Report of the Independent Auditors and Financial Statements

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

PORTLAND FIRE AND POLICE DISABILITY AND RETIREMENT FUNDS

TRUST FUNDS OF THE CITY OF PORTLAND, OREGON

FIREFIGHTER

CITY OF POR

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City of Portland, Oregon

Fire and Police Disability

and Retirement Funds

Trust Funds of the City of Portland, Oregon

June 30, 2023

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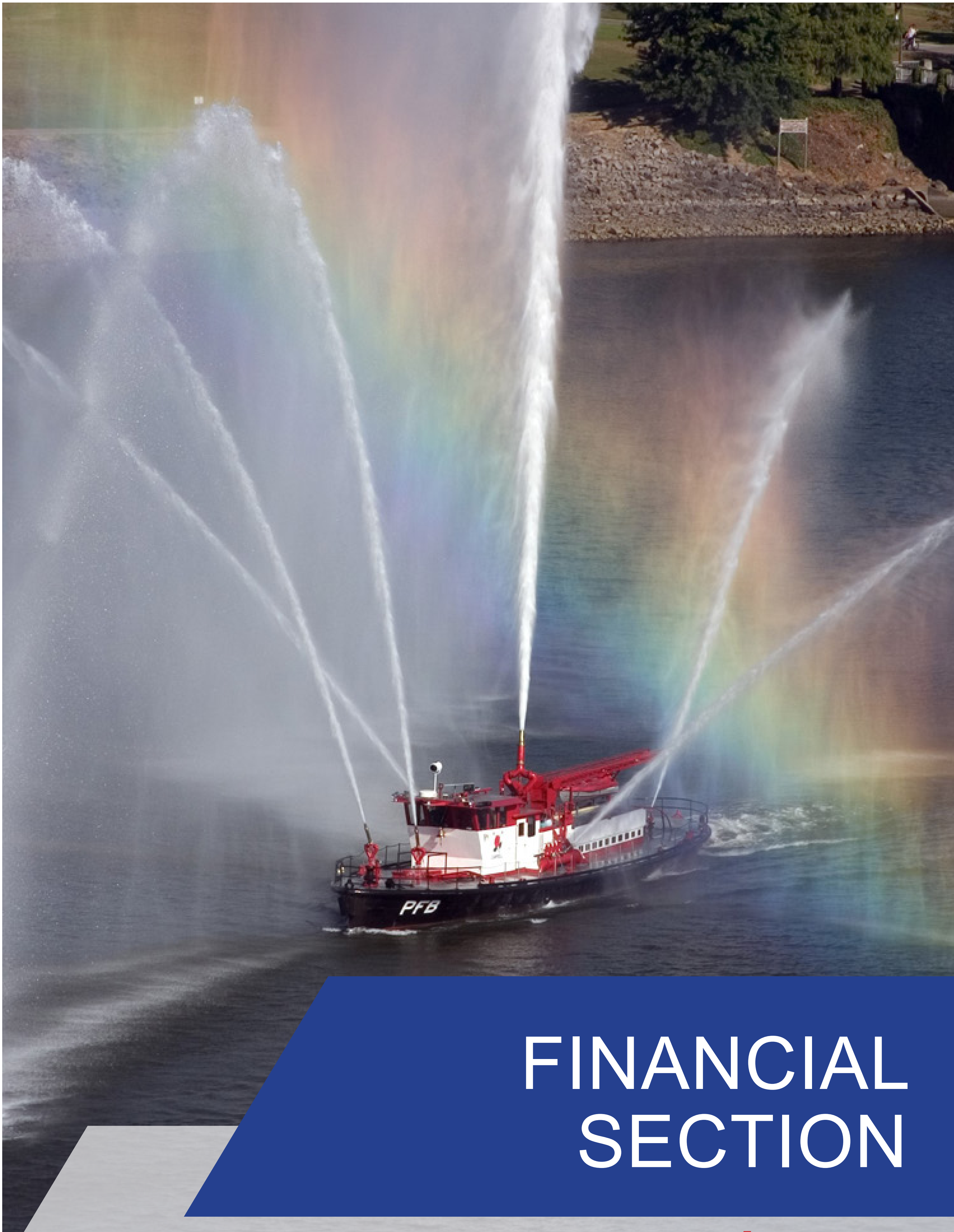

FINANCIAL SECTION

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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, 2023, 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, 2023, 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 26, 2023 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 26, 2023

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, 2023. 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, 2022; rolling that valuation forward to June 30, 2023 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 $3.9 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 $185.2 million of the $186.0 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, 2023 was $1.11 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 $2.73 per $1,000 of AV for the fiscal year ended June 30, 2023.
- 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 $24.3 million on June 30, 2023, an decrease from the June 30, 2022 net position of $27.7 million.
- FPDR Fund assets were $31.1 million on June 30, 2023, $14.0 million less than June 30, 2022. The decline is primarily the result of a timing issue: since July 1, 2023 was a Saturday, July 1 pension payments in the amount of $12.3 million were instead paid on June 30, thus reducing the Fund's cash at the close of the fiscal year.
- As a result of the same timing issue, FPDR Fund liabilities fell by $10.0 million as compared with the prior year. Typically the July 1 pension payments are booked as an accounts payable item on June 30, since pension payments are made in arrears. Since this year the payment had already been made, a liability for June pension benefits did not need to be recorded as usual on June 30, 2023. In addition, the total for outstanding checks issued but not cashed was significantly lower on June 30, 2023 than it was on June 30, 2022.
- Benefit payments from the FPDR Fund include both direct payments to FPDR Plan beneficiaries and contributions to the prefunded Oregon Public Employees Retirement System (PERS) Plan for sworn employees hired after 2006. Total benefit payments grew to $185.6 million, an increase of 6.4%, or $11.2 million. FPDR pension and disability payments to retirees, disabled members, and their beneficiaries totaled $153.9 million of this amount, 4.0% more than the prior year. This reflects 2022 pension cost-of-living-adjustments ranging from 2% to 7%, as well as growth in the retiree population with new retirements outnumbering deaths. While still much smaller than FPDR Plan benefit payments, PERS contributions increased more rapidly, growing 14.5% from the prior year to reach $30.7 million in the fiscal year ended June 30, 2023. This is in line with growth in the PERS-covered workforce, as new hires are added, and sworn wage increases in 2022.

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 and invested 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, 2023 was $1.11, down from $1.20 in fiscal year ended June 30, 2022 and 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, as well as an additional 3% contribution to each member's Individual Account Program at PERS. 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 benefits, pre- and post-retirement death benefits, disability benefits, and funeral 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 late 2030s or early 2040s, when most members hired before 2007 will be retired and receiving FPDR pension payments, and all of the active workforce will be enrolled in PERS with FPDR pre-funding their PERS pensions through contributions to the PERS Plan.

The FPDR Plan's net pension liability is $3.8 billion for the fiscal year ended June 30, 2023, an increase of $86.5 million from June 30, 2022. The plan liability grew despite 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 3.54% on June 30, 2022 to 3.65% on June 30, 2023. 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. The higher pension liability on June 30, 2023 can be attributed primarily to the fact that it is a roll forward of the 2022 plan valuation, whereas the June 30, 2022 liability figure is a roll forward of the 2020 plan valuation. The 2022 valuation recognized updated demographic experience and forward-looking assumptions, including higher recent wage growth for active members, greater future improvements in participant longevity than previously projected, and a higher percent of members retiring in financially advantageous "27 pay date months," among other factors.

