COAERS

COMMITTEE MEETING
Agenda Item Information Sheet

AGENDA ITEM 5:
Discuss administrative budgets including:

A. 2026 year-to-date administrative budget report

AGENDA ITEM OBJECTIVE
This item is designed for the Committee to receive a report on the year-to-date 2026 administrative budget comparing actual versus budgeted expenditures.

RECOMMENDATION FOR COMMITTEE ACTION
At the Committee's discretion

RELEVANCE TO STRATEGIC PLAN
The objective of this agenda item relates to the **COAERS Strategic Plan** "Dependable Operations: Managing the financial and operational commitments within appropriate measurable standards."

ITEM SUMMARY:
The Executive Director will review the year-to-date expenditure against the approved administrative budget.

ATTACHMENTS
A. 2026 Year-to-Date Administrative Budget Report
B. Staff Report on 2026 Administrative Budget

COAERS 2026 Administrative Budget: YTD Report (through July)

	2026 Budgeted	2026 YTD Expenditure	2026 % Expended
Total Personnel Budget			
Total Salaries and Cash Compensation	5,063,947	2,448,864	48%
Payroll Taxes	386,740	177,315	46%
Group Insurance Benefits	605,000	291,392	48%
Retirement Contributions	508,926	243,779	48%
Retirement/Terminal Pay	65,000	-	0%
Internships	15,000	6,480	43%
Contract labor	3,000	170	6%
Total personnel costs	**6,647,613**	**3,168,000**	**48%**
Total Approved FTEs: 34			
Professional Services			
Total Professional Services costs	**489,500**	**234,901**	**48%**
Building and Equipment			
Total Building and Equipment costs	**51,325**	**13,583**	**26%**
Information Technology Resources			
Total Information Technology costs	**940,825**	**526,921**	**56%**
Continuing Education			
Continuing Education costs	**130,000**	**43,692**	**34%**
Communications			
Total Communications costs	**187,650**	**102,794**	**55%**
Other Administrative			
Total Other Administrative costs	**374,400**	**245,224**	**65%**
Capital Projects and One-Time Events			
Pension Administration System	45,000	-	0%
Capital Improvements Program	100,000	2,212	2%
Total Capital Projects	**145,000**	**2,212**	**2%**
Total Administrative Expense Budget	**$ 8,966,313**	**$ 4,337,327**	**48%**

COAERS 2026 Administrative Budget: Detail YTD (through July)

	2026 Budgeted	2026 YTD Expenditure	2026 % Expended
Personnel			
Total Personnel Budget			
Total Salaries and Cash Compensation	5,063,947	2,448,864	48%
Payroll Taxes	386,740	177,315	46%
Group Insurance Benefits	605,000	291,392	48%
Retirement Contributions	508,926	243,779	48%
Retirement/Terminal Pay	65,000	-	0%
Internships	15,000	6,480	43%
Contract labor	3,000	170	6%
Total personnel costs	**6,647,613**	**3,168,000**	**48%**
Total Approved FTEs: 34			
Professional Services			
Actuary	102,000	72,703	71%
Attorney: General Counsel	85,000	30,908	36%
Attorney: Tax Counsel	25,000	5,892	24%
Financial Statement Auditor	80,000	77,175	96%
Medical Review: Disability	12,500	6,700	54%
Governmental Relations	60,000	35,000	58%
Other	125,000	6,523	5%
Total Professional Services costs	**489,500**	**234,901**	**48%**
Building and Equipment			
Building Maintenance	25,200	3,194	13%
Equipment Maintenance & Leases	13,000	4,047	31%
Insurance: Property & Casualty	13,125	6,342	48%
Total Building and Equipment costs	**51,325**	**13,583**	**26%**
Information Technology			
Business Continuity	135,690	64,582	48%
General Computer Support	213,735	100,031	47%
Dynamics GP License and Support	40,000	10,342	26%
Pension Admin System Licenses and Support	230,700	155,928	68%

COAERS 2026 Administrative Budget: Detail YTD (through July)

	2026 Budgeted	2026 YTD Expenditure	2026 % Expended
Continuing Education			
Board Continuing Education	60,000	13,219	22%
Staff Continuing Education	70,000	30,473	44%
Total Travel and Training costs	**130,000**	**43,692**	**34%**
Communications			
Printing	81,100	57,234	71%
Postage and Mailing	42,450	22,360	53%
Member Education	21,900	8,725	40%
Digital Communications	42,200	14,475	34%
Total Communications costs	**187,650**	**102,794**	**55%**
Other Administrative			
Insurance: Fiduciary/D&O Liability	227,500	193,698	85%
Advertising	7,000	6,344	91%
Bank Fees	5,000	-	0%
Delivery Service	2,500	908	36%
Memberships, Subscriptions, and fees	60,000	18,042	30%
Meetings and Events	40,000	16,005	40%
Awards and Recognition	3,400	608	18%
Mileage	2,000	254	13%
Miscellaneous	2,000	105	5%
Office Supplies	25,000	9,260	37%
Total Other Administrative costs	**374,400**	**245,224**	**65%**
Capital Projects and Events			
Capital Projects			
Pension Administration System	45,000	-	0%
Capital Improvements Program	100,000	2,212	2%
Total Capital Projects	**145,000**	**2,212**	**2%**
Total Administrative Budget	**$ 8,966,313**	**$ 4,337,327**	**48%**

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Staff Report
2026 Administrative Budget

Summary
Year-to-date expenditures for the 2026 administrative budget are currently at 48% of the approved budget through July. The timing of certain expenditures, due to contract payment, varies across the range of budget categories; however, overall, expenditures are in line with management expectations.

Personnel
The lower-than-expected level of expenditure in the personnel budget is due primarily to the timing of the hiring open positions during the year, such as the IT Business Analyst, Investment Analyst, and Investment Director positions.

