



MainePERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Finance & Audit Committee

Public Meeting Packet

May 14, 2026

**MainePERS Board of Trustees
Finance and Audit Committee Meeting
May 14, 2026
139 Capitol Street, Augusta
AGENDA**

8:00 a.m.		CALL TO ORDER		Shirrin Blaisdell
8:00 – 8:05 a.m.	1.	<u>MINUTES APPROVAL 4/09/2026 Meeting</u>	ACTION	Shirrin Blaisdell
8:05 – 8:20 a.m.	2.	<u>INTERNAL AUDIT PRESENTATION</u>		Sarah Lutzke, Wipfli Jennifer Lidback
		a. Employer Auditing Program		
8:20 – 8:25 a.m.	3.	<u>ADMINISTRATION</u>		Sherry Vandrell
		a. Employer Reporting Update		
		b. Report on Internal Audit		
		c. FY26 Financial Statement Audit Schedule		
8:25 – 8:35 a.m.	4.	<u>REPORT ON FINANCIAL OPERATIONS</u>		Dr. Rebecca M. Wyke Jennifer Lidback Sherry Vandrell
		a. 03/31/2026 Administration Operations Expense Report		
		b. 03/31/2026 Investment Operations Expense Report		
8:35 – 8:50 a.m.	5.	<u>FY27 DRAFT BUDGET</u>	ACTION	Dr. Rebecca M. Wyke Jennifer Lidback Sherry Vandrell
		a. FY27 Draft Administration Operations Budget		
		b. FY27 Draft Investment Operations Budget		
8:50 – 8:55 a.m.	6.	<u>OPEGA REQUIRED REPORTING TO THE BOARD</u>		Dr. Rebecca M. Wyke Sherry Vandrell
		a. Travel Report		
		b. Procurement Report – Next Report in August		
8:55 a.m.		ADJOURNMENT		Shirrin Blaisdell

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Meeting of the Finance and Audit Committee
April 9, 2026

139 Capitol Street
Augusta, Maine
8:00 a.m.

The meeting of the Finance and Audit Committee was held at 8:00 a.m. at the office of the Maine Public Employees Retirement System, 139 Capitol Street, Augusta, Maine. Shirrin Blaisdell, Finance and Audit Committee Chair, presided. Committee members Dick Metivier, Vice Chair and Brian Noyes also participated. Joining the Trustees were Dr. Rebecca M. Wyke, Chief Executive Officer; Michael Colleran, Chief Operating Officer and General Counsel; Jennifer Lidback, Assistant Director of Finance and Budget; John Nichols, Assistant Attorney General; Nanette Ardry, Associate General Counsel; and Sarah Lutzke, Wipfli.

Shirrin Blaisdell called the meeting to order at 8:00 a.m.

MINUTES

Shirrin called for acceptance of the minutes from the February 12, 2026 meeting of the Finance and Audit Committee.

- **Action:** Brian Noyes made the motion, seconded by Dick Metivier, to accept the minutes from the February 12, 2026 meeting. Voted unanimously by those Trustees participating (Blaisdell, Metivier, Noyes).

INTERNAL AUDIT PRESENTATION

Sarah Lutzke of Wipfli presented the audit report on Death Benefit Processing. Sarah shared that the overall results were satisfactory. Jennifer stated the next audit currently underway is the Employer Auditing Program.

FY27 DRAFT BUDGET

Dr. Rebecca M. Wyke and Jennifer Lidback reviewed the proposed Administrative and the Investment Operations budgets for the fiscal year ending June 30, 2027 and answered questions from the Committee.

Dr. Wyke shared the proposed Administrative budget is an increase of 5.9% while the Investment budget has a proposed increase of 5.7%. Jennifer and Dr. Wyke discussed and answered questions from the Committee regarding the specific increases in some of the line items in both budgets.

REPORT ON FINANCIAL OPERATIONS

Jennifer Lidback reviewed the Administrative and the Investment Operations Reports for the eight months ended February 28, 2026. Jennifer discussed and answered questions from the Committee on both the Administrative and Investment expense reports. Jennifer shared the OPEGA reports will be included next month.

MAINEPERS

FINANCE AND AUDIT COMMITTEE MEMORANDUM

TO: FINANCE AND AUDIT COMMITTEE MEMBERS
FROM: SHERRY VANDRELL, CHIEF FINANCIAL OFFICER
SUBJECT: INTERNAL AUDIT PRESENTATION
DATE: MAY 4, 2026

POLICY REFERENCE

[Board Policy 1.6 – Finance and Audit Committee of the Board](#)

INTERNAL AUDIT PRESENTATION

Sarah Lutzke from the audit firm Wipfli will be attending the May meeting of the Finance and Audit Committee to present the audit report resulting from the review of our Employer Auditing Program. A copy of the audit report is included in your packet materials for your reference.

RECOMMENDATION

No action is required by the Committee at this time.

Maine Public Employees Retirement System

Employer Auditing Program Internal Audit

Wipfli Advisory LLC

March 23, 2026

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms.

Preliminary Report Issued: 04/09/2026 | **Final Report Issued:** 05/05/2026

May 5, 2026

Sherry Vandrell
Maine Public Employees Retirement System
139 Capitol Street
Augusta, ME 04330

Dear Ms. Vandrell:

In accordance with the terms of our engagement letter dated November 26, 2025, we have completed an internal audit for Maine Public Employees Retirement System (MainePERS). The scope of this review is outlined in Appendix A – Procedures Performed. This review was performed as of March 23, 2026, and includes our recommendations related to the internal audit environment.