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, 2022. 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 less than a 1% probability of the FPDR Fund levy reaching the maximum $2.80 per $1,000 of RMV in any year through 2041. After removing the bottom 5% and top 5% of outlier outcomes, the 2022 levy analysis forecasts an FPDR tax levy rate between $0.64 and $2.00 per $1,000 of RMV for 2024 through 2041. At the median (50th percentile) probability, the analysis predicts the FPDR tax rate will peak at $1.43 per $1,000 of RMV in 2031 - 2033. The previous 2020 analysis estimated a similar probability of reaching the FPDR levy cap, and a slightly higher peak FPDR tax rate at the median probability ($1.46). 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, 2023 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.

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, 2023 and 2022:

Summary of Net Position
For Years as Stated

	2023	2022	Change
ASSETS			
Cash and investments (held by City Treasurer)	$ 23,399,653	$ 39,560,775	$ (16,161,122)
Receivables	6,759,079	5,337,040	1,422,039
FPDR share of City OPEB asset	35,508	24,079	11,429
Capital assets, net	885,196	131,555	753,641
Total assets	31,079,436	45,053,449	(13,974,013)
Deferred outflows of resources (City PERS pension)	1,184,483	1,335,532	(151,049)
Deferred outflows of resources	1,184,483	1,335,532	(151,049)
LIABILITIES			
Accounts payable	654,822	12,484,958	(11,830,136)
FPDR share of City PERS pension liability	2,573,021	1,975,746	597,275
Other liabilities	3,959,073	2,744,476	1,214,597
Total liabilities	7,186,916	17,205,180	(10,018,264)
Deferred inflows of resources (City PERS pension)	808,338	1,499,196	(690,858)
Deferred inflows of resources	808,338	1,499,196	(690,858)
NET POSITION			
Total net position	$ 24,268,665	$ 27,684,605	$ (3,415,940)

Financial Statements and Analysis, continued

The Funds' net position declined slightly between June 30, 2022 and June 30, 2023, declining from $27.7 million to $24.3 million. Total assets fell by $14.0 million, or 31.0%, while total liabilities also dropped, but by a smaller $10.0 million. As mentioned above under Financial Highlights, most of the decline in both assets and liabilities was simply caused by a timing issue related to the payment of June pension benefits on June 30 in 2023 and July 1 in 2022. However, the remainder of the downturn in assets was a planned $3.9 million reduction in cash balance, partially offset by an increase in receivables and capital assets. FPDR management generally targets an ending fund balance of $15 to $20 million, an amount sufficient to cover unforeseen expenses and mitigate typical risks for a pension plan of FPDR's size, without retaining excess taxpayer dollars unnecessarily. However, management chose to increase fund contingency during the COVID pandemic in response to 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 some of these risks materialized in a financially significant way, FPDR fund balance had grown beyond target levels by June 30, 2022. FPDR is now using the additional cash to offset the FPDR property tax levy in 2022 and 2023, and perhaps beyond. FPDR booked $1.4 million more in receivables for the fiscal year ended June 30, 2023. This was principally due to a $778,684 higher property tax receivable and $406,077 more in interest receivable on FPDR's cash balance in the City Treasury pool, as interest rates remained higher than in the prior fiscal year. A $753,641 increase in capital assets is offset by a related increase in liabilities. FPDR entered into a noncancelable building lease for its administrative offices in July 2022. A right-of-use asset and lease liability were recognized in August 2022 in the amount of $957,213. After depreciation during the year, the June 30, 2023 value of the right-of-use asset was $783,174 and the lease's remaining liability was $811,556. (Differences in the timing of depreciation and lease payments account for the $28,382 difference.)

Other than the reduction in benefits payable for June pension payments and the new lease liability, the most significant changes to liabilities on June 30, 2023 were for compensated absences and FPDR's share of the City's PERS pension liability. FPDR's June 30 liability for PERS contributions on the leave balances of PERS-covered sworn employees, as well as FPDR's own employees, escalated by $450,079, or 24.1%. The City of Portland recently increased leave accrual rates for all employees. The unfunded liability of the Oregon PERS system was higher on June 30, 2023 than June 30, 2022. The additional liability was shared out among PERS employers, including the City of Portland, and in turn among City funds, including the FPDR Fund. As a consequence, the FPDR Fund's share of the City of Portland's PERS liability increased by $597,275, or 30.2%.

The following schedule displays changes in employer contributions, benefit payments, administrative expenses and plan net position during the fiscal years ended June 30, 2023 and 2022.

	2023	2022	Increase (Decrease)
Employer contributions: property taxes	$ 185,229,236	$ 194,183,766	$ (8,954,530)
Employer contributions: other	796,458	324,670	471,788
Net investment earnings/(loss)	1,189,657	(1,371,551)	2,561,208
Total Additions	187,215,351	193,136,885	(5,921,534)
Benefit payments	185,553,546	174,400,174	11,153,372
Operating and administrative expenses	5,077,745	4,343,833	733,912
Total Deductions	190,631,291	178,744,007	11,887,284
Net Increase / (Decrease)	(3,415,940)	14,392,878	(17,808,818)
Beginning Net Position	27,684,605	13,291,727	14,392,878
Ending Net Position	$ 24,268,665	$ 27,684,605	$ (3,415,940)

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 $185.2 million in the fiscal year ended June 30, 2023, a $9.0 million or 4.6% decrease from the prior year. As discussed above, FPDR management and the FPDR Board of Trustees decided to use excess fund balance from prior years to reduce the FPDR property tax levy for the fiscal year ending June 30, 2023.

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. Collection of disability overpayments increased for the fiscal year ended June 30, 2023, following a moratorium on some recovery efforts during the COVID pandemic. (Benefit payments begin automatically upon receipt of a complete service-connected disability claim; if a claim is subsequently denied benefits must be repaid.) In addition, a large pension overpayment of $210,513 was discovered and recorded as deferred revenue in the fiscal year ended June 30, 2023, when a member's death went unreported by the member's family and FPDR's death audit service for several years. FPDR is in the process of making repayment arrangements with the member's family. Investment income on FPDR Fund balance was $1.2 million for the fiscal year ended June 30, 2023, after a temporary downturn in the City Treasury pool left FPDR with a net investment loss on June 30, 2022. The Federal Reserve continued to raise interest rates aggressively throughout the fiscal year ended June 30, 2023. In addition, fund balance was unusually high through April 2023 because of delays in PERS billings from the Police and Fire Bureaus.

The largest deduction to the plan's net position each year is obviously benefit payments. For the fiscal year ended June 30, 2023, total benefit payments amounted to $185.6 million, an increase of $11.2 million or 6.4% from the previous year. 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).

Financial Statements and Analysis, continued

Operating and administrative expenses grew 16.9%, or $733,912, as compared with the year before. The single largest increase was for interest payments on the tax anticipation notes (TANs) FPDR issues each year to maintain a positive cash flow between the start of the fiscal year on July 1 and the receipt of most property tax revenue in mid-November. The July 2022 TAN issue carried an interest rate of 1.89%, nearly ten times higher than the interest rate for the July 2021 TAN issue (0.21%). Consequently, TAN interest payments were $307,462 more for the fiscal year ended June 30, 2023, although FPDR borrowed $10.5 million less. The second major contributor to higher administrative costs was additional vendor payments. FPDR paid $116,088 more for disability claim investigation expenses, such as independent medical examinations and medical records, as claim complexity increased in the wake of new statutory stress and anxiety presumptions. As always in odd-numbered years – when the biannual plan valuation and tax levy analysis are completed – actuarial costs were also higher. Payments to FPDR's independent actuarial service were $65,450 more than in the fiscal year ended June 30, 2022. Finally, FPDR leadership contracted with a professional services firm for $65,000 to conduct extensive stakeholder and employee interviews and to help the bureau formulate a five-year strategic plan. Office lease savings for the fiscal year ended June 30, 2023, in the form of both a less expensive ongoing lease and a one-time five-month rental abatement in the first year of the new lease, were fully offset by technology-related moving costs.

