Assumptions	Differences between Employer and Proportionate Share of Contributions	Net Difference between Projected and Actual Earnings on Investments	Total Deferred Inflows of Resources	Net Deferred Outflow/(Inflows) of Resources
2023	$ 724,467	$ 433,275	$ 6,990,665	$ 96,913,772	$ 105,062,179	$ (20,103,793)
2024	78,551	433,275	6,935,037	84,285,043	91,731,906	(23,924,279)
2025	-	433,275	5,272,859	92,190,932	97,897,066	(46,804,497)
2026	-	129,983	2,856,992	128,803,026	131,790,001	(89,591,290)
2027	-	-	799,884	-	799,884	15,097,228
Total	$ 803,018	$ 1,429,808	$ 22,855,437	$ 402,192,773	$ 427,281,036	$ (165,326,631)

Amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense/(income) as follows:

Year Ended June 30,	
2023	$ (20,103,793)
2024	(23,924,279)
2025	(46,804,497)
2026	(89,591,290)
2027	15,097,228
Total	$ (165,326,631)

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Actuarial Methods and Assumptions

***Actuarial Valuations* -** The employer contribution rates effective July 1, 2021 through June 30, 2023 were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2019
Measurement date	June 30, 2021
Experience study	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.40%
Long-term expected rate of return	6.90%
Discount rate	6.90%
Projected salary increases	3.40%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
Mortality	Healthy retirees and beneficiaries:
	Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
	Active Members:
	Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
	Disabled Retirees:
	Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

The actuarial valuation calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions for the current reporting year are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

***Discount Rate* -** The discount rate used to measure the total pension liability was 6.90% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members, and those of the contributing employers, are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Depletion Date Projection - GASB Statement No. 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

Assumed Asset Allocation

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5	37.5	32.5
Private Equity	14.0	21.0	17.5
Real Estate	9.5	15.5	12.5
Alternatives Portfolio	7.5	17.5	15.0
Opportunity Portfolio	-	5.0	-
Risk Parity	-	2.5	2.5
Total			100.0%

Long-Term Expected Rate of Return - To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Asset Class	Target	Compound Annual Return (Geometric)
Global Equity	30.6%	5.9%
Private Equity	25.5	7.7
Core	23.8	2.7
Real Estate	12.3	5.7
Master Limited Partnerships	0.8	5.7
Infrastructure	1.5	6.3
Commodities	0.6	3.1
Hedge Fund of Funds - Multistrategy	1.3	5.1
Hedge Fund Equity - Hedge	0.6	5.3
Hedge Fund - Macro	5.6	5.1
US Cash	-2.5	1.8
Assumed Inflation - Mean		2.4%

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net OPEB liability (asset)	$ 1,066,889,993	$ 543,289,183	$ 105,225,346

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report. The effect of OPERS on the City's net position has been determined on the same basis used by OPERS.

Changes in Assumptions - A summary of key changes implemented since the December 31, 2019 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the System, which was published in July 2021, and can be found at: https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf

Allocation of Liability for Service Segments - For purposes of allocating Tier One/Tier Two member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier One/Tier Two population. For the December 31, 2018 and December 31, 2019 valuations, the Money Match was weighted 10% for General Service members and 0% for Police & Fire members, based on a projection of the proportion of the liability attributable to Money Match benefits at those valuation dates. The December 31, 2020 allocation is 10% (0% for police & fire) based on account balance with each employer and 90% (100% for police & fire) based on service with each employer. The entire normal cost is allocated to the current employer.

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Changes in Economic Assumptions:

Administrative Expenses - The administrative expense assumptions were updated to $59.0 million per year and allocated between Tier One/Tier Two and OPSRP. Previously these were assumed to be $37.5 million per year and $6.5 million per year, respectively.

Healthcare Cost Inflation - The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries. Given the substantial uncertainty regarding the impact of COVID-19 on plan costs, no adjustment was made in the expected plan costs or in the trend assumptions.

Changes in Demographic Assumptions:

Healthy Mortality - The healthy mortality base tables were updated to Pub-2010 generational Healthy Retiree mortality tables with group-specific job category and setback adjustments. Previously they were based on RP-2014 generational Disabled Retiree mortality tables.

Disabled Mortality - The disabled mortality base tables were updated to Pub-2010 generational Disabled Retiree mortality tables with group-specific job category and setback adjustments. Previously they were based on RP-2014 generational Disabled Retiree mortality tables.

Non-Annuitant Mortality - Non-annuitant mortality base tables were updated to Pub-2010 generational mortality tables with the same group-specific job category and setback adjustments as for healthy annuitants, and with an additional scaling factor adjustment for certain subgroups. Previously they were based on RP-2014 generational Employee mortality tables with the same group-specific collar and setback adjustments as for healthy annuitants.

Defined Contribution Plan – Individual Account Program (IAP):

Pension Benefits - Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5, 10, 15, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

Death Benefits - Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions - The City has chosen to pay the employees' contributions to the plan. 6% of covered payroll is paid for general service employees and 9% of covered payroll is paid for firefighters and police officers. For fiscal year 2022 the City paid $26.9 million.

Recordkeeping - OPERS contracts with VOYA Financial to maintain IAP participant records.

NOTE 6 - SUBSEQUENT EVENTS

On July 7, 2022 FPDR issued tax anticipation notes for $28.0 million with a true interest cost of 1.89 percent. The notes are due for repayment on January 31, 2023. The principal and interest rates were locked in through a loan commitment agreement entered into on June 8, 2022.

In July 2022, FPDR entered into a new operating lease with a third party for office space. FPDR's previous lease expired on July 31, 2022 and bureau leadership chose to contract for a smaller and less expensive space in the same office building, given the expected continuation of hybrid remote-office work for most FPDR employees. The lease is noncancelable and expires on November 30, 2027. The liability and right-of-use asset related to this lease were initially recognized in August 2022, in the amount of $957,213, as a qualified lease. This five-year lease term is at an interest rate of 2.35%. Annual payments in future years range from $163,320 to $197,668. The first year includes a five-month rent abatement period. In addition, variable operating and maintenance payments may be due each year.

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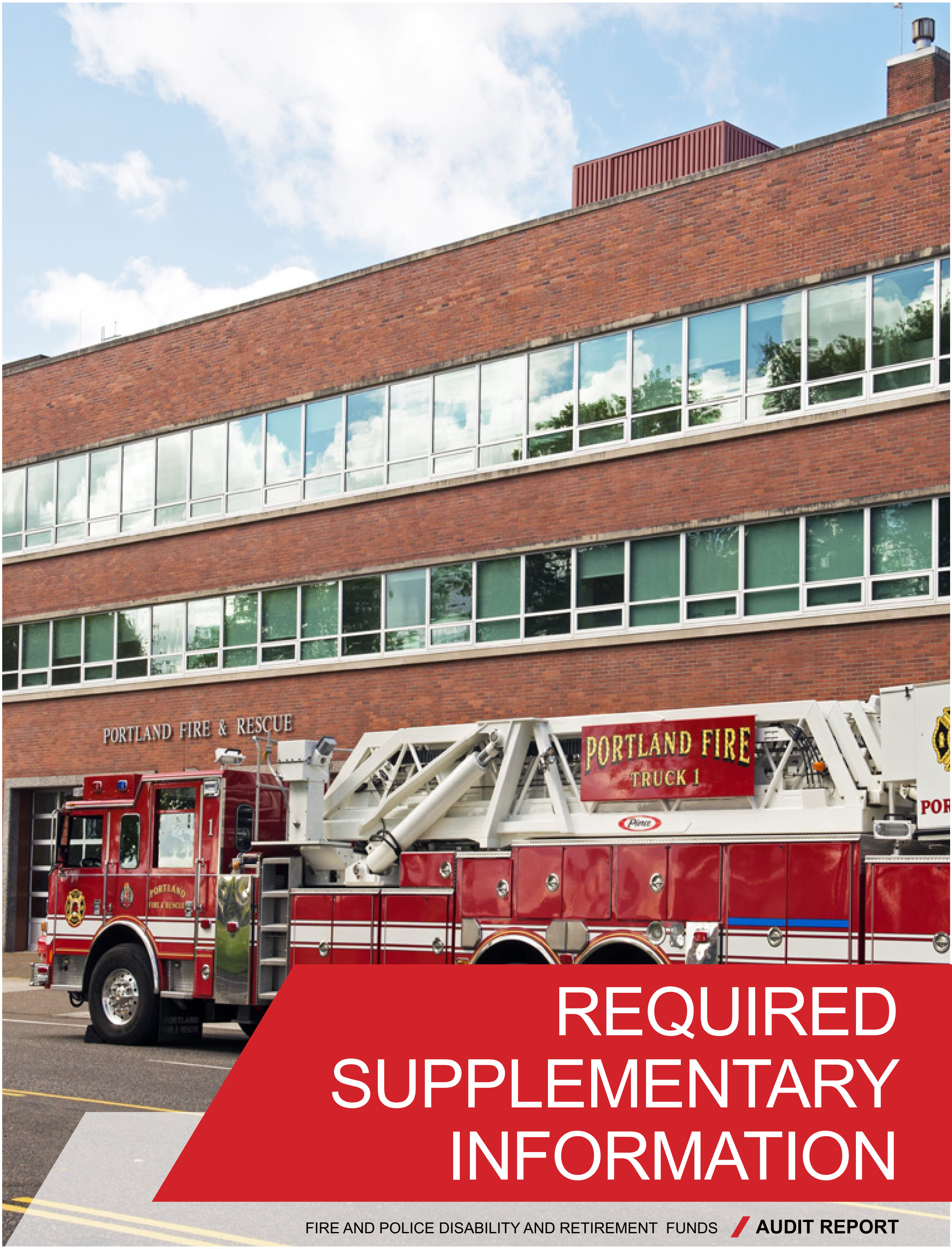
PORTLAND POLICE

