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
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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

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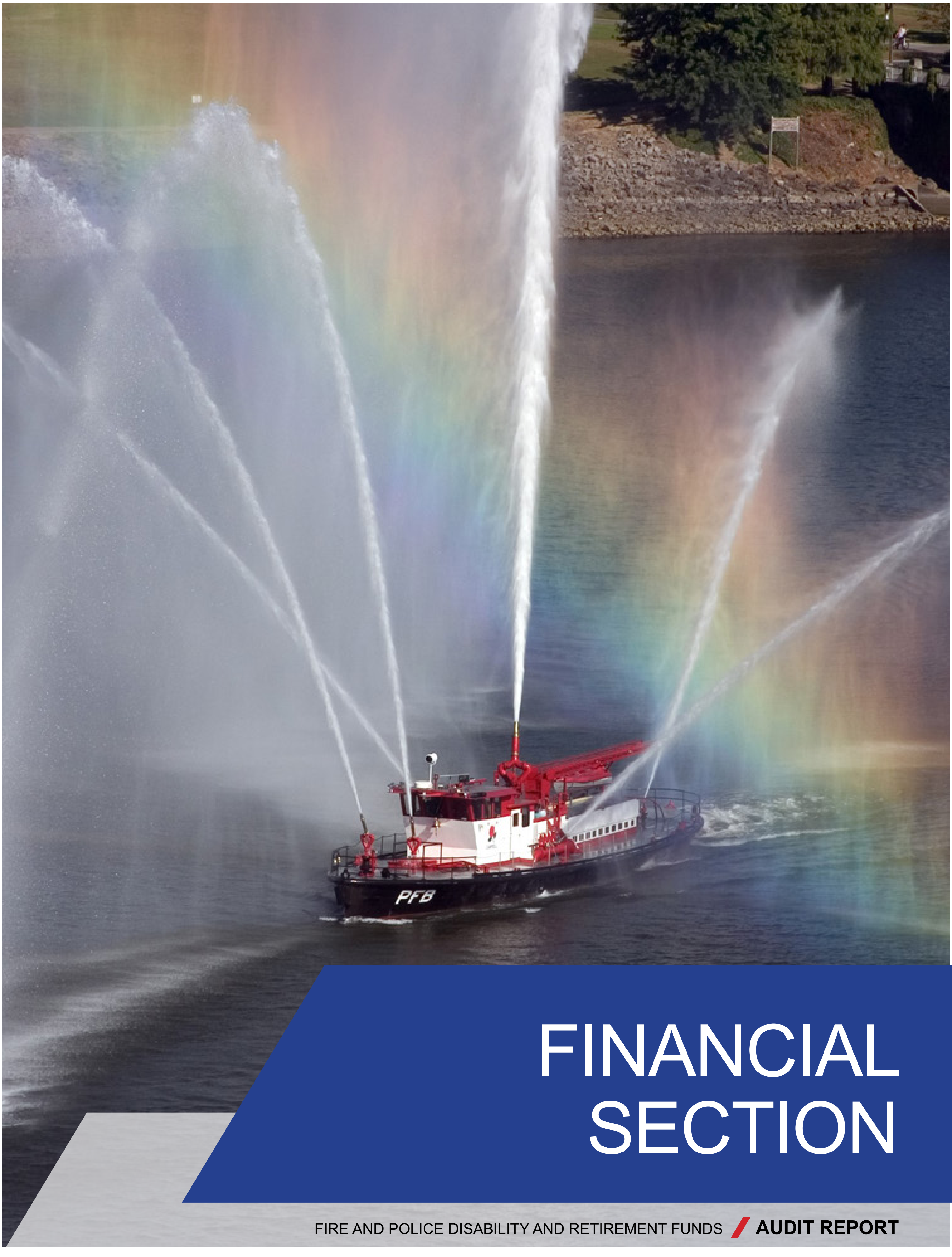

FINANCIAL SECTION

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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

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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