COVID Pandemic Recovery

The pandemic and associated disruptions had only minor impacts to the FPDR Fund and FPDR operations and are no longer causing noticeable effects. The chief financial impacts to FPDR came in the form of the largest retirement year in FPDR history, when 99 members left active service in the midst of the pandemic and civil protests during the fiscal year ended June 30, 2021, and two years of record-breaking disability claim volume in the fiscal years ended June 30, 2021 and June 30, 2022. The FPDR Board of Trustees approved emergency administrative rules to make qualifying for service-connected benefits simpler for COVID cases, and more than 500 disability claims were received in each of those two years as the City's sworn workforce missed work time due to COVID exposures, infections, and vaccine side effects. Short-term wage replacement benefits for disability were $2.7 million in each of those two fiscal years, as compared with about $1.5 million annually before. However, growth in pension costs from the influx of new retirees in the fiscal year ended June 30, 2021 was unfortunately tempered by a slightly higher beneficiary death rate than usual in the following two fiscal years. 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 several years. Most of these additional funds proved to be unnecessary and fell to fund balance. The excess resources are being used to reduce the FPDR tax levy for several years, as previously discussed. Retirement levels and disability claim volume have returned to normal levels in the fiscal year ended June 30, 2023, and the emergency administrative rules for COVID disability claims have expired. Finally, the FPDR office and FPDR employees are now operating as the bureau and City of Portland intend to do business for the long term, post-pandemic. Most employees are working half-time in the office and half-time remotely; business processes are primarily electronic and paperless; and customer service is available to members in person, on the phone, and through virtual platforms.

Capital Asset and Long-Term Debt Activity

FPDR has two intangible capital assets. The first is a right-of-use asset for a noncancelable building lease. The lease expires on December 31, 2027. As of June 30, 2023 the value of the lease asset was $783,174. FPDR also owns a software 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 $95,521 on June 30, 2023.

Financial Statements and Analysis, continued

The Funds had no long-term debt activity in the fiscal year ended June 30, 2023, 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, 2023

	FPDR Fund	Reserve Fund	Total
Assets			
Cash and investments held by City Treasurer	$ 22,649,653	$ 750,000	$ 23,399,653
Property taxes (contributions) receivable	5,730,287	-	5,730,287
Interest receivable	571,920	-	571,920
Accounts receivable, net	5,622	-	5,622
Overpayment recoveries receivable	435,776	-	435,776
Prepaid expense	15,474	-	15,474
Capital assets			
Software	1,071,878	-	1,071,878
ROU asset - buildings	957,213	-	957,213
Construction in progress	6,500	-	6,500
Accumulated depreciation and amortization	(1,150,395)	-	(1,150,395)
Net OPEB asset	35,508	-	35,508
Total assets	30,329,436	750,000	31,079,436
Deferred outflows of resources			
Deferred outflows - pensions	1,132,053	-	1,132,053
Deferred outflows - OPEB	52,430	-	52,430
Total deferred outflows	1,184,483	-	1,184,483
Liabilities			
Accounts payable	654,822	-	654,822
Compensated absences	2,315,754	-	2,315,754
Bonds payable	58,286	-	58,286
Interest payable	312,553	-	312,553
FPDR share of City PERS pension liability	2,573,021	-	2,573,021
Other liabilities	240,000	-	240,000
Lease payable	811,556		811,556
FPDR share of City OPEB liability	220,924	-	220,924
Total liabilities	7,186,916	-	7,186,916
Deferred inflows of resources			
Deferred inflows - pensions	770,098	-	770,098
Deferred inflows - OPEB	38,240	-	38,240
Total deferred inflows	808,338	-	808,338
Net Position			
Restricted for pensions	23,518,665	750,000	24,268,665
Total net position	$ 23,518,665	$ 750,000	$ 24,268,665

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, 2023

	FPDR Fund	Reserve Fund	Total
Additions			
Contributions - funded by property taxes	$ 185,229,236	$ -	$ 185,229,236
Other contributions	796,458	-	796,458
Total employer contributions	186,025,694	-	186,025,694
Net investment earnings/(loss)	1,189,657	-	1,189,657
Total additions	187,215,351	-	187,215,351
Deductions			
Disability, retirement and medical benefits	185,553,546	-	185,553,546
Operating and administrative expenses	5,077,745	-	5,077,745
Total deductions	190,631,291	-	190,631,291
Change in net position	(3,415,940)	-	(3,415,940)
Net position - beginning	26,934,605	750,000	27,684,605
Net position - ending	$ 23,518,665	$ 750,000	$ 24,268,665

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, 2023.

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, whose recognition is new for the current fiscal year due to the implementation of GASB Statement No. 87 (Statement 87): Leases.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 ROU 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 are discounted using the City of Portland's estimated incremental borrowing rate. Future lease payments include fixed payments, variable payments based on an index or rate, and any reasonably certain residual guarantees. The ROU 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.

Deferred outflows and inflows related to leases and any respective ROU 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.

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, 2023; 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 AND 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.

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

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 Benefit Plan Summary, which can be found at www.portland.gov/fpdr/charter-and-administrative-rules.

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, 2023, 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	261	1,715	-	1,976
Vested beneficiaries not yet in pay status				
Surviving spouses not yet eligible	-	-	-	-
Terminated employees	-	83	-	83
	-	83	-	83
Active members on short-term disability	-	16	11	27
Active members:				
Vested	-	631	-	631
Non-vested	-	-	-	-
Not in FPDR pension plan	-	-	798	798
Total active members	-	631	798	1,429

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.

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

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, 2023, there were 261 FPDR One members and 2,346 FPDR Two members and beneficiaries, as well as 83 former FPDR Two employees who are vested, but not yet receiving a pension benefit.

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, 2023, there were 798 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 5.0% on July 1, 2022 and 6.26% on July 1, 2023. FPDR One Police pension benefits were increased by 7.0% on July 1, 2022 and 5.0% on July 1, 2023. 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 FPDR Plan. The supplemental benefit payments totaled $53,835 to four retirees for the fiscal year ending June 30, 2023.

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

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.

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 PERS police and fire retirees for the same period (currently 2%). For both July 1, 2022 and July 1, 2023, the Board awarded the maximum adjustment, 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 for their survivor benefits as their deceased spouse was entitled to for their pension benefit, so long as the 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 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, 2023, the actual imposed levy rate per $1,000 of real market value under the special property tax levy was $1.11, and the total revenue received from the levy (which is most of the City's employer contribution) was $185.2 million.

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

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, 2022. 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 is similar to the results of the prior analysis as of June 30, 2020. 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, 2022 analysis extends through FY 2041-42. In non-inflation adjusted dollars plan costs are projected to peak in FY 2040-41, two years later than in the prior analysis.

More than 99% of employer contributions to the Plan are funded by property taxes. The remainder 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.

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, 2022 and rolled forward to June 30, 2023. 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, 2023
Total pension liability	$ 3,855,620,427
Less plan net position	24,268,665
Net pension liability	$ 3,831,351,762
Plan net position as a percentage of total pension liability	0.63%

The ratio of the net pension liability to covered payroll is 2.388%. Covered payroll was $160.4 million for the fiscal year ended June 30, 2023. 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 FPDR Plan for the year ended June 30, 2023 were $154.2 million. Employer contributions to the FPDR Fund were $31.8 million higher, but the $30.9 million used for PERS contributions for FPDR Three members, as well as a $0.88 million reduction in PERS contribution liability for FPDR Three member leave accruals, are excluded here. These expenses are for the PERS Plan rather than the FPDR Plan, and are not part of the benefit payments shown in the Schedule of Changes in Net Pension Liability and Related Ratios for the FPDR Plan.