OFFICER



REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

Fiscal Years Ending June 30,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	$ 110,678,778	$ 103,515,611	$ 73,903,174	$ 65,253,487	$ 74,361,810	$ 82,420,266	$ 66,693,061	$ 58,853,250	$ 63,660,926
Interest	99,150,722	98,095,681	125,139,549	127,541,668	120,974,879	97,302,658	110,470,511	106,304,323	117,017,081
Effect of plan changes	-	-	-	-	-	36,063,138	-	185,288,710	(222,274,639)
Effect of economic/ demographic gains (losses)	-	61,245,369	-	61,199,698	-	95,578,193	-	(25,565,616)	-
Changes of assumptions	(842,520,569)	27,985,112	774,909,460	150,231,268	(141,632,449)	(215,367,868)	431,404,102	208,943,518	106,474,383
Benefit payments	(148,086,359)	(144,738,509)	(135,411,347)	(130,733,191)	(125,666,995)	(120,351,973)	(114,001,126)	(110,900,284)	(108,003,419)
Net change in total pension liability	(780,777,428)	146,103,264	838,540,836	273,492,930	(71,962,755)	(24,355,586)	494,566,548	422,923,901	(43,125,668)
Total pension liability, beginning	4,553,280,004	4,407,176,740	3,568,635,904	3,295,142,974	3,367,105,729	3,391,461,315	2,896,894,767	2,473,970,866	2,517,096,534
Total pension liability, ending [(a)]	$ 3,772,502,576	$ 4,553,280,004	$ 4,407,176,740	$ 3,568,635,904	$ 3,295,142,974	$ 3,367,105,729	$ 3,391,461,315	$ 2,896,894,767	$ 2,473,970,866
Plan fiduciary net position									
Contributions - employer	$ 168,194,622	$ 143,627,174	$ 136,560,350	$ 135,479,059	$ 132,038,902	$ 120,700,158	$ 114,079,956	$ 115,852,428	$ 114,654,336
Net investment income	(1,371,551)	114,029	1,571,319	1,751,762	869,867	462,193	489,154	(522,201)	312,468
Benefit payments	(148,086,359)	(144,738,509)	(135,411,347)	(130,733,190)	(125,666,995)	(120,351,973)	(114,001,126)	(110,900,284)	(108,003,419)
Administrative expense	(4,343,834)	(4,349,368)	(4,083,219)	(4,287,107)	(3,601,087)	(4,085,644)	(5,019,573)	(3,085,925)	(3,585,476)
Net change in plan net position	14,392,878	(5,346,674)	(1,362,897)	2,210,524	3,640,687	(3,275,266)	(4,451,589)	1,344,018	3,377,909
Plan net position, beginning	13,291,727	18,638,401	20,001,298	17,790,774	14,150,087	17,425,353	21,876,942	20,532,924	17,155,015
Plan net position, ending [(b)]	27,684,605	13,291,727	18,638,401	20,001,298	17,790,774	14,150,087	17,425,353	21,876,942	20,532,924
Net pension liability, ending [(a) - (b)]	$ 3,744,817,971	$ 4,539,988,277	$ 4,388,538,339	$ 3,548,634,606	$ 3,277,352,200	$ 3,352,955,642	$ 3,374,035,962	$ 2,875,017,825	$ 2,453,437,942

continued on the next page

Schedule of Changes in Net Pension Liability and Related Ratios, continued

	Fiscal Years Ending June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Plan fiduciary net position									
as a percentage of total pension liability	0.73%	0.29%	0.42%	0.56%	0.54%	0.42%	0.51%	0.76%	0.83%
Covered payroll	$ 159,027,392	$ 155,289,464	$ 157,329,648	$ 152,493,193	$ 143,744,868	$ 137,619,298	$ 139,108,113	$ 139,346,388	$ 135,726,350
Net pension liability									
as a percentage of covered payroll	2354.83%	2923.56%	2789.39%	2327.08%	2279.98%	2436.40%	2425.48%	2063.22%	1807.64%

Notes to Schedule

1. Employer contribtuions shown here are $26,313,814 less than the comparable numbers in the Statement of Changes in Plan Net Position. The difference is due to contributions made to the Oregon Public Employees Retirement System (PERS) for FPDR Three members, as well as compensated absence accruals also related to FPDR Three members. These are employer contributions and benefit expenses to a pension plan, but not the FPDR plan.

2. The net pension liability decreased by $795.2 million (17.5%) between the fiscal years ending June 30, 2021 and 2022. The largest contributing factor was an increase in the discount rate from 2.16% to 3.54%. The effect of this change in assumptions caused a decrease in the pension liability by $842.5 million. In contrast, investment losses in the amount of $1.8 million increased the pension liability by a relatively small amount.

3. Fewer than 10 fiscal years are displayed because this schedule is required by Governmental Accounting Standards Board Statement No. 67, which took effect in the fiscal year ended June 30, 2014.

Schedule of the City's Proportionate Share of the Net Pension Liability
Oregon Public Employees Retirement System
Last 10 Fiscal Years [a]
(In Millions)

	Fiscal Years Ending June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
City proportion of the net pension liability (asset)	4.5400919%	4.2533558%	4.0813041%	3.6931703%	3.7131302%	3.7833289%	3.7805422%	3.6293418%	3.6293418%
City proportionate share of the net pension liability (asset)	$543.29	$928.23	$706.00	$559.50	$500.50	$568.00	$217.10	$(82.30)	$185.20
Covered payroll [b]	$476.90	$481.70	$439.70	$398.50	$359.90	$343.60	$330.50	$313.10	$302.60
City proportionate share of the net pension liability (asset) as a percentage of covered payroll	113.92%	192.70%	160.56%	140.40%	139.07%	165.31%	65.69%	-26.29%	61.20%
Plan fiduciary net position as a percentage of the total pension liability	87.57%	75.79%	80.23%	82.07%	83.12%	80.53%	91.88%	103.59%	92.00%

[a] Only years with available information are presented.

[b] As of the measurement date which is one year in arrears.

Schedule of City Contributions
Oregon Public Employees Retirement System
Last 10 Fiscal Years [a]
(In Millions)

	Fiscal Years Ending June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 100.06	$ 84.00	$ 83.40	$ 57.80	$ 51.20	$ 35.60	$ 33.70	$ 26.30	$ 25.00
Contributions in relation to the contractually required contribution	$ 100.06	$ 84.00	$ 83.40	$ 57.80	$ 51.20	$ 35.60	$ 33.70	$ 26.30	$ 25.00
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City covered payroll	$ 529.70	$ 476.90	$ 481.70	$ 439.70	$ 398.50	$ 359.90	$ 343.60	$ 330.50	$ 313.10
Contributions as a percentage of covered payroll	18.89%	17.61%	17.31%	13.15%	12.85%	9.89%	9.81%	7.96%	7.98%

[a] Only years with available information are presented.

Notes to Schedule

Changes in Assumptions

A summary of key changes implemented since the December 31, 2019 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the System, which was published in July 2021, and can be found at: https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf.

Changes in Actuarial Methods and Allocation Procedures

For purposes of allocating Tier One/Tier Two member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology, which utilizes member account balance, and the Full Formula methodology, which uses service. The weights are determined based on the prevalence of each formula among the current Tier One/Tier Two population. For the December 31, 2018 and December 31, 2019 valuations, the Money Match was weighted 10% for General Service members and 0% for Police & Fire members, based on a projection of the proportion of the liability attributable to Money Match benefits at those valuation dates. The December 31, 2020 allocation is 10% (0% for police & fire) based on account balance with each employer and 90% (100% for police & fire) based on service with each employer. The entire normal cost is allocated to the current employer.

Changes in Economic Assumptions

Administrative Expenses - The administrative expense assumptions were updated to $59.0 million per year and allocated between Tier 1/Tier 2 and OPSRP based on valuation payroll. Previously these were assumed to be $32.5 million per year and $8.0 million per year, respectively.