The scope of this review did not include procedures to form an opinion. As such, we do not express any form of assurance on the effectiveness of internal controls, the financial statements, or any other matter. In addition, our engagement was not designed to detect fraud.

During this engagement, we relied on the representations of MainePERS's management and staff. Misrepresentations by any participating individual or parties could lead to incorrect results.

This engagement was performed in accordance with the Statement on Standards for Consulting Services as issued by the American Institute of Certified Public Accountants. This information is intended solely for the use of management, the Audit Committee, the Board of Trustees, and supervisory agencies and is not intended to be, and should not be, used by anyone other than these specified parties. Distribution of this information by these specified parties to other third parties does not constitute designation of those third parties as "users" or "specified parties" with respect to the matters addressed herein, nor does it permit those third parties to use or rely upon this information for any purpose.

We appreciate this opportunity to be of service to MainePERS and acknowledge the cooperation of project participants during the course of this project. Please contact us if you have any questions or need further assistance.

Sincerely,

Wipfli Advisory LLC

Wipfli Advisory LLC

Executive summary

Rating definitions

The rating definitions are as follows. Some or all of the factors described may apply.

Satisfactory

Recommendations or best practices identified, if any, are minor, isolated, or low risk in nature and do not pose significant financial, operational, compliance or reporting risk. Internal control environment is designed and operating effectively.

Needs Improvement

Recommendations identified warrant prompt attention. The internal control environment shows weaknesses in design or execution that may elevate financial, operational, compliance, or reporting risks.

Unsatisfactory

Multiple new or repeat high-risk results are identified or there are repeat issues of a nature that will require an immediate commitment for correction. If uncorrected, the issues identified could lead to material financial liability, regulatory concern, or loss of revenue or reputation. Internal control environment is not designed or operating effectively.

Overall ratings

Internal audit area	Overall rating
Employer Auditing Program	Satisfactory

Risk ratings

In addition to the overall area ratings provided above, for each recommendation noted during our procedures, we assigned a risk rating. The risk ratings are Wipfli's interpretation of the spirit of the 2017 COSO Enterprise Risk Management (ERM) Framework. The COSO ERM Framework bases the risk rating on the result or effect of a risk and explains that there may be a range of possible impacts associated with a risk. These ratings are intended to be used when prioritizing corrective actions. The risk ratings and a summary of the number of findings are as follows:

High (0 findings, 0 repeat findings)

- Significant control design issue or failure
- Repeat "moderate" findings for which corrective action was not taken in accordance with management's response
- Singular or multiple instances of noncompliance with a provision of a law, rule, or regulation
- Moderate to high potential of financial loss
- Potential reputational damage
- Significant impact on operational efficiency and effectiveness
- Threatened or actual loss of customers

Moderate (0 findings, 0 repeat finding)

- Control design issue or failure
- Repeat "low" findings for which corrective action was not taken in accordance with management's response
- Multiple instances of noncompliance with a provision of a law, rule, regulation, regulatory guideline, regulatory expectation, or internal policy or procedure
- Limited potential for financial loss
- Moderate impact on operational efficiency and effectiveness
- Moderate impact on implementation of other recommendations in the report

Low (0 findings, 0 repeat findings)

- Limited instances of noncompliance with a provision of a law, rule, regulation, regulatory guideline, regulatory expectation, or internal policy or procedure
- Minimal potential for financial loss
- Limited impact on operational efficiency or effectiveness
- Limited impact on other procedures and processes

Results and recommendations

There were no reportable results or recommendations.

Procedures performed

We completed an internal audit of the Employer Auditing Program, the objective of which was to assess the policies, procedures, and practices of the program against best practices in internal auditing and to evaluate the overall effectiveness and quality of the employer audits being conducted. Additional emphasis was placed on the quality and completeness of the documentation of the audits as well as whether the scope of the reviews being conducted was sufficient. To achieve this objective, the following detailed procedures were performed:

- A walkthrough of key control processes was completed, as attended by Christine Davis from Wipfli and Jennifer Lidback and Donna Audette from MainePERS. Processes discussed include tier rating assignment of employers, selection of employers for audit, audit initiation and employer communication, systems and tools for audit management, audit testing and common findings, findings resolution and finalization, reporting and monitoring of the program, and access to systems used in program. Segregation of duties and management oversight of processes discussed and tested were deemed to be appropriate.
- Written policies and procedures for the Employer Auditing Program, including Employer Auditing Program Overview, Employer Audit Findings and Remediation, Processing Work Report Adjustments, Refunding Member Contributions Taken in Error, and Service Credit Purchases were obtained and read. Written procedures are sufficiently detailed to provide guidance and support to staff on proper operating procedures.
- Two of the six employer audits completed during the scope period of January 1, 2025, through December 31, 2025, were selected. Supporting audit documentation was obtained and tested to ensure compliance with the procedures of the program, scope of the audit was adequate, quality and completeness of the documentation, findings were properly communicated and mitigated and adherence to best practices in auditing.
- Three audit findings identified in each of the two employer audits were selected. Supporting documentation for the findings was obtained and tested to ensure compliance with the procedures of the program, sufficient documentation, review by an independent party for accuracy, related adjustments were properly posted and reviewed, and adherence to best practices in auditing.
- The January 20, 2026, ERA Cumulative Activity report and the Member Services, Finance, and Operations Report presented to the Board of Trustees for the months of December 2025 and January 2026 were obtained and read to understand the reported key cumulative statistics of the program.
- The August 14, 2025, and November 13, 2025, quarterly meeting minutes of the Finance and Audit Committee and the December 11, 2025, and January 8, 2026, monthly meeting minutes of the Board of Trustees were obtained and read to identify evidence of the program monitoring and oversight.
- A screenprint of MainePERS employees with access to the data on the Employer Audit shared drive was obtained and tested to ensure permissions were appropriate.