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

The net pension liability, as calculated in accordance with GASB Statement 67 (Statement 67): Financial Reporting for Pension Plans, increased by $86.5 million between June 30, 2022 and June 30, 2023 despite 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 3.54% on June 30, 2022 to 3.65% on June 30, 2023. This reflects the effect of ongoing benefit accruals, along with the recognition of updated demographic experience and forward-looking assumptions that were incorporated in the 2022 plan valuation. These included higher recent wage growth for active members, increased participant longevity, a larger proportion of members retiring in financially advantageous "27 pay date months," and other factors. The June 30, 2022 net pension liability estimate was a roll forward of the 2020 plan valuation, which was based on older data and assumptions.

Significant assumptions used to prepare the June 30, 2022 actuarial valuation and the June 30, 2023 roll forward are listed below. These assumptions were applied to all periods included in the measurement.

Discount rate	3.65%
Long-term expected rate of return, net of investment expense	N/A
Municipal bond rate	3.65%
Valuation date	June 30, 2022
Measurement date	June 30, 2023
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

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. Both the June 30, 2020 and June 30, 2022 valuations reflect assumptions based on the June 30, 2019 plan experience study, which can be found at this link, under Reports: https://www.portland.gov/fpdr/budget-reports.

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

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 projected separately for the Fire and Police Bureaus. 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 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. Different retirement rates are assumed for those with less than 25 years of service who are eligible to retire based on age. It is expected that 75% 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. The valuations assume that 80% of retirees choose the lowest survivor benefit option and that 70% of retirees will have a surviving spouse at death. For purposes of determining eligibility for the additional pension benefit provided in ORS to those subject to Oregon income tax, it is projected that 70% of beneficiaries live in Oregon. Medical expenses for disability claims approved before member retirement are calculated as a liability load: 0.65% of projected pension payments.

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 4.65% discount rate had been used instead of 3.65%, the net pension liability as of June 30, 2023 would have been $3,357.1 million, or 12%, lower. If a 2.65% discount rate had been used, the net pension liability as of June 30, 2023 would have been $4,420.0 million, or 15%, higher.

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Total pension liability	$ 4,444,277,315	$ 3,855,620,427	$ 3,381,408,110
Less plan net position	24,268,665	24,268,665	24,268,665
Net pension liability	$ 4,420,008,650	$ 3,831,351,762	$ 3,357,139,445

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.

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

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, 2023, contributions receivable from property taxes are $5.7 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 $35,508. FPDR's capital assets include a software database with a net value of $95,521 and related construction -in-progress with a net value of $6,500 on June 30, 2023. Capital improvements to the database are depreciated over 10 years. Also included in capital assets is a right-of-use asset for a building lease entered into by FPDR in July 2022. The lease asset was recognized as an addition in August 2022 in the amount of $957,213. During the year, $174,309 of amortization was recognized on the lease asset, leaving an ending asset balance of $783,174 on June 30, 2023. Further discussion regarding the lease agreement can be found below under Other liabilities.

Other liabilities – The FPDR Fund's most significant liabilities as of June 30, 2023 are PERS contributions on leave time accrued by FPDR Three members and FPDR's share of the City of Portland's OPEB and PERS liability.

The FPDR Fund is responsible for contributions to the PERS Plan on behalf of FPDR Three members (sworn employees hired after 2006) at rates set by the PERS Board. In addition, the FPDR Fund contributes 9% of each FPDR Three member's total wages to that employee's Individual Account Program (IAP) at PERS. FPDR has booked $2.3 million in estimated compensated absence liability as of June 30, 2023, most of which is liability for future PERS and IAP contributions on leave earned but not yet taken by FPDR Three members.

GASB Statements 68 and 75 were used to value the City's PERS and OPEB liability. As of June 30, 2023, FPDR's prorated share of these liabilities is $2.6 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.

FPDR is also liable for its 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, 2023. 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 $58,286 at June 30, 2023.

The FPDR Fund's share of the bonds payable transactions for the year ended June 30, 2023 are as follows:

	Outstanding June 30, 2022	Bonds Allocated	Bonds Matured and Paid During Year	Outstanding June 30, 2023
Oregon Public Employees Retirement System Bonds ("PERS Pension Bonds")	$ 69,380	$ -	$ 11,094	$ 58,286

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

Future maturities of bond principal and interest at June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
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	9,149	75,176	84,325
2029-2033	8,801	78,890	87,691
	$ 58,286	$ 419,804	$ 478,090

Finally, FPDR entered into a new operating lease with a third party for office space on July 1, 2022. The lease is noncancelable and expires on December 31, 2027. The lease liability and right-of-use asset were initially recognized in August 2022 in the amount of $957,213 as a qualified lease with an annual interest rate of 2.35%. Annual lease payments in future fiscal years range from $181,285 to $198,095. In addition, variable operating and maintenance payments may be due each year. The lease included a five-month rent abatement period for July 1 – November 30, 2022.

Lease payable activity as of June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Building	$ -	$ 957,213	$ (145,657)	$ 811,556

Future annual lease commitments as of June 30, 2023 are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2024	$ 163,848	$ 16,992
2025	171,643	14,623
2026	183,058	8,854
2027	193,231	4,437
2028	99,776	488
Total	$ 811,556	$ 45,394

NOTE 2 - PLAN FEATURES AND OTHER INFORMATION (continued)

Variable payments related to the lease agreement are not included in the measurement of the lease liability. Variable payments for the fiscal year ended June 30, 2023 are as follows:

Common area maintenance	$	1,517
Operating expenses		47,989
Rental credits		(74,236)
	$	(24,730)

Commitments and contingencies - The FPDR Fund is involved in various claims and legal actions in the normal course of business. As of June 30, 2023, 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.

NOTE 3 - SHORT-TERM DEBT

During the year ended June 30, 2023, the FPDR Fund borrowed $28.0 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, 2023.

	Beginning Balance	Additions	Reductions	Ending Balance
Tax anticipation notes	$ -	$ 28,000,000	$ (28,000,000)	$ -

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. There are no assets accumulated in this GASB-compliant trust.

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Employees covered by benefit terms - At June 30, 2023, 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 $112,656,946 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs - The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Inflation	2.10%
Salary increases	1.35%, weighted average
Discount rate	3.50%
Healthcare cost trend rates	4.50% - 6.50%
Retiree's share of benefit-related costs	21% of estimated HIC costs

The discount rate was based on an assumed municipal bond rate of 3.54%.

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

The actuarial assumptions used in the June 30, 2022 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 6/30/2022	$ 124,020,407
Changes for the year:	
Service cost	5,531,045
Interest	2,786,981
Actual experience	-
Changes of assumptions	(13,909,112)
Benefit payments	(5,772,375)
Net Changes	(11,363,461)
Balance at 6/30/2023	$ 112,656,946

Changes of assumptions reflect healthcare cost increases that were higher than projected from the prior valuation. The participation rate changed from 37% to 52%. Many assumptions changed from the previous valuation including the rates of retirement, termination, disability, salary scale, and mortality.