Healthcare Cost Inflation - The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries. Given the substantial uncertainty regarding the impact of COVID-19 on plan costs, no adjustment was made in the expected plan costs or in the trend of assumptions.

Changes in Demographic Assumptions

Healthy Mortality - The healthy annuitant mortality base tables were updated to Pub-2010 generational Healthy Retiree mortality tables with group-specific job category and setback adjustments. Previously they were based on RP-2014 generational Healthy Annuitant mortality tables with group-specific class and setback adjustments.

Disabled Mortality - The disabled mortality base tables were updated to Pub-2010 generational Disabled Retiree mortality tables with group-specified job category and setback adjustments. Previously they were based on RP-2014 generational Disabled Retiree mortality tables.

Non-Annuitant Mortality - Non-annuitant mortality base tables were updated to Pub-2010 generational mortality tables with the same group-specific job category and setback adjustments as for healthy annuitants, and with an additional scaling factor adjustment for certain subgroups. Previously they were based on RP-2014 generational Employee mortality tables with the same group-specific collar and setback adjustments as for healthy annuitants.

Schedule of Proportionate Share of the Net OPEB Liability / (Asset)
Other Postemployment Benefits
Last 10 Fiscal Years [a]
(In Millions)

	Fiscal Years Ending June 30,					
	2022	2021	2020	2019	2018	2017
Proportion of the OPEB pension liability (asset)	2.7200000%	1.1970591%	3.9743833%	3.7425954%	3.5367635%	3.5959676%
Proportionate share of the net OPEB liability (asset)	$ (9.35)	$ (2.44)	$ (7.68)	$ (4.18)	$ (1.48)	$ 0.98
Covered payroll [b]	$ 476.90	$ 481.70	$ 439.70	$ 398.50	$ 359.90	$ 343.60
Proportionate share of the OPEB liability (asset) as a percentage of its covered payroll	(1.96%)	(0.51%)	(1.75%)	(1.05%)	(0.41%)	0.28%
Plan net position as a percentage of the total OPEB liability	183.90%	150.10%	144.40%	124.00%	108.90%	94.20%

[a] Only years with available information are presented.

[b] As of the measurement date which is one year in arrears.

Schedule of Contributions
Other Postemployment Benefits
Last 10 Fiscal Years [a]
(In Millions)

	Fiscal Years Ending June 30,					
	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 0.09	$ 0.07	$ 0.08	$ 1.94	$ 1.78	$ 1.77
Contributions in relation to the contractually required contribution	0.09	0.07	0.08	1.94	1.78	1.77
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 529.70	$ 476.90	$ 481.70	$ 439.70	$ 398.50	$ 359.90
Contributions as a percentage of covered payroll	0.02%	0.01%	0.02%	0.44%	0.45%	0.49%

[a] Only years with available information are presented.

Schedule of Changes in the City's Total OPEB Liability and Related Ratios Last 10 Fiscal Years [a]

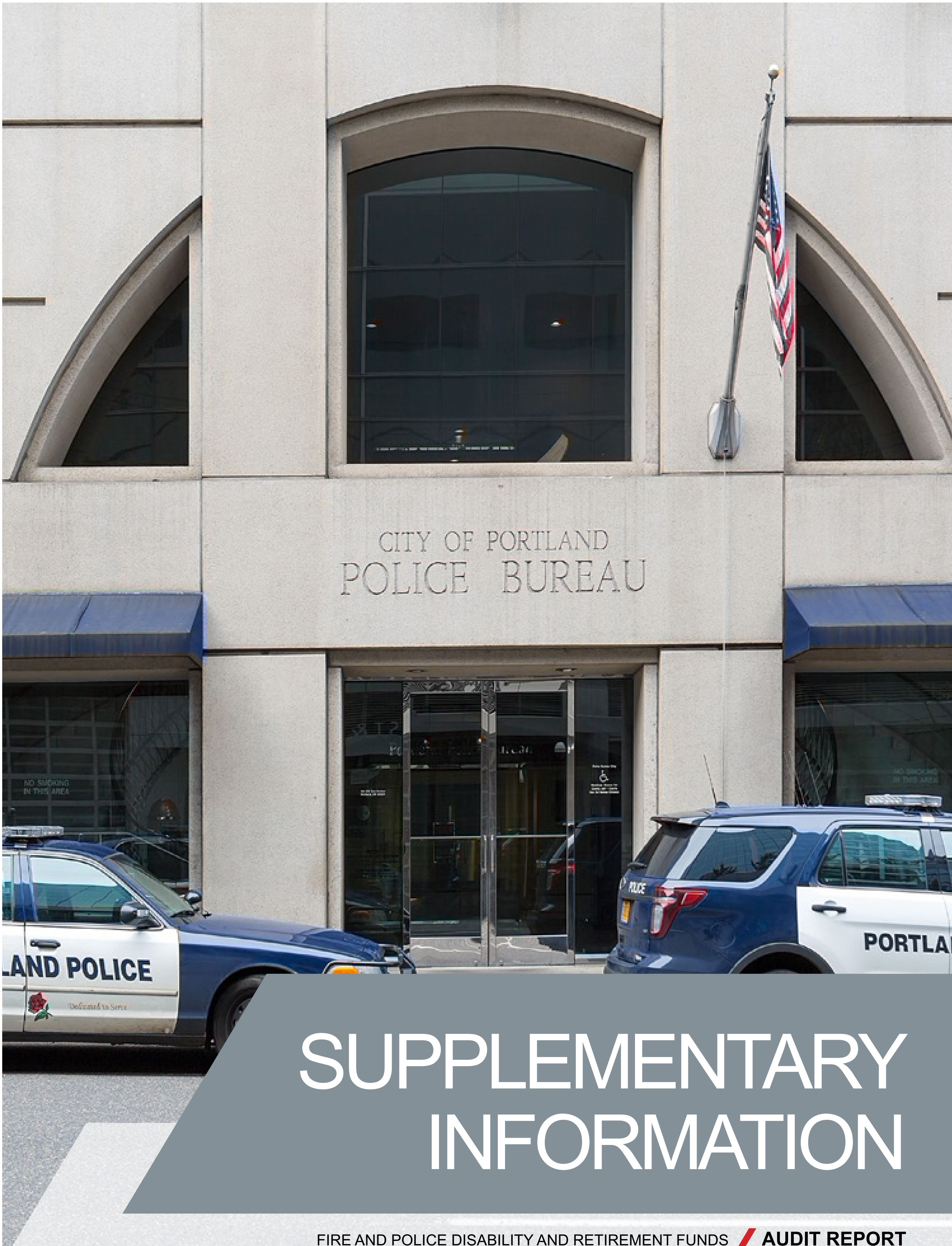
	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 3,864,161	$ 3,003,933	$ 3,597,015	$ 3,675,148	$ 4,140,465
Interest	2,127,683	2,967,230	3,898,352	3,640,097	3,086,463
Differences between expected and actual experiences	1,054,522	-	6,051,864	-	-
Changes of assumptions	26,944,778	10,460,682	(22,748,251)	(2,777,647)	(6,825,794)
Benefit payments	(5,608,380)	(5,092,723)	(5,668,141)	(5,567,867)	(4,949,560)
Net change in total OPEB liability	28,382,764	11,339,122	(14,869,161)	(1,030,269)	(4,548,426)
Total OPEB liability - beginning	95,637,643	84,298,521	99,167,682	100,197,951	104,746,377
Total OPEB liability - ending	$ 124,020,407	$ 95,637,643	$ 84,298,521	$ 99,167,682	$ 100,197,951
Covered-employee payroll	$ 521,203,120	$ 555,559,013	$ 549,450,066	$ 439,305,357	$ 435,541,998
Total OPEB liability as a percentage of covered-employee payroll	23.80%	17.21%	15.34%	22.57%	23.01%

[a] **Only years with available information are presented.**

Notes to Schedule

Changes of assumptions - There were a number of changes in the demographic and economic actuarial assumptions. Some of these assumption changes have significantly affected the liability of the plan but in an offsetting manner. Key items to note regarding actuarial assumptions include:

- Overall healthcare cost increases were higher than assumed in the prior valuation, resulting in an actuarial loss.
- Where applicable, demographic assumptions were updated to be consistent with the actuarial valuation assumptions of the Oregon PERS and OPSRP retirement plans. The latest Oregon PERS and OPSRP valuation report available is as of December 31, 2020. Many assumptions changed from the previous valuation including the rates of retirement, termination, disability, salary scale, and mortality.
- Participation rate changed from 37% to 52% to better reflect actual experience and anticipated future experience.
- Retiree lapse rate of 8% to better reflect actual experience.
- Discount rate of 2.20% was used for July 1, 2021 valuation.