MAINEPERS

FINANCE AND AUDIT COMMITTEE MEMORANDUM

TO: FINANCE AND AUDIT COMMITTEE MEMBERS
FROM: SHERRY VANDRELL, CHIEF FINANCIAL OFFICER
SUBJECT: REPORT ON FINANCIAL ADMINISTRATION
DATE: MAY 4, 2026

POLICY REFERENCE

[Board Policy 1.6 – Finance and Audit Committee of the Board](#)

EMPLOYER REPORTING STATUS UPDATES

Ninety-three percent of our participating employers reported on time for the month of March. Staff continue to monitor employer payroll reporting and work with employers to assist them in getting payrolls in on time.

Eighty-two percent of all employer accounts are fully reconciled through February 2026 payrolls as of April 30, 2026. We continue to focus on accounts with the oldest transactions, fully reconciling two accounts that previously had open transactions back to 2019 and 2020. The number of accounts with open transactions dating back to 2024 was reduced by 5 and the number with transactions dating back to 2025 was reduced by 33 this quarter. The aging of the 129 accounts remaining to be reconciled is as follows.

	Oldest Unreconciled Transactions							
Year	2026	2025	2024	2023	2022	2021	2020	2019
# of Accts	44	64	7	5	1	2	2	4

The work to review and reconcile historical activity on member accounts for Portland Public Schools is ongoing.

REPORT ON INTERNAL AUDIT

The review of our Employer Auditing Program is complete, pending a final report. A review of our Vendor Management Program is currently being scheduled.

Attached to this report is a report on outstanding audit recommendations and findings, along with an updated status. Staff closed one recommendation during this quarter.

FY2026 AUDIT PLANNING

Planning is underway for the annual financial statement audit for the fiscal year ending June 30, 2026. A kick-off meeting was held on May 4, 2026 and interim work is scheduled to begin the first week of August.

RECOMMENDATION

No action is required by the Committee at this time.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Status of Unresolved Audit Findings and Recommendations for Improvement

5/4/2026

Issue Identified	Type of Issue	Source	Responsible Unit	Owner	Date Added	Recommendation	Management Response	5/4/2026	Date Resolved
<p>The MainePERS line of business software used for calculating benefit payments has functional limitations when processing complex calculations to determine the appropriate benefit payment amount and when archiving calculation history for previous benefit payments.</p> <p>For one (1) of the five (5) samples selected for benefit calculation testing, there was an immaterial discrepancy between the calculated benefit amount within the system and the finalized benefit amount. Upon follow up, it was determined that external spreadsheets are utilized to compute the benefit, which was then entered into the system manually.</p> <p>For one (1) of the nine (9) samples selected for offset calculation testing, there was past calculation data that was overwritten within the system to reflect the current status of the member. To obtain the past data, an external spreadsheet was utilized to show the past computation of the benefit.</p>	Recommendation	CLA - Disability Program Review	Service Programs	Chip	12/5/2022	CLA recommends assessing the line of business software functional limitations and performing a cost-benefit analysis on the impact that these limitations have on operations. From that analysis, a decision can be made to either work with the hosting party / vendor of the software to determine enhancements to address functional limitation or to explore other software options and solutions.	Management agrees that the use of spreadsheets to do calculations outside of the line of business system creates risk. MainePERS is assessing whether calculations currently performed manually can be added to the line of business application efficiently or if another solution can be put in place. The question related to archiving calculation history will be investigated with the vendor. This work is ongoing.	4/2026 - The PAS remains on schedule for live operation in 2028.	
<p>Six (6) out of twenty-five (25) sampled Work Report Adjustments that were due to underpayments were not collected for at least three (3) months after identification.</p>	Recommendation	CLA - Cash Receipts and Disbursements 2023	Accounting	Sherry	11/13/2023	We recommend that MainePERS continue to follow up on late payments and utilize the steps detailed in the "Late Payroll Submission" policy/process. We also recommend tracking the late Work Report Adjustments in a centralized log to determine high priority adjustments that have been outstanding for more than one (1) month.	Management agrees with this recommendation.	4/2026 - Staff have continued to maintain current account reconciliations and additional progress has been made on those accounts with long outstanding unreconciled transactions, bringing those accounts more current, but not fully reconciled. 589 accounts were fully reconciled through January 2026 data as of March 31, 2026.	
<p>MainePERS has not formally documented those procedures needed to provide requested financial information to the actuary and perform the annual actuarial report review process.</p>	Recommendation	CLA Internal Audit 2025 - Actuarial Practices	Accounting	Sherry	5/7/2025	MainePERS should consider formalizing the process that governs the composition of the Executive Management Team responsible for reviewing the actuary's report. This will ensure that the appropriate members of MainePERS are involved in the review process, providing necessary oversight and informed recommendations to the Board. Additionally, MainePERS may consider formalizing the process for providing the actuary with asset valuation information and other financial inputs, as well as oversight of the target dates set by the actuary. This process should include management approval of the draft report before it is presented to the Board and inclusion in the annual financial report. Formalizing these procedures will help standardize the review process, ensuring consistency, accuracy, and accountability.	Management agrees with this recommendation and will work to formalize and document existing processes and controls.	04/2026 - As part of last year's actuarial work, new steps were added to formally capture the review and approval of the financial inputs for the actuarial work as well as the review and approval of draft reports. A formal written practice is under development and is expected to be in place for this year's actuarial work.	