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS (continued)

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 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB liability	$ 123,175,790	$ 112,656,946	$ 103,250,725

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 (5.50% - decreasing to 3.50%)	Healthcare Cost Trend Rates (6.50% - decreasing to 4.50%)	Healthcare Cost Trend Rates (7.50% - decreasing to 5.50%)
Total OPEB liability	$99,803,433	$112,656,946	$127,827,801

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB - For the year ended June 30, 2023, the City recognized an OPEB expense of $7,967,698. At June 30, 2023, 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	$ 3,548,346	$ -	$ 3,548,346
Changes of Assumptions	26,040,266	(24,432,876)	1,607,390
Subtotal	29,588,612	(24,432,876)	5,155,736
Contributions after Measurement Date	5,539,257	-	5,539,257
Total	$ 35,127,869	$ (24,432,876)	$ 10,694,993

$5.5 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, 2024.

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS (continued)

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
2024	$ (350,328)
2025	418,638
2026	911,938
2027	2,363,527
2028	2,635,838
Thereafter	(823,877)
Total	$ 5,155,736

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, 2023 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 $57,117 for the year ended June 30, 2023. 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, 2023, the City reported an asset of $13,821,873 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation date as of December 31, 2020. 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, 2022 and June 30, 2023 was 2.72% and 3.89%, respectively.

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS (continued)

City of Portland:	Net OPEB Asset	Allocation
Governmental activities	$ 11,000,257	79.6%
Business-type activities	2,620,499	19.0%
Government-wide	13,620,756	98.5%
Fiduciary Fund: Fire and Police Disability and Retirement Fund	35,508	0.3%
Component Unit: Prosper Portland	165,609	1.2%
	$ 13,821,873	100.0%

For the year ended June 30, 2023, the City recognized OPEB income of $3,020,019. At June 30, 2023, 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	$ -	$ (374,563)	$ (374,563)
Changes of assumptions	108,223	(460,724)	(352,501)
Net difference between projected and actual earnings on investments	-	(1,054,095)	(1,054,095)
Changes in proportionate share	-	(2,548,830)	(2,548,830)
Total (prior to post-measurement date contributions)	108,223	(4,438,212)	(4,329,989)
City contributions made subsequent to measurement date	57,117	-	57,117
Net deferred outflow / (inflows) of resources	$ 165,340	$ (4,438,212)	$ (4,272,872)

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS (continued)

$57,117 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, 2024. 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
2024	$ (273,575)	$ (198,926)	$ (339,358)	$ (1,955,899)	$ (2,767,758)
2025	(100,988)	(153,575)	(387,148)	(592,931)	(1,234,642)
2026	-	-	(665,183)	-	(665,183)
2027	-	-	337,594	-	337,594
2028	-	-	-	-	-
	$ (374,563)	$ (352,501)	$ (1,054,095)	$ (2,548,830)	$ (4,329,989)

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,	
2024	$ (2,767,758)
2025	(1,234,642)
2026	(665,183)
2027	337,594
2028	-
Total	$ (4,329,989)

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial methods and assumptions - The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience study	2020, published July 24, 2021
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: 27.5%; Disabled retirees: 15%
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, 2022 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	25.0	35.0	30.0
Private Equity	14.0	27.5	20.0
Real Estate	7.5	17.5	12.5
Opportunity Portfolio	-	5.0	-
Risk Parity	-	3.5	2.5
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
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)	$ (12,457,403)	$ (13,821,873)	$ (14,991,542)

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, 2023:

	Deferred Outflow/(Inflow) of Resources - OPEB	Net OPEB Liability/(Asset)	OPEB Expense/(Income)
RHIA	$ (4,272,872)	$ (13,821,873)	$ (3,020,019)
HIC	10,694,993	112,656,946	7,967,698
Total	$ 6,422,121	$ 98,835,073	$ 4,947,679

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.

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

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

***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 fair value of the underlying global equity investments of that account.

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.

> *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.

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.

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

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, 2023, only Series C bonded debt 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, 2023 were $109.2 million, excluding amounts to fund employer-specific liabilities. The contribution rates in effect for the fiscal year ended June 30, 2023 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 $112.3 million.

Pension Asset (Liability) and Related Deferred Inflows and Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 and rolled forward to June 30, 2022. The City's proportion of the set was based on the City's projected long-term contribution effort as compared to the total projected net pension, a 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, 2023, the City's proportion of OPERS net pension liability was 4.7%.

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	$ 528,804,098	73.51%
Business-type activities	174,594,052	24.27
Government-wide	703,398,150	97.78
Fiduciary activities: Fire and Police Disability and Retirement Fund	2,573,021	0.36
Discretely presented component unit: Prosper Portland	13,356,004	1.86
	$ 719,327,175	100.00%

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

For the year ended June 30, 2023, the Reporting entity recognized pension expense of $112.3 million. At June 30, 2023, 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	$ 34,917,531	$ 4,485,857	$ 30,431,674
Changes of assumptions	112,866,321	1,031,149	111,835,172
Net difference between projected and actual earnings on investments	-	128,601,784	(128,601,784)
Changes in proportionate share	73,965,255	78,553	73,886,702
Differences between City contributions and proportionate share of contributions	19,879	87,962,389	(87,942,510)
Total (prior to post-measurement date contributions)	221,768,986	222,159,732	(390,746)
City contributions made subsequent to measurement date	109,203,784	-	109,203,784
Net deferred outflow / (inflows) of resources	$ 330,972,770	$ 222,159,732	$ 108,813,038

$109.2 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, 2024. 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	Net Difference between Projected and Actual Earnings on Investments	Changes in Proportionate Share	Differences between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflow of Resources
2024	$ 16,231,641	$ 34,698,557	$ 92,884,752	$ 27,414,362	$ 19,879	$ 171,249,191
2025	10,285,397	30,650,695	84,704,241	20,377,787	-	146,018,120
2026	6,309,304	30,650,695	46,820,377	15,326,540	-	99,106,916
2027	2,091,189	14,772,694	46,820,377	8,446,425	-	72,130,685
2028	0	2,093,680	-	2,400,141	-	4,493,821
Total	$ 34,917,531	$ 112,866,321	$ 271,229,747	$ 73,965,255	$ 19,879	$ 492,998,733

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	Differences between Expected and Actual Experience	Total Deferred Inflows of Resources	Net Deferred Outflow/ (Inflows) of Resources
2024	$ 78,553	$ 448,326	$ 22,956,729	$ 133,277,177	$ 996,857	$ 157,757,642	$ 13,491,549
2025	-	448,326	21,294,551	133,277,177	996,857	156,016,911	(9,998,791)
2026	-	134,497	18,878,686	133,277,177	996,857	153,287,217	(54,180,301)
2027	-	-	16,821,577	-	996,857	17,818,434	54,312,251
2028	-	-	8,010,846	-	498,429	8,509,275	(4,015,454)
Total	$ 78,553	$ 1,031,149	$ 87,962,389	$ 399,831,531	$ 4,485,857	$ 493,389,479	$ (390,746)

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,	
2024	$ 13,491,549
2025	(9,998,791)
2026	(54,180,301)
2027	54,312,251
2028	(4,015,454)
Total	$ (390,746)

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

Actuarial Methods and Assumptions

***Actuarial Valuations* -** The employer contribution rates effective July 1, 2023 through June 30, 2025 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience study	2020, published July 20, 2021
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, a reduction approved by the PERS Board from 7.20% in the prior fiscal year. 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	25.0	35.0	30.0
Private Equity	15.0	27.5	20.0
Real Estate	7.5	17.5	12.5
Risk Parity	-	3.5	2.5
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
Opportunity Portfolio	-	5.0	-
Total			100.0%

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

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.

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	-2.5	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)	$ 1,275,664,518	$ 719,327,175	$ 253,698,502

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

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

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.

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 $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 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.

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

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 2023 the City paid $29.0 million.