SUPPLEMENTARY INFORMATION

FIREFIGHTER

PORTLAND POLICE

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Fire and Police Disability and Retirement Fund
Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes:				
Current year property taxes	$ 189,397,841	$ 189,397,841	$ 192,221,341	$ 2,823,500
Prior year property taxes	1,550,000	1,550,000	1,925,679	375,679
Total taxes	190,947,841	190,947,841	194,147,020	3,199,179
Revenues other than taxes:				
Other service charges	-	-	30	30
Billings to other funds for services	228,200	228,200	324,343	96,143
Investment earnings	273,000	273,000	415,503	142,503
Miscellaneous	136,000	136,000	53,551	(82,449)
Total revenues	191,585,041	191,585,041	194,940,447	3,355,406
Expenditures				
Current:				
Personnel services	2,665,674	2,715,674	2,607,579	108,095
External materials and services	149,567,950	151,567,950	148,496,835	3,071,115
Internal materials and services	30,652,161	31,009,165	28,006,616	3,002,549
General operating contingencies	16,114,447	13,707,443	-	13,707,443
Debt service and related costs:				
Principal	60,531,876	60,531,876	38,604,376	21,927,500
Interest	306,765	306,765	50,631	256,134
Debt issuance costs	48,100	48,100	34,764	13,336
Capital outlay	75,000	75,000	39,780	35,220
Total expenditures	259,961,973	259,961,973	217,840,581	42,121,392
Revenues over (under) expenditures	(68,376,932)	(68,376,932)	(22,900,134)	45,476,798
Other Financing Sources (Uses)				
Transfers from other funds	750,000	750,000	-	(750,000)
Transfers to other funds	(750,000)	(750,000)	-	750,000
General Fund overhead	(125,600)	(125,600)	(125,600)	-
Pension Debt redemption	(11,093)	(11,093)	(11,093)	-
Bonds and notes issued	60,470,000	60,470,000	38,542,500	(21,927,500)
Bonds and notes premium	-	-	-	-
Total other financing sources (uses)	60,333,307	60,333,307	38,405,807	(21,927,500)
Net change in fund balance	(8,043,625)	(8,043,625)	15,505,673	23,549,298
Fund balance - beginning	-	-	14,467,675	14,467,675
Fund balance - ending	$ -	$ -	$ 29,973,348	$ 38,016,973

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Fire and Police Disability and Retirement Fund
Schedule of Revenues and Expenditures - Budgetary Basis, continued
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			$ (1,771,413)	
Deferred revenue			3,460,922	
Capital assets, net of accumulated depreciation and amortization			131,555	
Other liabilities			(240,000)	
OPEB asset			24,079	
Deferred outflows - pensions			1,273,883	
Deferred outflows - OPEB			61,649	
Compensated absences			(1,865,675)	
Accrued interest payable			(331,631)	
Bonds payable			(69,380)	
Net pension liability - PERS			(1,975,746)	
Other postemployment benefits			(237,790)	
Deferred inflows - OPEB			(33,146)	
Deferred inflows - pensions			(1,466,050)	
Fund balance - GAAP basis			$ 26,934,605	

Fire and Police Disability and Retirement Reserve Fund
Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Other Financing Sources (Uses)				
Transfer from other fund:				
Fire and Police Disability and Retirement	$ 750,000	$ 750,000	$ -	$ (750,000)
Transfer to other fund:				
Fire and Police Disability and Retirement	(750,000)	(750,000)	-	750,000
Total other financing sources (uses)	-	-	-	-
Fund balance - beginning	750,000	750,000	750,000	-
Fund balance - ending	$ 750,000	$ 750,000	750,000	$ -
Adjustment to generally accepted accounting principles (GAAP) basis:			-	
Fund balance - GAAP basis			$ 750,000	

Fire and Police Disability and Retirement Funds
Schedule of Operating and Administrative Expenses – Budgetary Basis
For the Fiscal Year Ended June 30, 2022

Personnel services	$ 2,607,578
Materials and services	
Actuarial	10,300
Audit	26,691
Claims investigation	142,130
Computer consulting	139,970
Legal	31,596
Other professional services	171,939
Other external services	58,773
Office and computer supplies and minor equipment	20,548
Education	1,155
Subscriptions, publications and dues	6,161
Travel	2,686
Enterprise Business System	24,345
Printing and Distribution	41,736
Facilities	95,570
Technology	156,978
Risk Management	30,659
City Attorney's Office	289,676
Police and Fire liaisons	135,130
Other fund services	46,617
Total materials and services	1,432,660
Overhead charges - General Fund	125,600
Debt service and related costs	
Principal	38,604,376
Interest	50,631
Debt issuance costs	34,764
Total debt service and related costs	38,689,771
Total administrative expenses (Budget)	$ 42,855,609
Plus/(minus)	
Debt principal	$ (38,604,376)
Bond premium	-
Depreciation	267,183
Transfers to (from) other funds	11,093
Accreted interest	29,607
PERS pension cost	(40,539)
Change in compensated absences	(188,213)
Change in other post-employment benefits	13,469
Operating and administrative expenses (GAAP)	$ 4,343,833

Fire and Police Disability and Retirement Funds
Schedule of Pension, Disability and Death Benefits Expenditures by Bureau
For the Fiscal Year Ended June 30, 2022

	Members		Other Beneficiaries		Total	
	Number	Amount	Number	Amount	Number	Amount
Portland Fire & Rescue:						
Nonservice disability benefits	8	$ 70,836	-	-	8	$ 70,836
Service disability benefits	95	1,197,817	-	-	95	1,197,817
Occupational disability benefits	145	446,352	-	-	145	446,352
Early return to work benefits	18	104,588	-	-	18	104,588
Claims settlement	-	-	-	-	-	-
Pensions (FPDR 1 and 2)	611	51,522,369	207	5,431,901	818	56,954,270
PERS contributions (FPDR Three)	330	11,859,142	-	-	330	11,859,142
Medical benefits	230	1,035,898	-	-	230	1,035,898
Vocational rehabilitation benefits	-	-	-	-	-	-
Funeral benefits	17	31,226	-	-	17	31,226
	1,454	$ 66,268,228	207	$ 5,431,901	1,661	$ 71,700,129
Portland Police Bureau:						
Nonservice disability benefits	4	$ 197,131	-	-	4	$ 197,131
Service disability benefits	85	1,716,885	-	-	85	1,716,885
Occupational disability benefits	94	352,088	1	35,804	95	387,892
Early return to work benefits	38	267,728	-	-	38	267,728
Claims settlement	-	-	-	-	-	-
Pensions (FPDR 1 and 2)	1,041	78,292,178	265	6,411,714	1,306	84,703,892
PERS contributions (FPDR Three)	454	14,953,347	-	-	454	14,953,347
Medical benefits	232	891,490	-	-	232	891,490
Vocational rehabilitation benefits	1	893	-	-	1	893
Funeral benefits	24	79,462	-	-	24	79,462
	1,973	$ 96,751,202	266	$ 6,447,518	2,239	$ 103,198,720
Combined Fire and Police:						
Nonservice disability benefits	12	$ 267,967	-	-	12	$ 267,967
Service disability benefits	180	2,914,702	-	-	180	2,914,702
Occupational disability benefits	239	798,440	1	35,804	240	834,244
Early return to work benefits	56	372,316	-	-	56	372,316
Claims settlement	-	-	-	-	-	-
Pensions (FPDR 1 and 2)	1,652	129,814,547	472	11,843,615	2,124	141,658,162
PERS contributions (FPDR Three)	784	26,812,489	-	-	784	26,812,489
Medical benefits	462	1,927,388	-	-	462	1,927,388
Vocational rehabilitation benefits	1	893	-	-	1	893
Funeral benefits	41	110,688	-	-	41	110,688
	3,427	$ 163,019,430	473	$ 11,879,419	3,900	$ 174,898,849

Notes to Schedule

1. The benefits amount in the Statement of Changes in Plan Net Position is $174,400,174. The difference between that amount and this schedule consists of the change in the PERS contribution portion of the compensated absence liability associated with Police and Fire FPDR Three members, totaling ($498,675), which is reclassified to a benefit expense for GAAP reporting.

2. Counts presented here represent the number of members or beneficiaries for whom a given expense was incurred during the year. Individuals may be included in multiple lines.