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Status of Unresolved Audit Findings and Recommendations for Improvement

5/4/2026

Issue Identified	Type of Issue	Source	Responsible Unit	Owner	Date Added	Recommendation	Management Response	5/4/2026	Date Resolved
One of fifteen death notifications selected for testing was not performed timely. In addition, we obtained a system report of Pending Workflows that included 15 workflows (1 death notification workflow, 4 post-RA death workflows, and 11 pre-RA death workflows) outstanding over one year. The analysis of, and escalation process for, stale workflows was not readily apparent. Although we recognize that some extenuating circumstances were in place for the team during this time period, timely completion of the queue of workflows is a key control point for the Survivor Services team.	Recommendation	Wipfli Internal Audit 2025 - Death Benefit Processing	Service Programs	Chip	2/6/2026	We recommend management evaluate the stale workflows for potential research and resolution and enhance the formal process for escalation of items to ensure necessary resolution is achieved.	Management agrees with this recommendation. MainePERS is currently engaged in a replacement of its Pension Administration System with a scheduled live operational target date window of June-September 2028. That new system will provide automated mechanisms which are intended to avoid any accumulation of stale workflows and to address aging workflows. In the interim, MainePERS will utilize an existing query of aging workflows in order to identify any pending death benefits that are aging. This data will be reviewed at least monthly by the unit's supervisor who will follow up accordingly with staff.	4/2026 - The PAS remains on schedule for live operation in 2028.	
We noted two stale references within written practice documents. (1) Several documents referenced Survivor Services Practice 5.1.2. Our understanding is that this practice document was updated to Member Services Practice 1.2.3. References in various practice documents should be updated, as necessary. (2) There is a reference within Member Services Practice 1.2.3 to Member Services Practice 1.2.2, which we determined was repealed in October 2024, so this reference should be removed accordingly.	Recommendation	Wipfli Internal Audit 2025 - Death Benefit Processing	Service Programs	Chip	2/6/2026	We recommend these documents be updated accordingly.	Management agrees with this recommendation. Regarding the several documents referencing Survivor Services Practice 5.1.2 which should instead reference Member Services Practice 1.2.3: MainePERS has identified that Survivor Services Practices 5.1.3, 5.4.1, and 5.4.13 each contain a stale reference to Survivor Services Practice 5.1.2. Survivor Services Practices 5.1.3, 5.4.1, and 5.4.13 are next due for review and updates per MainePERS System Policy 1.0 in August, February and August of 2026, respectively. Each of these will be updated on an expedited basis, also in keeping with MainePERS System Policy 1.0, by the end of February 2026 with regard to the stale references. Regarding a reference within Member Services Practice 1.2.3 to Member Services Practice 1.2.2, which should be updated due to the repeal of Member Services Practice 1.2.2: Member Services Practice 1.2.3 is next due for review by the responsible MainePERS entity in March 2026. The stale reference to Member Services Practice 1.2.2 will be updated at that time. MainePERS also has identified a stale reference Member Services Practice 1.2.2 in Disability Services Practice 2.1.4. That also will be updated on an expedited basis by the end of March 2026.	04/2026 - The three survivor services practices were updated as of 2/9/2026.	2/9/2026



Proposed FY2027 Audit Plan Based on FY2023 Risk Assessment_Revised 4/27/2023

Proposed FY2027 Audit Plan Based on FY2023 Risk Assessment_Revised 4/27/2023					
Human Resources	Risk Classification	Quarter	Completed Quarter	Comments and Recommendations	Status
Compensation	High	Q1			Pending
Legal	Risk Classification	Quarter	Completed Quarter	Comments and Recommendations	
FOA Request Compliance	Moderate	Q2			Pending
Service Programs	Risk Classification	Quarter	Completed Quarter	Comments and Recommendations	
Refunds Processing	High	Q3			Pending
Accounting and Finance / Employer Reporting	Risk Classification	Quarter	Completed Quarter	Comments and Recommendations	
Lease Schedules	Low	Q4			Pending
Fixed Assets	Moderate	Q4			Pending

MAINEPERS

FINANCE AND AUDIT COMMITTEE MEMORANDUM

TO: FINANCE AND AUDIT COMMITTEE MEMBERS
FROM: SHERRY VANDRELL, CHIEF FINANCIAL OFFICER
JENNIFER LIDBACK, DIRECTOR OF FINANCE
SUBJECT: FY26 – MARCH 2026 OPERATING AND INVESTMENT EXPENSE REPORTS
DATE: MAY 4, 2026

Reports of operating expenses for both administration and investment operations for the nine months ended March 31, 2026 are included in your packet materials. The reports summarize, by expense category, the approved budgeted amounts for the current fiscal year and the actual year-to-date expenses for the year.