Professional Services
Expenditure on professional services is in line with management expectations. Some expenses are fully or almost fully recognized, such as the expenses related to the financial statement audit and actuarial valuation. In the "Other" category, COAERS is working on technology optimization across the organization, including the buildout of a SharePoint architecture and the development of technology requirements for a new financial reporting database. Much of this work has been scheduled for the second half of the year.

Building and Equipment
Expenditure for building and equipment are in line with expectations.

Information Technology
Across the information technology budget, hardware, Microsoft licensing, and other software subscriptions expenses are paid early in the fiscal year. Expenditure of budgeted funds related to cybersecurity technology are in line with management expectations.

Continuing Education
The budget for Staff continuing education is in line with management expectations at this point in the year.

Communications
The Board approved additional funding for the Communications budget in 2026 for the development and creation of new digital media content for member education and additional funding for member education related to financial wellness. The costs for creation of digital content from the July 2026 Member Summit are not currently reflected as the content is still being finalized. The Board approved a budget amendment for an additional $16,000 in May for costs associated with the special election for Trustee Place 7.

Other Administrative

The single largest expenditure in this budget category is COAERS Fiduciary and Director's and Officers' insurance. This was paid in the first half of the fiscal year and the final costs came in under budget. The expenditure for other items in this category is in line with management expectations at this point in the year. For the meetings and events budget, the Board workshop is one remaining budgeted cost that will be expended in the fourth quarter and is largest expenditure in this category.

Capital Budget

The lower-than-expected level of expenditure in the capital budget is due to the timing of those expenditures, which are expected in the fall.

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COMMITTEE MEETING
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AGENDA ITEM 5:
Discuss administrative budgets including:

B. 2027 administrative budget priorities

AGENDA ITEM OBJECTIVE
This item is designed to allow the Executive Director and Committee the opportunity to discuss priorities and horizon issues in the development of the 2027 administrative budget.

RECOMMENDATION FOR COMMITTEE ACTION
For informational purposes only; no action required.

RELEVANCE TO STRATEGIC PLAN
This agenda item meets the core competency established in the **COAERS Strategic Plan** “Dependable Operations: Managing the financial and operational commitments within appropriate measurable standards.”

ITEM SUMMARY
The development of the administrative budget for 2027 is ongoing. This agenda item is intended for Staff to preview significant emerging budget priorities for 2027 with the Committee.

ATTACHMENT
A. Staff Report on 2027 Administrative Budget Priorities

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2027 Administrative Budget Priorities

1. Personnel: Management does not currently expect the need for any new positions or FTEs in 2027. An area of focus for the 2027 administrative budget will be "Group Insurance Benefits". Management expects to hear from City HR on changes to benefit offerings and costs for 2027. The City has discontinued the short-term disability insurance plan, and management is evaluating potential options for a short-term disability insurance plan for COAERS employees (employer-paid).
2. Professional Services: The current digital and technology optimization project across the organization's departments will provide opportunities for process improvements, dashboard creation, and data aggregation, and management expects to request funding in 2027 for these efforts. The organization is also preparing a Request for Proposal (RFP) for enterprise financial system software, and the proposed budget will include a request for consulting services to ensure these products are implemented without interruption providing the most value possible for our business needs. In addition, COAERS will be participating in CEM's Pension Administration Benchmarking survey which will provide an assessment of COAERS operational efficiency, administrative costs, and customer service levels as well as benchmarking against peers in these areas. Most of the other professional services line items should stay level, or relatively level.
3. Building and Equipment: Management expects funding for this budget category to remain near or at current levels in 2027.
4. Information Technology: The 2027 IT budget is projected to experience an increase due to inflationary cost increases associated with software subscription renewals and cloud-based services. Additional funds may also be requested to replace aging devices such as laptops. Staff will continue to actively manage technology expenditures through vendor negotiations and evaluation of potential cost-saving opportunities.
5. Travel and Training: With the COAERS staff size growing over the last few years, management is evaluating the current continuing education budget for staff to ensure that all staff are provided with the opportunity to pursue continuing education and professional development. Management may request an increase in this item if it believes that additional funding is necessary to meet this objective.
6. Communications: To enhance member engagement and support informed retirement planning, the 2027 budget will likely include requests to continue funding for these initiatives. In addition, funding may be requested for a vendor to assist with the coordination, logistics, and implementation of live, in-person member education and outreach events.
7. Other Administrative: Funding for most other administrative items is expected to be level in 2027. Costs associated with Fiduciary/Directors' and Officers' insurance have increased over the last few years and management has been successful in negotiating lower-than-expected contracts, but the insurance industry continues to raise rates across the board. Once the Board completes the 2026 workshop, feedback on possible plans for the 2027 Board workshop will

inform the budget request for meetings and events. As part of a risk management exercise, Staff are exploring the use of an alternative financial institution to release retiree ACH payments in the event the current operating bank's portal is not available or operable at a mission-critical time. After conducting a cost-benefit analysis, Staff may request funding for the alternate bank in the proposed 2027 administrative budget.

8. Capital Projects and Events: Management is exploring the costs for construction of additional offices or cubicles for the COAERS suite of offices at 4700 Mueller. If needed and feasible, the proposed 2027 administrative budget may include requested funds for these new configurations of existing space. Management continues to review the 4700 Board/Conference room to enhance AV or other technology, and these costs could be requested as part of the 2027 budget.

    a) Financial System Replacement: Management expects to initiate the selection, implementation, and support of a new financial management system to replace the organization's current technology. The total project cost will include software licensing, implementation services, data conversion, training, and ongoing support. As system requirements and vendor options are still being evaluated, a comprehensive project budget and funding recommendation will be presented to the Board as part of the 2027 budget process.