Fire and Police Disability and Retirement Funds
Schedule of Number of Pensioners and Beneficiaries by Bureau
For the Fiscal Year Ended June 30, 2022

	Portland Fire & Rescue			Portland Police Bureau			Total		
	Members	Other Beneficiaries	Total	Members	Other Beneficiaries	Total	Members	Other Beneficiaries	Total
Pensions	595	138	733	1,017	177	1,194	1,612	315	1,927
PERS:									
Contributions	322	-	322	402	-	402	724	-	724
Disability	20	-	20	34	-	34	54	-	54
	937	138	1,075	1,453	177	1,630	2,390	315	2,705

Fire and Police Disability and Retirement Funds
Comparative Schedule of Number of Pensioners and Beneficiaries by Bureau

	June 30, 2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	Increase (decrease) Ten years ended June 30, 2022
Portland Fire & Rescue:											
Pension:											
FPDR 1&2 members	595	609	604	620	618	615	610	602	607	614	(19)
FPDR 3 members [(1)]	322	316	296	289	267	265	224	192	172	172	150
Other beneficiaries	138	146	144	144	154	169	176	179	177	189	(51)
Total	1,055	1,071	1,044	1,053	1,039	1,049	1,010	973	956	975	80
Disability:											
Members	20	11	18	19	12	14	18	24	27	23	(3)
Other beneficiaries	-	-	-	-	-	-	-	-	-	1	(1)
Total	20	11	18	19	12	14	18	24	27	24	(4)
Total Fire	1,075	1,082	1,062	1,072	1,051	1,063	1,028	997	983	999	76
Portland Police Bureau:											
Pension:											
FPDR 1&2 members	1,017	1,014	953	943	910	880	845	824	803	807	210
FPDR 3 members [(1)]	402	407	399	358	336	270	240	230	216	214	188
Other beneficiaries	177	171	177	177	177	184	185	189	196	198	(21)
Total	1,596	1,592	1,529	1,478	1,423	1,334	1,270	1,243	1,215	1,219	377
Disability:											
Members	34	35	32	31	42	36	40	42	44	42	(8)
Other beneficiaries	-	1	1	1	1	1	2	2	3	4	(4)
Total	34	36	33	32	43	37	42	44	47	46	(12)
Total Police	1,630	1,628	1,562	1,510	1,466	1,371	1,312	1,287	1,262	1,265	365
Summary of disability:											
Fire	20	11	18	19	14	14	18	24	27	24	(4)
Police	34	36	33	32	37	37	42	44	47	46	(12)
Total	54	47	51	51	51	51	60	68	74	70	(16)
Summary of pension and disability:											
Fire	1,075	1,082	1,062	1,072	1,051	1,063	1,028	997	983	999	76
Police	1,630	1,628	1,562	1,510	1,466	1,371	1,312	1,287	1,262	1,265	365
Total	2,705	2,710	2,624	2,582	2,517	2,434	2,340	2,284	2,245	2,264	441

Notes to Schedule

[(1)] FPDR Three members are enrolled in the Oregon Public Employees Retirement System. FPDR makes contributions to PERS on their behalf.

Fire and Police Disability and Retirement Reserve Funds
Schedule of Imposed Tax Levies Compared with Maximum Levies Authorized

Year ended June 30,	Imposed levy rate per $1,000 of real market value	Imposed levy	Maximum levy authorized ($2.80/$1,000)	Imposed levy under authorized levy
2013	1.45	115,752,880	223,709,460	107,956,580
2014	1.47	123,304,615	235,325,707	112,021,092
2015	1.37	126,777,805	259,331,341	132,553,536
2016	1.23	126,376,817	287,358,793	160,981,976
2017	1.10	132,477,613	338,199,473	205,721,860
2018	1.08	148,214,877	384,951,394	236,736,517
2019	1.05	156,454,895	419,138,031	262,683,136
2020	1.05	161,017,652	427,766,153	266,748,501
2021	1.09	173,302,844	445,249,849	271,947,005
2022	1.20	199,916,664	467,317,213	267,400,549

Notes to Schedule

The imposed levy differs from property taxes raised due to discounts and delinquencies.

Audit Comments and Disclosures

Report of Independent Auditors

The Board of Trustees
City of Portland, Oregon, Fire and Police
Disability and Retirement Fund and Reserve Fund

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statement of plan net position and the related statement of changes in plan net position of the City of Portland, Oregon, Fire and Police Disability and Retirement Fund and the City of Portland, Oregon, Fire and Police Disability and Retirement Reserve Fund (the "Funds"), component units of the City of Portland, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Funds' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Funds as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Funds and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Funds' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, the City share of Oregon Public Employees Retirement System, and the City share of OPERS Other Postemployment Benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Funds' basic financial statements. The budgetary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the supplementary data as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2022 on our consideration of the Funds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Funds' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Funds' internal control over financial reporting and compliance.

Moss Adams llp

Portland, Oregon
October 27, 2022

MOSSADAMS

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
City of Portland, Oregon, Fire and Police
Disability and Retirement Fund and Reserve Fund

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Portland, Oregon, Fire and Police Disability and Retirement Fund and the City of Portland, Oregon, Fire and Police Disability and Retirement Reserve Fund (the "Funds"), component units of the City of Portland, Oregon, which comprise the statement of plan net position as of June 30, 2022 and the related statement of changes in plan net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Funds' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Funds' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Funds' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Portland, Oregon
October 27, 2022

CITY OF PORTLAND

OREGON REVISED STATUTE 237.620
EQUAL TO OR BETTER THAN (ETOB) DETERMINATION
AS OF DECEMBER 31, 2020

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Lake Oswego, Oregon 97035
Main: 503.520.0848
www.independentactuaries.com

TABLE OF CONTENTS

REPORT SUMMARY

This report has been prepared by Independent Actuaries, Inc. for the Oregon Public Employees' Retirement System (PERS) and the City of Portland. This report provides the details of the determination whether the retirement benefits provided by the City qualify for exemption under Oregon Revised Statue (ORS) 237.620(2) from participation in PERS.

Typically, in Oregon, public employers of police officers and firefighters provide retirement benefits under PERS. A public employer may qualify for exemption and provide their own retirement benefits if those benefits are equal to or better (ETOB) than the benefits provided under PERS. An ETOB determination is made every twelve years.

Under the Oregon Administrative Rule (OAR) governing the test, employer retirement benefits are compared at each PERS tier in three categories: total benefits, service retirement with postretirement healthcare, and disability retirement with postretirement healthcare. For an employer to qualify for exemption, the employer total benefits must be greater than 100 percent of benefits that PERS provides at each tier. Additionally, service retirement and disability retirement benefits must each be at least 80 percent of the benefits that PERS provides at each tier.

As approved by the PERS Board, employer retirement benefits may be determined to be ETOB either via a side-by-side comparison of employer plan provisions against PERS plan provisions or by a full actuarial valuation. It is only reasonable to review employer retirement benefits using the side-by-side comparison approach if the benefits are provided via a plan design similar to PERS. Under the side-by-side comparison approach, the employer retirement benefits will only be determined to be ETOB if they are unambiguously equal to or better than PERS. If the employer retirement benefits design is not suitable for side-by-side comparison, or if the benefits are not unambiguously more valuable, a full actuarial valuation determination approach will be used.

Based on the information described in this report, we conclude that retirement benefits provided by the City of Portland meet the standards for receiving an exemption under OAR 459-030-0025 via a side-by-side comparison approach.

DETERMINATION METHODOLOGY

The standards for determining whether an employer provides benefits that are ETOB are stated in OAR 459-030-0025, with additional definitions provided by reference. Other rules for testing are as approved by the PERS Board.

Plan provisions considered in the side-by-side comparison include the level of service retirement and disability retirement benefits, early retirement subsidies, the definition of covered compensation, mandatory employee contributions, the normal form of payment, cost of living adjustments, and the level of explicit and implicit postretirement healthcare benefits.

- We have compared full-career benefits, assuming an employee is covered by either the terms of the public employer's retirement benefit plan(s) or PERS for their entire career starting with their date of hire. Benefit provisions which apply prior to the earliest date of hire of any active employee of the public employer are ignored. Historical plan changes from to the earliest date of hire of any active employee of the public employer to the present are reflected. Current benefit provisions are expected to apply in the future.
- Benefits were compared based on the December 31, 2020 actuarial present value of retirement benefits projected to be accrued to the projected date of retirement or disability, calculated as a percentage of salary.
- We have used hypothetical census data, based on the PERS police officer and firefighter census used in the December 31, 2020 PERS valuation.
- We have used the actuarial assumptions and methods identified in the December 31, 2020 PERS valuation report, but assuming no pre-retirement death or withdrawal. Any additional actuarial assumptions needed to evaluate features of the public employer's retirement plan(s) which are not comparable to PERS have been developed in a manner consistent with PERS assumptions.
- Prior and future benefits which depend on investment returns have been valued using the assumed rate, taking into consideration guaranteed returns stated in plan provisions. The assumed rate is the 6.90% discount rate used in the December 31, 2020 PERS valuation.
- Under the assumptions prescribed for the comparison, the PERS Full Formula method of calculating Tier 1 and Tier 2 retirement benefits results in a more valuable benefit than the Money Match method in almost all cases; therefore, the Full Formula method has been used in the comparison.
- Only employer-funded retirement benefits are included in the comparison. Any contribution described as an employee contribution will be ignored, unless the public employer's plan provisions state that the employer is responsible for making the contribution on the employee's behalf and the responsibility to make the contribution is non-elective.
- We have valued both explicit and implicit postretirement healthcare benefits.
- Our comparison does not value the transfer of investment risk and mortality risk between employee and employer inherent in the plan design differences of defined benefit and defined contribution plans.
- Our comparison does not include increases to retirement benefits under ORS 238.362-368 and ORS 237.635-637.