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

NOTE 6 - SUBSEQUENT EVENTS

In early July 2023, the Portland Fire Fighters Association (PFFA) and the Portland City Council approved a new PFFA labor contract for the period July 1, 2023 – June 30, 2027. In addition to the usual annual cost of living adjustments to wages based on inflation (with a cap of 5% and a floor of 1%), the new contract includes several new or increasing premium pays:

- Across-the-board salary increases of 1.2% on July 1, 2023, 0.8% on July 1, 2024, 0.5% on July 1, 2025, and 2.0% on July 1, 2026
- An increase in the station paramedic premium from 11% of top-step fire fighter pay to 12% on July 1, 2023 and then to 13% on July 1, 2024, with a cap increase to 170
- Qualification for maximum longevity premium pay (7%) at 24 years of service rather than 25
- A new 6% premium for fire lieutenants who serve as field coaches
- An increase in the technical rescue team premium from 6% to 9% and inclusion of battalion chiefs in eligibility for the non-station paramedic premium (3% of top-step fire fighter pay)
- A new hazardous materials coordinator classification and payscale
- Some restructuring/acceleration of annual step increases for certain job classifications, with no impact to top step pay

As a result of the new contract provisions FPDR projects new, previously unanticipated costs of $0.45 million in the fiscal year ending June 30, 2024, with new costs increasing to $1.50 million by the final year of the contract. Since the new contract was not ratified before the previous contract expired, FPDR will need to make small retroactive payments to some members who were on short-term disability in July.

On August 8, 2023 the Portland City Council confirmed Mayor Wheeler's nomination of Thomas Kramer to the FPDR Board of Trustees. Mr. Kramer fills the citizen trustee position vacated by James Huang on May 8, 2023, when Mr. Huang moved outside of Portland and became ineligible to continue serving.

On August 7, 2023 FPDR issued tax anticipation notes for $32.4 million with a true interest cost of 3.45%. The notes are due for repayment on January 10, 2024. The notes were sold on the public market through a competitive bidding process.

FIREFIGHTER
CITY OF POR
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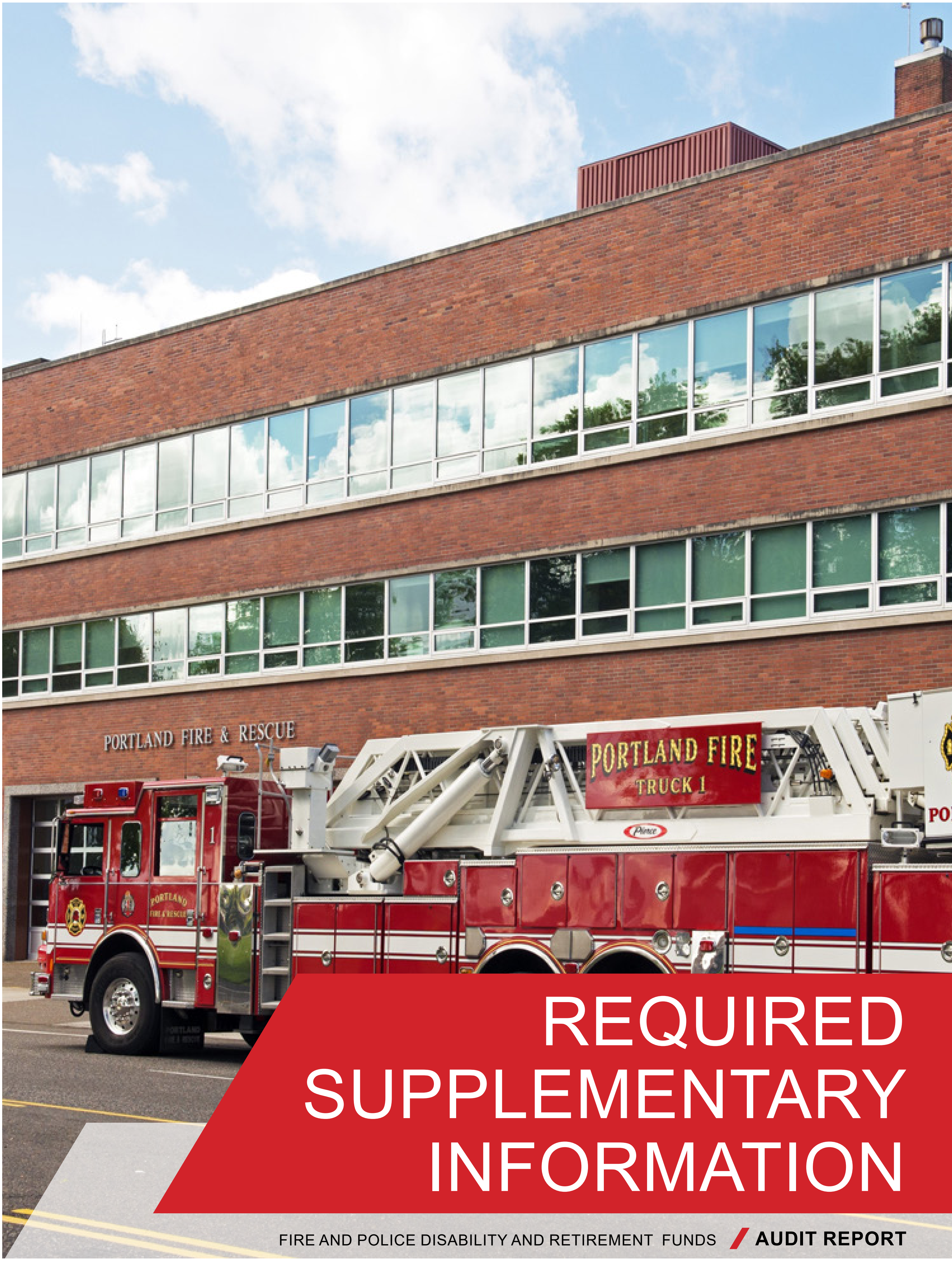
PORTLAND POLICE
OFFICER



REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Years Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	$ 66,066,108	$ 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	133,187,154	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)	74,074,036	-	61,245,369	-	61,199,698	-	95,578,193	-	(25,565,616)	-
Changes of assumptions	(36,432,719)	(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	(153,776,728)	(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	83,117,851	(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	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	2,517,096,534
Total pension liability, ending [(a)]	$3,855,620,427	$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	$ 154,248,867	$ 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	1,189,666	(1,371,551)	114,029	1,571,319	1,751,762	869,867	462,193	489,154	(522,201)	312,468
Benefit payments	(153,776,728)	(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	(5,077,745)	(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	(3,415,940)	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	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	17,155,015
Plan net position, ending [(b)]	24,268,665	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)]	$3,831,351,762	$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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Plan fiduciary net position as a percentage of total pension liability	0.63%	0.73%	0.29%	0.42%	0.56%	0.54%	0.42%	0.51%	0.76%	0.83%
Covered payroll	$ 160,431,511	$ 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	2388.15%	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 $31,776,827 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 increased by $86.5 million (2.3%) between the fiscal years ending June 30, 2022 and June 30, 2023, despite an increase in the discount rate from 3.54% to 3.65%. This reflects the effect of ongoing benefit accruals, along with the recognition of updated demographic experience and forward-looking assumptions that were incorporated in the 2022 plan valuation. These included higher recent wage growth for active members, increased participant longevity, a larger proportion of members retiring in financially advantageous “27 pay date months,” and other factors. The June 30, 2022 net pension liability estimate was a roll forward of the 2020 plan valuation, which was based on older data and assumptions.