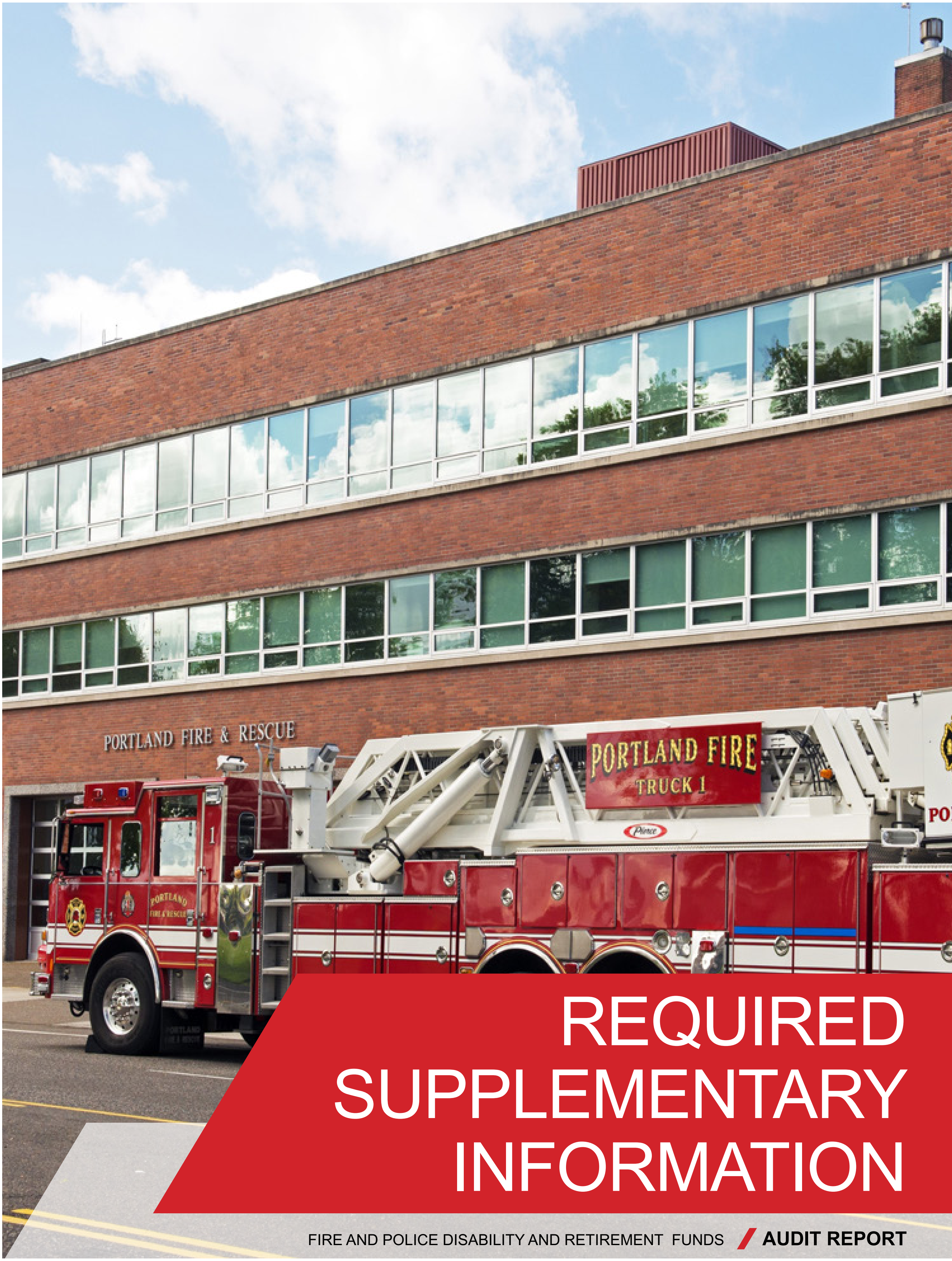
On July 7, 2022 FPDR issued tax anticipation notes for $28.0 million with a true interest cost of 1.89 percent. The notes are due for repayment on January 31, 2023. The principal and interest rates were locked in through a loan commitment agreement entered into on June 8, 2022.

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.