ACTUARIAL CERTIFICATION

Independent Actuaries, Inc. was engaged by the State of Oregon, through its Oregon Public Employees Retirement System (PERS), to review the retirement benefits program of the City of Portland as of December 31, 2020, in order to determine if it is equal to or better than PERS as required by ORS 237.620(2). The conclusions of the review are set forth in this report, which has been prepared exclusively for PERS and the City, and may not be relied upon for any other purpose or by any party other than PERS or the City.

The valuation is based on participant data and plan provision supplied by PERS and the City. All information submitted to us has been reviewed for reasonableness and consistency, but has otherwise been accepted and relied upon without audit. The plan provisions are summarized in the applicable section of this report.

This report was prepared in accordance with applicable law. To the best of our knowledge, the information supplied in this report is complete and accurate. For purposes of determining the actuarial present value of retirement benefits, each prescribed method and assumption was applied in accordance with our understanding of law and regulations under ORS 237.620 and OAR 459. The prescribed and non-prescribed methods and assumptions are disclosed in the Determination Methodology and Actuarial Assumptions sections of this report. In our opinion, each non-prescribed assumption is reasonable and such non-prescribed assumptions, in combination, offer our best estimate of anticipated experience under the plan.

The liabilities were calculated using models developed for the purpose of pension plan valuation, the structure and output of which were evaluated and reasonably achieve their intended purpose.

Future actuarial measurements may differ significantly from the current measurement presented in this report due to such factors as changes in economic or demographic assumptions and changes in plan provisions or applicable law.

The undersigned credentialed actuaries are members of the American Academy of Actuaries and meet the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries to render the actuarial opinion contained herein.

Aeron Riordon

Aeron Riordon, ASA, EA, MAAA

June 27, 2022 — Date
20-08467 — Enrollment #

Steven L. Diess

Steven L. Diess, EA, MAAA

June 27, 2022 — Date
20-06055 — Enrollment #

Independent Actuaries, Inc.
Five Centerpointe Dr., Suite 520, Lake Oswego, OR 97035 503.520.0848

TEST RESULTS

The City of Portland provides retirement and disability benefits via a traditional percentage of covered compensation defined benefit type plan design which is comparable to the PERS Full Formula method of calculating Tier 1, Tier 2, and OPSRP retirement and disability benefits. The value of postretirement healthcare benefits provided by the City is also easily compared to those provided under PERS. Therefore, a side-by-side review and comparison of plan provisions has been used as the method for determining whether benefits provided by the City are ETOB than those provided under PERS.

The City of Portland Retirement Plan provides different levels of benefits that are relevant to the ETOB test. These groups are described in the table below.

Benefit Group	Distinction
FPDR 1	Retired on or before January 1, 1990.
FPDR 2	Not FPDR 1, and hired before January 1, 2007.
FPDR 3	Hired after December 31, 2006.

Only the benefits provided under FPDR 2 are relevant to ETOB since no members of FPDR 1 are active as of the ETOB testing date of December 31, 2020 and members of FPDR 3 are covered by the OPSRP with additional benefits provided by the City of Portland, and by definition are receiving benefits equal to or better than those provided by PERS.

Because the retirement and disability benefits provided to public safety members in PERS Tier 1 and Tier 2 are better than those provided under OPSRP, only a comparison of plan provisions between the City's Retirement Plan and those of PERS Tier 1 and Tier 2 is necessary.

Provided here is a side-by-side listing of key provisions for the City's retirement benefits program compared to PERS.

Plan Provision Under Comparison	City of Portland (FPDR 2)	PERS Tier 1/Tier 2 (Full Formula)
Benefit Percentage	2.20%, 2.40%, 2.60%, or 2.80% for elected joint and survivor form percent of 100%, 75%, 50%, or 25%/0% respectively.	2.00%
Covered Compensation	Salary including bonus, but excluding overtime, unused sick leave and vacation time (as applicable)	Salary including overtime, bonus, unused sick leave and vacation time (as applicable)
Years of Service	Capped at 30 years of service	Uncapped

Plan Provision Under Comparison	City of Portland (FPDR 2)	PERS Tier 1/Tier 2 (Full Formula)
Normal Retirement Age	Earlier of age 50 with 25 years of service or age 55	Age 55
Normal Form of Benefit	Joint and survivor annuity with elected percent of 0%, 25%, 50%, 75%, or 100%	Cash refund annuity with 25% survivor cash refund allowance
Mandatory Employee Contributions	Prior to July 1990, 7% of compensation.	Prior to 2004, 6% of compensation. After 2019, 2.5% of compensation. Tier 1 accounts accrue at a guaranteed rate.
Cost-of-Living Adjustments	2.00% on benefits before October 8, 2013. 1.75% on benefits earned after October 8, 2013.	2.00% on benefits earned before October 2013. 1.25% or 0.15% (depending on benefit amount) on benefits earned after October 2013.
Unreduced Benefit Eligibility	None	25 years of service
Disability Benefits	Until disability retirement age, 75% of compensation (for service-related disabilities) or 50% of compensation (for other disabilities). After disability retirement age, normal retirement benefit reflecting additional years of service and pay increases.	Greater of normal retirement benefit reflecting years of service as if member had worked to age 55, or 50% of compensation at disability (for service-related disabilities only).
Retiree Medical Benefits	Value of implicit subsidy due to continued medical coverage for retirees paying COBRA premium rates.	$60 monthly premium stipend is applied to PERS-sponsored Medicare supplemental insurance costs.

The above comparison shows that the City's retirement benefits are more valuable that those under PERS in nearly every category. The city provides a benefit percentage and retiree medical benefits which are more valuable than under PERS. The PERS plan provisions which are more valuable are the amount of overtime, unused sick leave, and vacation time that may be reflected in the calculation of retirement benefits.

To understand the significance of the plan provisions where PERS is better, we developed an adjustment factor for each provision related to the City's retirement benefits. In developing these factors, we considered participant statistics calculated from the hypothetical census data used in our review, including the average and standard deviation of participant age, service, and salary. Our analysis indicates that the employer funded retirement benefits provided by the City are at least 140% the value of those provided by PERS.

Based on our analysis, the City's retirement benefits are ETOB than those provided by PERS.

SUMMARY OF APPLICABLE PLAN PROVISIONS

PERS TIER 1/TIER 2 FULL FORMULA BENEFITS

Plan Year	January 1 to December 31.
Plan Type	Defined Benefit.
Plan Eligibility	Tier 1: Hired prior to 1996. Tier 2: Hired after 1995 and prior to August 29, 2003.
Normal Retirement	
Eligibility	Age 55.
Benefit	2.00% of average monthly compensation multiplied by years of benefit service.
Mandatory Employee Contributions	
Eligibility	Prior to January 1, 2004 all Tier 1/Tier 2 participants. Effective July 1, 2020 applicable to participants earning at least $2,500 monthly in 2020, increased to $3,333 in 2022 and indexed for inflation in future years.
Contributions	Prior to January 1, 2004, 6.0% of monthly compensation. After July 1, 2020, 2.50% of monthly compensation.

Guaranteed Interest Rate (Tier 1 only)

Years	Rate
1980-1988	7.50%
1989-2013	8.00%
2014-2015	7.75%
2016-2017	7.50%
2018-2020	7.20%
2021+	6.90%

PERS Tier 1/Tier 2 Full Formula Benefits (Continued)

Early Retirement	
Eligibility	The earlier of age 50 or completion of 30 years of benefit service.
Benefit	Accrued benefit actuarially reduced for each year that early commencement precedes normal retirement age.
Unreduced Benefit Eligibility	25 years of benefit service.
Disability Benefit	
Eligibility	10 years of service (immediate if disability is service related).
Benefit	Normal Retirement Benefit credited with years of service as if the employee worked to age 55, commencing immediately. In lieu of the above, in case of service-related disability an election can be made to receive 50% of final monthly compensation. For participants with at least 15 years of credited benefit service, the benefit cannot be lower than $100 monthly and cannot exceed the greater of the final monthly compensation or $400 monthly.
Compensation	
Limits	$195,000 in 2020, indexed with inflation.
Covered	Total Compensation including overtime and bonuses.
Average Monthly	The greater of covered compensation averaged over the three consecutive plan years that produce the highest average and covered compensation averaged over the final 36 consecutive months of service.
Accrued Benefit	A participant's normal retirement benefit calculated using years of benefit service and average monthly compensation as of the date of calculation.