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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City proportion of the net pension liability (asset)	4.6977983%	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)	$ 719.33	$ 543.29	$ 928.23	$ 706.00	$ 559.50	$ 500.50	$ 568.00	$ 217.10	$ (82.30)	$ 185.20
Covered payroll [b]	$ 529.72	$ 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	135.79%	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	84.50%	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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 107.30	$ 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	$ 107.30	$ 100.06	$ 84.00	$ 83.40	$ 57.80	$ 51.20	$ 35.60	$ 33.70	$ 26.30	$ 25.00
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City covered payroll	$ 589.30	$ 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	18.21%	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, 2021 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,						
	2023	2022	2021	2020	2019	2018	2017
Proportion of the OPEB pension liability (asset)	3.8900000%	2.7200000%	1.1970591%	3.9743833%	3.7425954%	3.5367635%	3.5959676%
Proportionate share of the net OPEB liability (asset)	$ (13.82)	$ (9.35)	$ (2.44)	$ (7.68)	$ (4.18)	$ (1.48)	$ 0.98
Covered payroll [b]	$ 529.72	$ 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	(2.61%)	(1.96%)	(0.51%)	(1.75%)	(1.05%)	(0.41%)	0.28%
Plan net position as a percentage of the total OPEB liability	194.60%	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,						
	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 0.06	$ 0.09	$ 0.07	$ 0.08	$ 1.94	$ 1.78	$ 1.77
Contributions in relation to the contractually required contribution	0.06	0.09	0.07	0.08	1.94	1.78	1.77
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 589.30	$ 529.70	$ 476.90	$ 481.70	$ 439.70	$ 398.50	$ 359.90
Contributions as a percentage of covered payroll	0.01%	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]

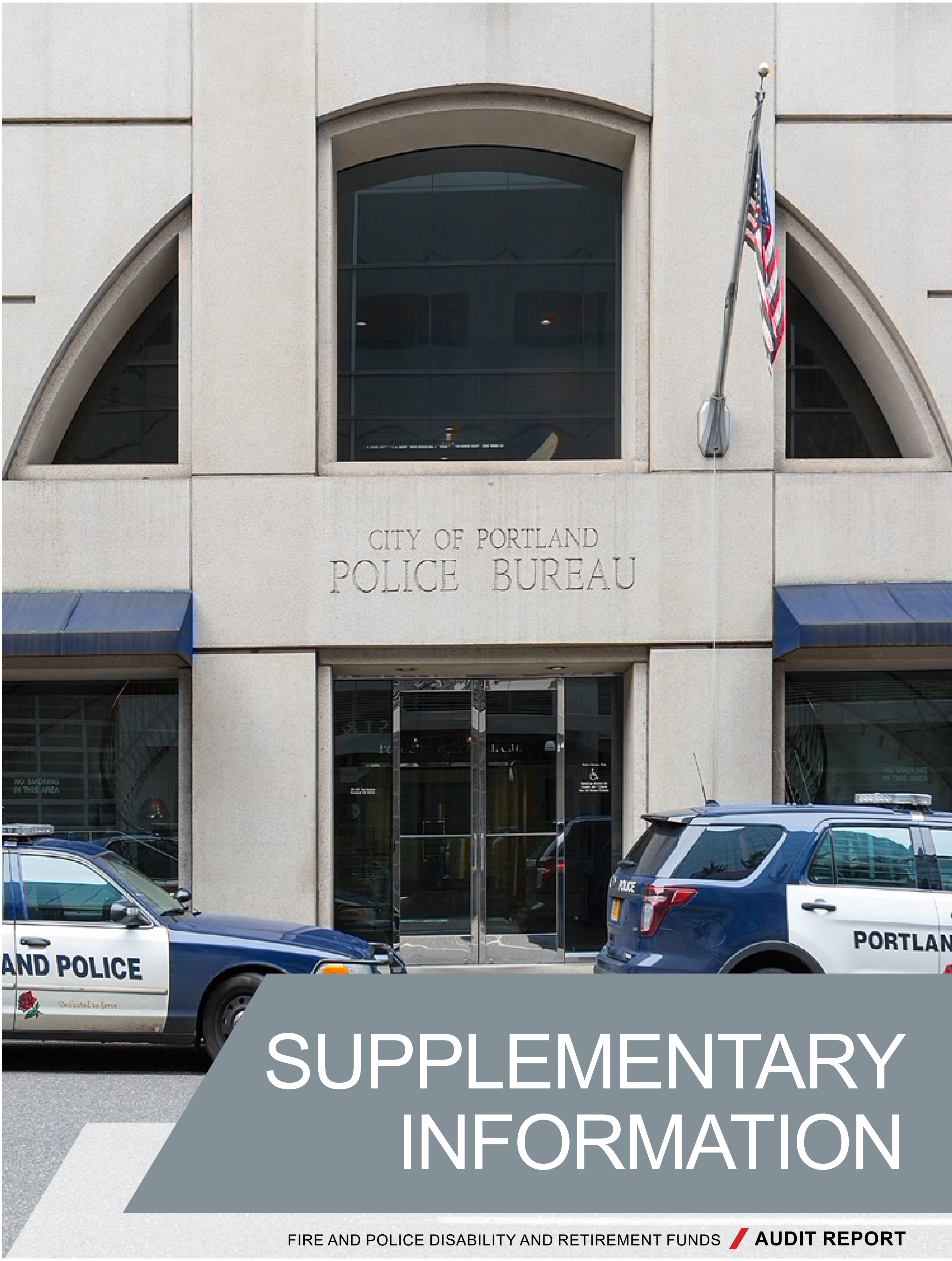
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$ 5,531,045	$ 3,864,161	$ 3,003,933	$ 3,597,015	$ 3,675,148	$ 4,140,465
Interest	2,786,981	2,127,683	2,967,230	3,898,352	3,640,097	3,086,463
Differences between expected and actual experiences	-	1,054,522	-	6,051,864	-	-
Changes of assumptions	(13,909,112)	26,944,778	10,460,682	(22,748,251)	(2,777,647)	(6,825,794)
Benefit payments	(5,772,375)	(5,608,380)	(5,092,723)	(5,668,141)	(5,567,867)	(4,949,560)
Net change in total OPEB liability	(11,363,461)	28,382,764	11,339,122	(14,869,161)	(1,030,269)	(4,548,426)
Total OPEB liability - beginning	124,020,407	95,637,643	84,298,521	99,167,682	100,197,951	104,746,377
Total OPEB liability - ending	$ 112,656,946	$ 124,020,407	$ 95,637,643	$ 84,298,521	$ 99,167,682	$ 100,197,951
Covered-employee payroll	$ 528,224,529	$ 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	21.33%	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.
- Discount rate increased from 2.20% as of July 1, 2021 to 3.5% as of July 1, 2022.