POLICY REFERENCE

[Board Policy 1.6 – Finance and Audit Committee of the Board](#)

[Board Policy 5.4 – Budgeting, Spending, and Reporting](#)

REVIEW OF FY26 OPERATING EXPENSES THROUGH MARCH 31ST

Following is information about significant budget variances that occurred during the fiscal year:

Administration

(1) **Personal Services** (Under budget 2.59% or \$404,007) – Personal services costs include salaries and wages, along with associated benefits. Salaries and wages are currently projected to be under budget for the year. While we continue to utilize overtime to address pockets of backlogged work, these costs are being offset by savings from vacancies. Included in this surplus projection are savings in health insurance costs related, in part, to vacancies, but also to staff utilization of the benefit.

(2) **Computer Equipment, Supplies and Supports** (Under budget 6.09% or \$181,921) – Computer equipment, supplies and supports includes maintenance and support costs for various IT applications used to support MainePERS' business. As previously reported, this surplus is primarily a reduction in projected costs to support the V3 Line of Business System as we are doing minimal changes and updates to that system and only as needed.

(3) **Audit Services** (Under budget by 23.63% or \$36,274) – Audit services are expected to be under budget this year as a result of lower than budgeted costs for internal audits. While we've done the same number of internal audits this year, the scope have been smaller, bringing the cost per audit down.

(4) **Other Professional Services** (Under budget by 23.58% or \$183,451) – Other professional services includes supports planned for as part of the new Pension Administration System (PAS) project. As the project continues, some of the supports needed are being aligned with future phases of the project and those dollars will be shifted to the appropriate fiscal year budget period, with no impact on the total cost originally planned.

Investment Operations

(1) **Legal Services** (Under budget 13.87% or \$124,809) – The projections for legal services continue to be adjusted based on current actual utilization. We will continue to monitor and make adjustments as appropriate in future reports.

RECOMMENDATION

No action is required by the Committee at this time.

Maine Public Employees Retirement System
FY26 Administrative Expenses YTD
And Year End Projection

	FY26 Budgeted	FY26 Actual Thru 03/31/2026	FY26 Projected Remaining	FY26 Total Expected	Projected Surplus (Deficit)	
Personnel Services						
Salaries & Wages						
Salaries and Wages	\$ 11,444,892	\$ 8,023,809	\$ 3,122,417	\$ 11,146,226	\$ 298,666	
Overtime Wages	-	118,762	-	118,762	(118,762)	
Total Salaries & Wages	<u>11,444,892</u>	<u>8,142,571</u>	<u>3,122,417</u>	<u>11,264,988</u>	<u>179,904</u>	
Benefits						
Health Insurance	2,696,390	1,767,602	772,053	2,539,655	156,735	
MainePERS Retirement Contributions	1,438,573	1,005,864	388,763	1,394,627	43,946	
Retiree Health Insurance Reserve	10,739	8,054	2,685	10,739	-	
Other Insurance and Benefits	35,250	43,141	(31,313)	11,828	23,422	
Total Benefits	<u>4,180,952</u>	<u>2,824,661</u>	<u>1,132,188</u>	<u>3,956,849</u>	<u>224,103</u>	
Total Personnel Services	<u><u>15,625,844</u></u>	<u><u>10,967,232</u></u>	<u><u>4,254,605</u></u>	<u><u>15,221,837</u></u>	<u><u>404,007</u></u>	(1)
Operating Expenses						
Computer Equipment, Supplies and Supports	2,984,996	2,076,143	726,932	2,803,075	181,921	(2)
Medical Consultation Services	291,700	190,956	105,750	296,706	(5,006)	
Training and Tuition	107,320	43,178	63,386	106,564	756	
Travel	60,186	25,597	35,883	61,480	(1,294)	
Depreciation	493,199	351,611	103,622	455,233	37,966	
Professional Services						
Actuarial Services	603,150	285,578	316,866	602,444	706	
Audit Services	153,500	95,186	22,040	117,226	36,274	(3)
Legal Services	214,224	79,017	60,530	139,547	74,677	
Hearing Officers Services	40,400	11,547	4,900	16,447	23,953	
Other Professional Services	778,094	329,126	265,517	594,643	183,451	(4)
Total Professional Services	<u>1,789,368</u>	<u>800,454</u>	<u>669,853</u>	<u>1,470,307</u>	<u>319,061</u>	
Other Operating Expenses						
Buildings and Operations	537,909	455,004	105,984	560,988	(23,079)	
Capital Lease Expense	555,969	415,956	140,013	555,969	-	
Insurance	92,673	79,945	10,153	90,098	2,575	
Printing and Publications	228,113	143,680	97,801	241,481	(13,368)	
Postage	376,775	292,686	113,123	405,809	(29,034)	
Telephone	180,997	132,744	57,857	190,601	(9,604)	
Other	268,865	194,733	77,652	272,385	(3,520)	
Total Other Operating Expenses	<u>2,241,301</u>	<u>1,714,748</u>	<u>602,583</u>	<u>2,317,331</u>	<u>(76,030)</u>	
Total Operating Expenses	<u><u>7,968,070</u></u>	<u><u>5,202,687</u></u>	<u><u>2,308,009</u></u>	<u><u>7,510,696</u></u>	<u><u>457,374</u></u>	
Total Administrative Expenses	<u><u>\$ 23,593,914</u></u>	<u><u>\$ 16,169,919</u></u>	<u><u>\$ 6,562,614</u></u>	<u><u>\$ 22,732,533</u></u>	<u><u>\$ 861,381</u></u>	