PERS Tier 1/Tier 2 Full Formula Benefits (Concluded)

Unit Purchase Employer Match	Up to $80 monthly for 60 monthly annuity payments which must commence after earliest retirement age and be paid out by age 65.
Waiting-Time Purchase	Members with 10 years of service may purchase credit for the six month period of employment prior to participation. The cost is the amount of employee and employer contributions that would have been made during the waiting period.
Unused Sick Leave	50% of unused sick leave may be used to increase final average earnings in PERS, if the employer participates in that program.
Vacation Cash-Out	Unused vacation may be included in final average earnings for Tier 1 members.
Normal Form of Benefit	Cash refund annuity with 25% survivor continuation.
Optional Forms of Benefit	Partial lump sum: refund of member contributions with interest plus a pension based on the employer-paid portion of the Full Formula Benefit.
Actuarial Equivalent	
Interest	7.2% pre- and post-retirement.
Mortality	Blended mortality based on PUB-2010 tables, with different tables depending on purpose of adjustment
Cost of Living Adjustments	
Benefits Earned Before October, 2013	Annual adjustment to reflect the increase or decrease in CPI (Portland Area – All Items), subject to a maximum increase of 2.00% in any year. CPI changes in excess of the 2.00% limit are accumulated for future benefit adjustments otherwise less than 2.00%. Benefits will never decrease below original amount.
Benefits Earned After October, 2013	1.25% for benefit amounts up to $60,000 and 0.15% for benefit amounts above $60,000.

PERS TIER 1/TIER 2 RETIREE HEALTH INSURANCE ACCOUNT (RHIA)

Retiree Medicare Supplement

Eligibility	Receiving retirement benefits, covered eight years before retirement, enrolled in a PERS-sponsored health plan, and enrolled in Medicare Part A and Part B.
Benefit	$60 monthly per retiree is applied to PERS-sponsored Medicare supplemental insurance costs.

PERS OPSRP FULL FORMULA BENEFITS

Plan Year	January 1 to December 31.
Plan Type	Defined Benefit.
Plan Eligibility	Hired after August 28, 2003.
Normal Retirement	
Eligibility	The the earlier of age 60, or age 53 with 25 years of benefit service.
Benefit	1.80% of average monthly compensation multiplied by years of benefit service.
Mandatory Employee Contributions	
Eligibility	Effective July 1, 2020, applicable to participants earning at least $2,500 monthly in 2020, increased to $3,333 in 2022 and indexed for inflation in future years.
Contributions	After July 1, 2020, 0.75% of monthly compensation.
Early Retirement	
Eligibility	Age 50 with five years of service.
Benefit	Accrued benefit actuarially reduced for each year that early commencement precedes normal retirement age.
Unreduced Benefit Eligibility	None.

PERS OPSRP Full Formula Benefits (Continued)

Disability Benefit

Eligibility	10 years of service (immediate if disability is service related).
Benefit	Until Normal Retirement Age, 45% of monthly compensation during the last full month of employment, reduced if the total benefit exceeds 75% of compensation. After Normal Retirement Age, Normal Retirement Benefit credited with benefit years of service as if the employee worked to Normal Retirement Age, with salary increased with cost of living adjustments.

Compensation

Limits	$195,000 in 2020, indexed with inflation.
Covered	Total Compensation including overtime up to average limit and bonuses.
Average Monthly	The greater of covered compensation averaged over the three consecutive plan years that produce the highest average and covered compensation averaged over the final 36 consecutive months of service.

Accrued Benefit	A participant's normal retirement benefit calculated using years of benefit service and average monthly compensation as of the date of calculation.
Normal Form of Benefit	Single life annuity.

Actuarial Equivalent

Interest	7.2% pre- and post-retirement.
Mortality	Blended mortality based on PUB-2010 tables, with different tables depending on purpose of adjustment.

PERS OPSRP Full Formula Benefits (Concluded)

Cost of Living Adjustments

Benefits Earned Before October, 2013	Annual adjustment to reflect the increase or decrease in CPI (Portland Area – All Items), subject to a maximum increase of 2.00% in any year. CPI changes in excess of the 2.00% limit are accumulated for future benefit adjustments otherwise less than 2.00%. Benefits will never decrease below original amount.
Benefits Earned After October, 2013	1.25% for benefit amounts up to $60,000 and 0.15% for benefit amounts above $60,000.

CITY OF PORTLAND FPDR 2 RETIREMENT PLAN

Eligibility	Closed to new entrants as of January 1, 2007.
Plan Year	January 1 to December 31.
Plan Type	Defined Benefit.
Normal Retirement	
Eligibility	Earlier of age 50 with 25 years of service or age 55.
Benefit	2.20%, 2.40%, 2.60%, or 2.80% of a participant's average monthly compensation depending on the elected percent of the survivor portion of the joint and survivor annuity form of payment (100%, 75%, 50%, or 25%/0% respectively) multiplied by years of benefit service, up to 30 years.
Mandatory Employee Contributions	
Eligibility	Participating in the plan.
Contributions	Prior to July 1, 1990, 7.0% of monthly compensation.
Employer Contributions	None.
Early Retirement	
Eligibility	The earlier of age 50 with 25 years of service or age 55.
Benefit	Accrued benefit.

City Of Portland FPDR 2 Retirement Plan (Continued)

Disability Benefit

Eligibility	Immediate upon total and permanent disability with the exceptions of heart disease and cancer. 5 years of service for service-related heart disease. 5 years of service for service-related cancer for firefighters only. If service-related cancer is prostate cancer, there is an additional requirement to be diagnosed before age 55.
Benefit	Until disability retirement age, 75% of compensation excluding bonuses and overtime if disability is service-related, or 50% of compensation excluding bonuses and overtime if not service-related. Benefits may be reduced if outside wages are received (subject to a minimum benefit of 25% of compensation excluding bonuses and overtime). Disability retirement age is the earlier of Social Security normal retirement age or the age at which the participant has earned 30 years of service. Partial years of service continue to accrue during disability. After disability retirement age, the benefit is the normal retirement benefit based on base pay increased during disability and additional years of service accrued during disability.

Compensation

Limits	$200,000 as indexed; $285,000 for plan years beginning in or after 2020.
Plan	Total Compensation including bonuses, but excluding overtime.
Average Monthly	Highest plan year compensation out of the last ten years.
Accrued Benefit	A participant's normal retirement benefit calculated using years of benefit service and average monthly compensation as of the date of calculation.

City Of Portland FPDR 2 Retirement Plan (Concluded)

Normal Form of Benefit	Joint & survivor annuity with elected survivor portion of 0%, 25%, 50%, 75%, or 100%.
Cost of Living Adjustments	
Benefits Earned Before October, 2013	Annual adjustment to reflect the increase or decrease in the Consumer Price Index, Portland Area – All Items (CPI), subject to a maximum increase of 2.00% in any year. CPI changes in excess of the 2.00% limit are accumulated for future benefit adjustments otherwise less than 2.00%. Benefits will never decrease below original amount.
Benefits Earned After October, 2013	1.75%.

CITY OF PORTLAND ADDITIONAL BENEFIT PROVISIONS

Retiree Medical

Implicit Eligibility	Continued medical coverage is offered to the City's public safety retirees, spouses and dependents until Medicare eligibility, on a self-pay basis.
Implicit Benefit	The retiree premium rate (whether paid by the City or by the retiree) is based on the premium rates available to active employees. Generally, the premium does not represent the full cost of covering retirees (since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population). This additional cost is called the "implicit subsidy".

ACTUARIAL ASSUMPTIONS

ACTUARIAL ASSUMPTIONS FOR ETOB TESTING

Valuation Date	December 31, 2020.
Plan Eligibility	All employees eligible to participate under PERS are treated as eligible for ETOB testing.
Interest Rate for Discounting Future Liabilities	6.90% per year.
Interest Rate to Project Past and Future Earnings	The greater of 6.90% or the plan's guaranteed interest rate, if any.
General Inflation	2.40% per year.
Payroll Growth	3.40% per year.

Salary Merit Scale

Duration	Annual Increase
0	5.13%
5	2.87%
10	1.58%
15	0.98%
20	0.79%
25	0.72%
30 +	0.50%

Unused Sick Leave Program: For employers with a traditional defined benefit retirement plan design, if unused sick leave is converted to benefits under the retirement plan the employer is treated as if electing to participate in the Unused Sick Leave Program.