SUPPLEMENTARY INFORMATION

FIREFIGHTER
CITY OF POR
ORE.
PORTLAND POLICE
OFFICER

Fire and Police Disability and Retirement Fund
Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes:				
Current year property taxes	$ 181,345,461	$ 181,345,461	$ 181,529,977	
Prior year property taxes	2,140,000	2,140,000	2,839,323	
Total taxes	183,485,461	183,485,461	184,369,300	883,839
Revenues other than taxes:				
Other service charges	-	-	15	
Billings to other funds for services	393,900	393,900	405,347	
Investment earnings	648,000	648,000	1,487,073	
Miscellaneous	141,100	141,100	201,039	
Total revenues	184,668,461	184,668,461	186,462,774	1,794,313
Expenditures				
Current:				
Personnel services	2,889,429	2,946,333	2,771,578	
External materials and services	158,510,999	158,510,999	154,621,458	
Internal materials and services	34,362,170	35,562,170	32,082,705	
General operating contingencies	13,494,412	12,207,508	-	
Debt service and related costs:				
Principal	45,011,094	45,011,094	28,011,094	
Interest	373,213	373,213	358,093	
Debt issuance costs	49,900	49,900	49,112	
Capital outlay	35,001	65,001	59,020	
Total expenditures	254,726,218	254,726,218	217,953,060	36,773,158
Revenues over (under) expenditures	(70,057,757)	(70,057,757)	(31,490,286)	38,567,471
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	(159,711)	(159,711)	(159,711)	-
Pension Debt redemption	(11,538)	(11,538)	(11,538)	-
Bonds and notes issued	45,000,000	45,000,000	28,000,000	(17,000,000)
Bonds and notes premium	-	-	-	-
Total other financing sources (uses)	44,828,751	44,828,751	27,828,751	(17,000,000)
Net change in fund balance	(25,229,006)	(25,229,006)	(3,661,535)	21,567,471
Fund balance - beginning	25,229,006	25,229,006	29,973,348	4,744,342
Fund balance - ending	$ -	$ -	$ 26,311,813	$ 26,311,813

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, 2023

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			$ (2,068,821)	
Deferred revenue			4,510,918	
Capital assets, net of accumulated depreciation and amortization			885,196	
Other liabilities			(240,000)	
OPEB asset			35,508	
Deferred outflows - pensions			1,132,053	
Deferred outflows - OPEB			52,430	
Compensated absences			(2,315,754)	
Accrued interest payable			(312,553)	
Bonds payable			(58,286)	
Leases payable			(811,556)	
Net pension liability - PERS			(2,573,021)	
Other liability - OPEB			(220,924)	
Deferred inflows - OPEB			(38,240)	
Deferred inflows - pensions			(770,098)	
Fund balance - GAAP basis			$ 23,518,665	

Fire and Police Disability and Retirement Reserve Fund
Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

	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 Pension, Disability and Death Benefits Expenditures by Bureau
For the Fiscal Year Ended June 30, 2023

	Members		Other Beneficiaries		Total	
	Number	Amount	Number	Amount	Number	Amount
Portland Fire & Rescue:						
Nonservice disability benefits	3	$ 8,577	-	-	3	$ 8,577
Service disability benefits	109	1,302,629	-	-	109	1,302,629
Occupational disability benefits	78	267,876	-	-	78	267,876
Early return to work benefits	12	153,961	-	-	12	153,961
Claims settlement	-	-	-	-	-	-
Pensions (FPDR 1 and 2)	617	53,087,777	199	5,608,647	816	58,696,424
PERS contributions (FPDR Three)	347	14,200,527	-	-	347	14,200,527
Medical benefits	199	994,296	-	-	199	994,296
Vocational rehabilitation benefits	-	-	-	-	-	-
Funeral benefits	16	40,455	-	-	16	40,455
	1,381	$ 70,056,098	199	$ 5,608,647	1,580	$ 75,664,745
Portland Police Bureau:						
Nonservice disability benefits	6	$ 136,559	-	-	6	$ 136,559
Service disability benefits	86	2,034,489	-	-	86	2,034,489
Occupational disability benefits	27	458,051	-	-	27	458,051
Early return to work benefits	23	208,577	-	-	23	208,577
Claims settlement	1	3,500	-	-	1	3,500
Pensions (FPDR 1 and 2)	1,065	81,982,639	267	6,781,329	1,332	88,763,968
PERS contributions (FPDR Three)	466	16,486,467	-	-	466	16,486,467
Medical benefits	190	841,365	-	-	190	841,365
Vocational rehabilitation benefits	1	1,041	-	-	1	1,041
Funeral benefits	22	73,537	-	-	22	73,537
	1,887	$ 102,226,225	267	$ 6,781,329	2,154	$ 109,007,554
Combined Fire and Police:						
Nonservice disability benefits	9	$ 145,136	-	-	9	$ 145,136
Service disability benefits	195	3,337,118	-	-	195	3,337,118
Occupational disability benefits	105	725,927	-	-	105	725,927
Early return to work benefits	35	362,538	-	-	35	362,538
Claims settlement	1	3,500	-	-	1	3,500
Pensions (FPDR 1 and 2)	1,682	135,070,416	466	12,389,976	2,148	147,460,392
PERS contributions (FPDR Three)	813	30,686,994	-	-	813	30,686,994
Medical benefits	389	1,835,661	-	-	389	1,835,661
Vocational rehabilitation benefits	1	1,041	-	-	1	1,041
Funeral benefits	38	113,992	-	-	38	113,992
	3,268	$ 172,282,323	466	$ 12,389,976	3,734	$ 184,672,299

Notes to Schedule

1. The benefits amount in the Statement of Changes in Plan Net Position is $185,553,546. 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 $881,258, 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, 2023

	Portland Fire & Rescue			Portland Police Bureau			Total		
	Members	Other Beneficiaries	Total	Members	Other Beneficiaries	Total	Members	Other Beneficiaries	Total
Pensions	602	134	736	1,044	176	1,220	1,646	310	1,956
PERS:									
Contributions	347	-	347	451	-	451	798	-	798
Disability	17	-	17	30	-	30	47	-	47
	966	134	1,100	1,525	176	1,701	2,491	310	2,801

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

	June 30, 2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	Increase (decrease) Ten years ended June 30, 2023
Portland Fire & Rescue:											
Pension:											
FPDR 1&2 members	602	595	609	604	620	618	615	610	602	607	(5)
FPDR 3 members [(1)]	347	322	316	296	289	267	265	224	192	172	175
Other beneficiaries	134	138	146	144	144	154	169	176	179	177	(43)
Total	1,083	1,055	1,071	1,044	1,053	1,039	1,049	1,010	973	956	127
Disability:											
Members	17	20	11	18	19	12	14	18	24	27	(10)
Other beneficiaries	-	-	-	-	-	-	-	-	-	-	-
Total	17	20	11	18	19	12	14	18	24	27	(10)
Total Fire	1,100	1,075	1,082	1,062	1,072	1,051	1,063	1,028	997	983	117
Portland Police Bureau:											
Pension:											
FPDR 1&2 members	1,044	1,017	1,014	953	943	910	880	845	824	803	241
FPDR 3 members [(1)]	451	402	407	399	358	336	270	240	230	216	235
Other beneficiaries	176	177	171	177	177	177	184	185	189	196	(20)
Total	1,671	1,596	1,592	1,529	1,478	1,423	1,334	1,270	1,243	1,215	456
Disability:											
Members	30	34	35	32	31	42	36	40	42	44	(14)
Other beneficiaries	-	-	1	1	1	1	1	2	2	3	(3)
Total	30	34	36	33	32	43	37	42	44	47	(17)
Total Police	1,701	1,630	1,628	1,562	1,510	1,466	1,371	1,312	1,287	1,262	439
Summary of disability:											
Fire	17	20	11	18	19	14	14	18	24	27	(10)
Police	30	34	36	33	32	37	37	42	44	47	(17)
Total	47	54	47	51	51	51	51	60	68	74	(27)
Summary of pension and disability:											
Fire	1,100	1,075	1,082	1,062	1,072	1,051	1,063	1,028	997	983	117
Police	1,701	1,630	1,628	1,562	1,510	1,466	1,371	1,312	1,287	1,262	439
Total	2,801	2,705	2,710	2,624	2,582	2,517	2,434	2,340	2,284	2,245	556

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
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
2023	1.11	190,408,711	499,880,246	309,471,535

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**

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, 2023 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 26, 2023.

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 26, 2023