**Maine Public Employees Retirement System
FY26 Investment Operations Expenses YTD
And Year End Projection**

	FY26 Budgeted	FY26 Actual Thru 03/31/2026	FY26 Projected Remaining	FY26 Total Expected	Projected Surplus (Deficit)
Personnel Services					
Salaries & Wages					
Salaries and Wages	\$ 2,452,119	\$ 1,686,752	\$ 659,914	\$ 2,346,667	\$ 105,452
Overtime Wages	-	-	-	-	-
Total Salaries & Wages	<u>2,452,119</u>	<u>1,686,752</u>	<u>659,914</u>	<u>2,346,667</u>	<u>105,452</u>
Benefits					
Health Insurance	336,159	227,158	105,110	332,269	3,890
MainePERS Retirement Contributions	419,457	280,452	116,278	396,730	22,727
Retiree Health Insurance Reserve	2,685	2,014	671	2,685	(0)
Other Insurance and Benefits	2,500	1,003	900	1,903	597
Total Benefits	<u>760,800</u>	<u>510,627</u>	<u>222,959</u>	<u>733,586</u>	<u>27,214</u>
Total Personnel Services	<u><u>3,212,919</u></u>	<u><u>2,197,379</u></u>	<u><u>882,874</u></u>	<u><u>3,080,253</u></u>	<u><u>132,666</u></u>
Operating Expenses					
Computer Equipment, Supplies and Supports	196,210	157,847	58,007	215,853	(19,643)
Medical Consultation Services	-	-	-	-	-
Training and Tuition	11,300	10,120	1,180	11,300	-
Travel	78,700	26,208	19,195	45,403	33,297
Depreciation	10,671	3,203	1,068	4,271	6,400
Professional Services					
Actuarial Services	-	-	-	-	-
Audit Services	58,500	58,500	-	58,500	-
Legal Services	900,000	545,191	230,000	775,191	124,809 (1)
Investment Consulting	1,225,000	911,250	306,250	1,217,500	7,500
Proxy Voting Services	24,037	18,268	6,250	24,518	(481)
Custody Services	770,000	577,500	192,500	770,000	-
Other Professional Services	18,500	12,500	6,000	18,500	-
Total Professional Services	<u>2,996,037</u>	<u>2,123,209</u>	<u>741,000</u>	<u>2,864,209</u>	<u>131,828</u>
Other Operating Expenses					
Buildings and Operations	139,496	106,078	38,857	144,935	(5,439)
Capital Lease Expense	155,995	119,803	40,109	159,912	(3,917)
Insurance	23,941	4,308	6,847	11,155	12,786
Printing and Publications	21	42	-	42	(21)
Postage	750	198	204	402	348
Telephone	47,519	47,245	5,134	52,379	(4,860)
Other	33,768	25,630	12,747	38,377	(4,609)
Total Other Operating Expenses	<u>401,490</u>	<u>303,305</u>	<u>103,897</u>	<u>407,202</u>	<u>(5,712)</u>
Total Operating Expenses	<u><u>3,694,408</u></u>	<u><u>2,623,891</u></u>	<u><u>924,347</u></u>	<u><u>3,548,238</u></u>	<u><u>146,170</u></u>
Total Investment Operations Expenses	<u><u>\$ 6,907,327</u></u>	<u><u>\$ 4,821,270</u></u>	<u><u>\$ 1,807,221</u></u>	<u><u>\$ 6,628,491</u></u>	<u><u>\$ 278,835</u></u>

MAINEPERS

FINANCE AND AUDIT COMMITTEE MEMORANDUM

TO: FINANCE AND AUDIT COMMITTEE MEMBERS

FROM: DR. REBECCA M. WYKE, CEO
SHERRY VANDRELL, CHIEF FINANCIAL OFFICER
JENNIFER LIDBACK, DIRECTOR OF FINANCE

SUBJECT: FY27 PROPOSED OPERATING BUDGET – ADMINISTRATIVE AND INVESTMENT OPERATIONS

DATE: MAY 6, 2026

Attached are the draft administrative and investment operations budgets for the fiscal year ending June 30, 2027, for your review and consideration. These draft budgets were developed over the course of the last several months in collaboration with the senior management team and staff. There have been no changes to the draft budgets since the April 9, 2026 Finance and Audit Committee Meeting.

POLICY REFERENCE

[Board Policy 1.6 – Finance and Audit Committee of the Board](#)

[Board Policy 5.4 – Budgeting, Spending, and Reporting](#)

ADMINISTRATIVE OPERATIONS BUDGET

The administrative operations budget as proposed is a 5.9%, or \$1,402,326 increase over the budget approved for FY26. Personal services are proposed to increase by 4.3% and operating expenses are proposed to increase by 9.3%. The administrative operations budget also includes \$874,860 for the PAS project.