Mortality Rates	Active employees: None. Retirees: PUB 2010 Retiree Tables for Safety Employees, sex distinct, projected generationally. Beneficiaries: PUB 2010 Employee and Retiree Tables for General Employees, sex distinct, projected generationally. Beneficiary adjustments: Set back 12 months for males, no set back for females. Disabled Retirees: 50% of PUB 2010 Disabled Retiree Tables for Safety Employees, 50% of PUB 2010 Disabled Retiree Tables for Non-Safety Employees, sex distinct, projected generationally. Improvement Scale: Unisex Social Security Data Scale (60 year average), with data through 2017.
Turnover Rates	None.
Disability Rates	Based on 1985 Pension Disability Table Class 1 – unisex, as adjusted per 2020 experience study. Rates are applied past retirement eligibility, but not after normal retirement age. Sample rates are as follows:

Age	Service Disability Rate	Ordinary Disability Rate
30	0.0128%	0.0160%
35	0.0196%	0.0245%
40	0.0316%	0.0395%
45	0.0518%	0.0648%
50	0.0896%	0.1120%

Retirement Rates

	Tier 1 / Tier 2			OPSRP		
	Years of Service			Years of Service		
Age	< 13	13 - 24	25 +	< 13	13 - 24	25 +
50	1.5%	3.0%	32.0%	0.5%	1.5%	5.5%
51	1.5%	3.0%	27.0%	0.5%	1.5%	5.5%
52	1.5%	3.0%	27.0%	0.5%	1.5%	5.5%
53	1.5%	3.0%	27.0%	0.5%	1.5%	27.0%
54	1.5%	3.5%	27.0%	0.5%	1.5%	27.0%
55	3.0%	15.5%	27.0%	2.0%	5.0%	27.0%
56	3.0%	10.0%	27.0%	2.0%	5.0%	27.0%
57	3.0%	10.0%	27.0%	2.0%	5.0%	27.0%
58	6.0%	10.0%	27.0%	5.0%	5.0%	27.0%
59	6.0%	10.0%	27.0%	5.0%	5.0%	27.0%
60	6.0%	12.0%	27.0%	5.0%	15.0%	27.0%
61	6.0%	14.0%	27.0%	5.0%	8.5%	27.0%
62	15.0%	25.0%	38.0%	10.0%	25.0%	38.0%
63	15.0%	15.0%	31.0%	7.0%	15.0%	31.0%
64	15.0%	15.0%	31.0%	7.0%	15.0%	31.0%
65	40.0%	40.0%	50.0%	7.0%	35.0%	40.0%
66	40.0%	40.0%	50.0%	7.0%	35.0%	40.0%
67	40.0%	40.0%	50.0%	7.0%	35.0%	40.0%
68	40.0%	40.0%	50.0%	7.0%	35.0%	40.0%
69	40.0%	40.0%	50.0%	7.0%	35.0%	40.0%
70	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Postretirement Healthcare Participation 100%

Postretirement Healthcare Lapse None.

Spouse Coverage 100% of future retirees are assumed to cover a spouse as well. Males are assumed to be three years older than their female spouses.

PERS SPECIFIC ACTUARIAL ASSUMPTIONS

Cost of Living Adjustments	Blended based on Moro vs. State of Oregon, with separate assumptions for each tier: Tier 1: 1.798% Tier 2: 1.735% OPSRP: 1.484%
Vacation Cash-Out	Tier 1 benefits have been increased by 4.75%.
Unit Purchase Match	Assume maximum purchase, with a cost to employer of $4,000 if retiring before age 65.
Waiting-Time Purchases	Assume purchased.
Assumed Form of Payment	
Tier 1/Tier 2	98% of participants elect to receive their benefit as a cash refund annuity with 25% survivor continuation, 2% of participants elect to receive their benefit as a partial lump sum: refund of member contributions with interest plus a pension based on the employer-paid portion of the Full Formula Benefit.
OPSRP	100% of participants elect to receive their benefit as a single life annuity.

CITY OF PORTLAND SPECIFIC ACTUARIAL ASSUMPTIONS

Earliest Applicable Date of Hire Considered	July 1, 1984.
Cost of Living Adjustments	Blended based on service before and after October 2013: 1.89%.
Covered Compensation Adjustments	Because benefits under the Retirement Plan exclude consideration of overtime, benefits have been reduced by 5.50% based on information provided by PERS and the City.
Unused Sick Leave Program	The City of Portland is not assumed to participate in the Unused Sick Leave Program.
Assumed Form of Payment	Joint & survivor annuity with 25% continuation.

FIRE AND POLICE DISABILITY AND RETIREMENT
City of Portland, Oregon

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Samuel Hutchison, Director fpdr@portlandoregon.gov

FPDR Legislative Review Criteria (2023)

The 2023 Oregon legislative session begins on January 17th and ends no later than June 25th.

FPDR Funding
Identify any proposed legislation that could directly impact the funding of the Plan (e.g. property tax changes)

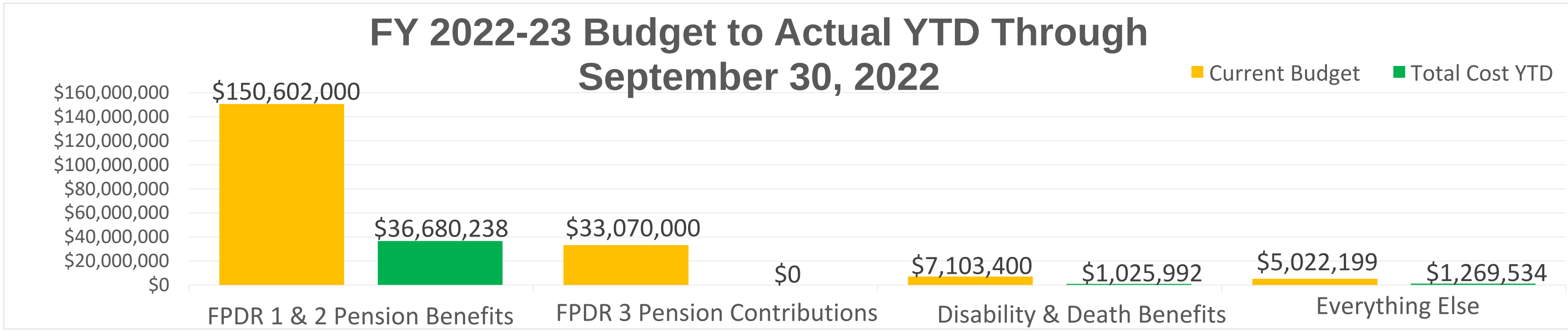
FPDR Retirement Benefits (FPDR One and FPDR Two)
Identify any proposed legislation that could directly impact FPDR One or FPDR Two pension benefits (e.g. alternate payee, tax remedy/tax offset).

PERS
Look at how proposed PERS changes will impact employer and employee contributions and FPDR Three members benefits

Workers' Compensation
Identify any proposed legislation that could directly impact FPDR's disability plan (e.g. firefighter cancer and heart/lung presumptions). Also, look for trends.

FPDR Director
Look at how proposed PERS changes and other legislation may impact FPDR's ability to retain existing staff and attract new employees

Other
Look for any other legislation that could impact the FPDR plan, benefits, members, or the fund today or in the future.



FY 2022-23 Budget to Actual YTD by Month

Mid Level Classification	Detail Classification	Original Budget	July	August	September	YTD Total
Revenues	Beginning fund balance	$25,229,006	$0	$0	$0	$0
	Taxes	$183,485,461	-$1,067,906	$371,844	$459,979	-$236,082
	Bond and note proceeds	$45,000,000	$28,000,000	$0	$0	$28,000,000
	Miscellaneous Sources	$789,100	$1,003	$50,381	$107,207	$158,591
	Interfund Cash Transfer Revenues	$750,000	$0	$0	$0	$0
	Interagency Revenues	$393,900	$631	$644	$1,287	$2,562
Revenues Total		**$255,647,467**	**$26,933,728**	**$422,869**	**$568,474**	**$27,925,071**
Personnel	Personnel	$2,889,429	$223,478	$255,433	$237,382	$716,292
Personnel Total		**$2,889,429**	**$223,478**	**$255,433**	**$237,382**	**$716,292**
Ext. Mat. & Svcs.	Other External Materials & Services	$805,599	$38,469	$49,464	$80,423	$168,357
	FPDR 1 & 2 Pension Benefits	$150,602,000	$12,566	$12,143,557	$24,524,115	$36,680,238
	Disability & Death Benefits	$7,103,400	$12,010	$508,094	$505,888	$1,025,992
Ext. Mat. & Svcs. Total		**$158,510,999**	**$63,045**	**$12,701,116**	**$25,110,426**	**$37,874,587**
Int. Mat. & Svcs.	Other Internal Materials & Services	$794,570	$84,672	$61,921	$234,912	$381,505
	FPDR 3 Pension Contributions	$33,070,000	$0	$0	$0	$0
	Return to Work/Light Duty	$497,600	$0	$0	$0	$0
Int. Mat. & Svcs. Total		**$34,362,170**	**$84,672**	**$61,921**	**$234,912**	**$381,505**
Capital Outlay	Capital Outlay	$35,001	$0	$3,380	$0	$3,380
Capital Outlay Total		**$35,001**	**$0**	**$3,380**	**$0**	**$3,380**
Fund Expenses	Contingency	$13,494,412	$0	$0	$0	$0
	Debt Retirement	$45,434,207	$25,000	$3,356	$0	$28,356
	Interfund Cash Transfer Expenses	$921,249	$13,309	$13,309	$13,309	$39,927
Fund Expenses Total		**$59,849,868**	**$38,309**	**$16,665**	**$13,309**	**$68,283**