FIREFIGHTER

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)]

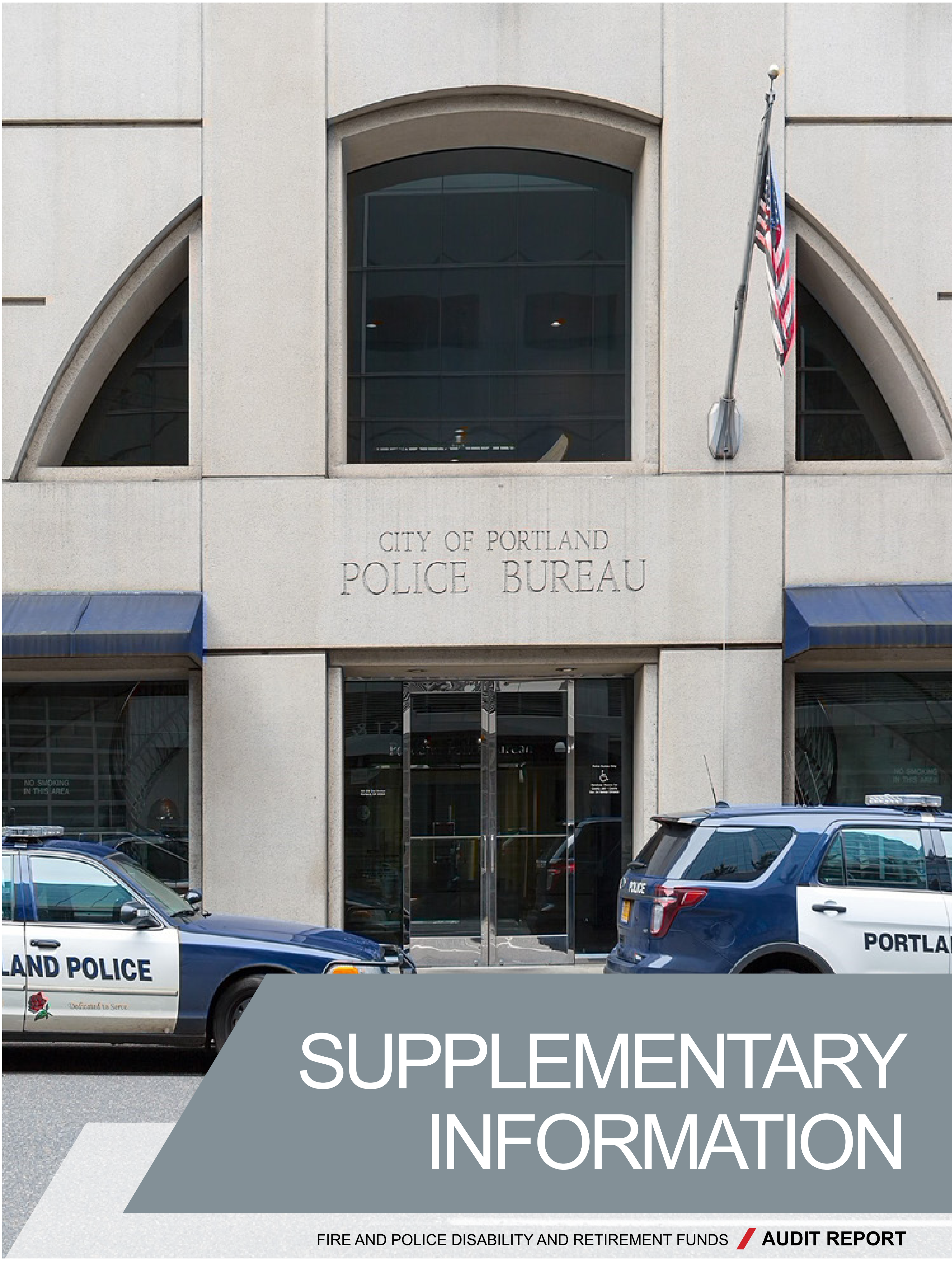
	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 3,864,161	$ 3,003,933	$ 3,597,015	$ 3,675,148	$ 4,140,465
Interest	2,127,683	2,967,230	3,898,352	3,640,097	3,086,463
Differences between expected and actual experiences	1,054,522	-	6,051,864	-	-
Changes of assumptions	26,944,778	10,460,682	(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

OFFICER

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

continued on the next page

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,										Increase (decrease) Ten years ended
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	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

FIRE AND POLICE DISABILITY AND RETIREMENT FUNDS / **AUDIT REPORT**

MOSSADAMS

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

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