The proposed increase to personal services includes \$459,344 in salaries and benefits for the 4 PAS project staff. Also included are a general cost of living increase, step increases for bargaining unit staff, and performance pay for confidential staff, as well as the impact of FY26 mid-year compensation adjustments and a 1% attrition factor. Two new positions are included in the budget: a part-time Director of Special Projects for Employer Services and a part-time IT developer. Benefits include projected increases in health and dental premium costs (6% and 2%) and a full year of the cost related to the Family Medical Leave law, the FY26 budget only included 2 months.

The proposed increase to operating expenses includes \$415,516 for professional services associated with the PAS project. Also included are increased costs for cybersecurity services, software licensing, and hardware maintenance. The cost of the 5-year actuarial audit is included under miscellaneous professional services. Other increases to operating expenses include medical consultation, depreciation, building and grounds, as well as postage and internet. These proposed expenses are partially offset by savings in computer equipment, financial audit fees, and actuarial services due to the completion of the 5-year experience study and the GLI premium study.

INVESTMENT OPERATIONS BUDGET

The investment operations budget as proposed is a 5.7%, or \$393,582 increase over the budget approved for FY26. Personal services are proposed to increase by 4.6% and operating expenses are proposed to increase by 6.6%.

The proposed increase to personal services includes a general cost of living increase and performance pay for confidential staff, as well as the impact of FY26 mid-year compensation adjustments. One new investment analyst position is included in the budget. Benefits include projected increases in health and dental premium costs (6% and 2%) and a full year of the cost related to the Family Medical Leave law, the FY 26 budget only included 2 months.

The proposed increase to operating expenses includes increased costs for a server replacement, internet services, training and travel, and professional services. These increased expenses are partially offset by a reduction to legal fees based on a 6-year historical average.

RECOMMENDATION

Accept the FY27 recommended Administrative Operations Budget in the amount of \$24,996,240 and the recommended Investment Operations Budget in the amount of \$7,300,909 as presented and recommend approval to the full Board at its May 14, 2026 meeting.

**Maine Public Employees Retirement System
Proposed Administrative Expenses Budget
For the Fiscal Year Ended June 30, 2027**

	FY26 Budgeted	As of 2/28/2026 FY26 Expected	FY27 Budgeted	FY27 Budget vs. FY26 Expected	FY27 Budget vs. FY26 Budget	FY27 Budget vs. FY26 Budget
Personnel Services						
Salaries & Wages						
Salaries and Wages	\$ 11,444,890	\$ 11,169,354	\$ 11,866,632	\$ 697,278	\$ 421,742	3.7%
Overtime Wages	-	107,928	-	(107,928)	-	
Total Salaries & Wages	<u>11,444,890</u>	<u>11,277,282</u>	<u>11,866,632</u>	<u>589,350</u>	<u>421,742</u>	<u>3.7%</u>
Benefits						
Health Insurance	\$ 2,696,390	2,551,571	\$ 2,897,934	346,363	201,544	7.5%
MainePERS Retirement Contributions	1,438,573	1,398,335	1,477,290	78,955	38,717	2.7%
Retiree Health Insurance Reserve	10,739	10,739	12,874	2,135	2,135	19.9%
Other Insurance and Benefits	35,250	31,713	35,250	3,537	-	0.0%
Total Benefits	<u>4,180,952</u>	<u>3,992,358</u>	<u>4,423,348</u>	<u>430,990</u>	<u>242,396</u>	<u>5.8%</u>
Total Personnel Services	<u><u>15,625,842</u></u>	<u><u>15,269,640</u></u>	<u><u>16,289,980</u></u>	<u><u>1,020,340</u></u>	<u><u>664,138</u></u>	<u><u>4.3%</u></u>
Operating Expenses						
Computer Equipment, Supplies and Supports	2,984,996	2,807,793	3,315,378	507,585	330,382	11.1%
Medical Consultation Services	291,700	254,763	374,000	119,237	82,300	28.2%
Training, Continuing Education and Tuition	107,320	104,693	125,528	20,835	18,208	17.0%
Travel	60,186	62,082	70,422	8,340	10,237	17.0%
Depreciation	493,199	455,365	587,520	132,155	94,321	19.1%
Professional Services						
Actuarial Services	603,150	604,619	535,448	(69,172)	(67,703)	-11.2%
Audit Services	153,500	117,226	119,000	1,774	(34,500)	-22.5%
Legal Services	214,224	135,913	212,000	76,087	(2,224)	-1.0%
Hearing Officers Services	40,400	17,790	25,400	7,610	(15,000)	-37.1%
Miscellaneous Professional Services	778,094	585,642	815,297	229,655	37,203	4.8%
Total Professional Services	<u>1,789,367</u>	<u>1,461,190</u>	<u>1,707,144</u>	<u>245,954</u>	<u>(82,223)</u>	<u>-4.6%</u>
Other Operating Expenses						
Buildings and Operations	537,909	558,800	639,835	81,035	101,926	18.9%
Capital Lease Expense	555,969	555,969	564,885	8,916	8,916	1.6%
Insurance	92,673	90,098	115,540	25,442	22,867	24.7%
Printing and Publications	228,113	235,194	230,213	(4,981)	2,099	0.9%
Postage	376,775	391,987	442,094	50,107	65,319	17.3%
Telephone	180,997	173,466	220,175	46,709	39,178	21.6%
Other	268,867	271,700	313,525	41,825	44,658	16.6%
Total Other Operating Expenses	<u>2,241,304</u>	<u>2,277,214</u>	<u>2,526,267</u>	<u>249,053</u>	<u>284,963</u>	<u>12.7%</u>
Total Operating Expenses	<u><u>7,968,072</u></u>	<u><u>7,423,100</u></u>	<u><u>8,706,259</u></u>	<u><u>1,283,159</u></u>	<u><u>738,188</u></u>	<u><u>9.3%</u></u>
Total Administrative Expenses	<u><u>\$ 23,593,914</u></u>	<u><u>\$ 22,692,740</u></u>	<u><u>\$ 24,996,240</u></u>	<u><u>\$ 2,303,500</u></u>	<u><u>\$ 1,402,326</u></u>	<u><u>5.9%</u></u>

**Maine Public Employees Retirement System
Proposed Investment Operations Expenses Budget
For the Fiscal Year Ended June 30, 2027**

	FY26 Budgeted	As of 2/26/2026 FY26 Expected	FY27 Budgeted	FY27 Budget vs. FY26 Expected	FY27 Budget vs. FY26 Budget	FY27 Budget vs. FY26 Budget
Personnel Services						
Salaries & Wages						
Salaries and Wages	\$ 2,452,119	\$ 2,371,023	\$ 2,534,031	\$ 163,007	\$ 81,912	3.3%
Overtime Wages	-	-	-	-	-	
Total Salaries & Wages	2,452,119	2,371,023	2,534,031	163,007	81,912	3.3%
Benefits						
Health Insurance	336,159	332,564	392,989	60,424	56,830	16.9%
MainePERS Retirement Contributions	419,457	397,929	430,320	32,391	10,863	2.6%
Retiree Health Insurance Reserve	2,685	2,685	1,430	(1,255)	(1,254)	-46.7%
Other Insurance and Benefits	2,500	2,203	2,750	547	250	10.0%
Total Benefits	760,800	735,381	827,489	92,108	66,689	8.8%
Total Personnel Services	3,212,919	3,106,405	3,361,520	255,115	148,601	4.6%
	-	-	-			
Operating Expenses						
Computer Equipment, Supplies and Supports	196,210	203,603	193,717	(9,886)	(2,493)	-1.3%
Medical Consultation Services	-	-	-	-	-	
Training, Continuing Education and Tuition	11,300	13,470	11,300	(2,170)	-	0.0%
Travel	78,700	43,680	78,700	35,020	-	0.0%
Depreciation	10,671	10,671	9,956	(715)	(715)	-6.7%
Professional Services						
Actuarial Services	-	-	-	-	-	
Audit Services	58,500	58,500	56,000	(2,500)	(2,500)	-4.3%
Legal Services	900,000	785,099	700,000	(85,099)	(200,000)	-22.2%
Investment Consulting	1,225,000	1,218,333	1,638,500	420,167	413,500	33.8%
Proxy Voting Services	24,037	24,518	25,998	1,480	1,961	8.2%
Custody Services	770,000	770,000	800,000	30,000	30,000	3.9%
Other Professional Services	18,500	18,500	6,500	(12,000)	(12,000)	-64.9%
Total Professional Services	2,996,037	2,874,950	3,226,998	352,048	230,961	7.7%
Other Operating Expenses						
Buildings and Operations	139,496	142,909	145,512	2,603	6,016	4.3%
Capital Lease Expense	155,995	155,998	160,418	4,420	4,423	2.8%
Insurance	23,941	11,155	7,813	(3,342)	(16,128)	-67.4%
Printing and Publications	-	42	-	(42)	-	
Postage	750	498	750	252	-	0.0%
Telephone	47,519	44,045	66,445	22,400	18,926	39.8%
Other	33,789	34,173	37,781	3,608	3,992	11.8%
Total Other Operating Expenses	401,490	388,820	418,718	29,898	17,228	4.3%
Transfers to Reserves - MePERS	-	-	-	-	-	
Total Operating Expenses	3,694,408	3,535,194	3,939,389	404,195	244,981	6.6%
Total Investment Operations Expenses	\$ 6,907,327	\$ 6,641,599	\$ 7,300,909	\$ 659,310	\$ 393,582	5.7%

MAINEPERS

FINANCE AND AUDIT COMMITTEE MEMORANDUM

TO: FINANCE AND AUDIT COMMITTEE MEMBERS
FROM: SHERRY VANDRELL, CHIEF FINANCIAL OFFICER
SUBJECT: FY26 – 3RD QUARTER REPORTS – TRAVEL AND PROCUREMENT
DATE: MAY 4, 2026

POLICY REFERENCE

[Board Policy 1.6 – Finance and Audit Committee of the Board](#)

[Board Policy 5.4 – Budgeting, Spending, and Reporting](#)

TRAVEL EXPENSE REPORT

The report of travel expenses for the quarter ended March 31, 2026 is attached for your review. This report is provided in accordance with the System Policy 3.2 – Travel which is in compliance with the State of Maine's Office of Program Evaluation and Government Accountability (OPEGA) requirements.

PROCUREMENT REPORT

The next report of procurement activity will be for the six months ended June 30, 2026 and will be presented at your August 2026 meeting. This report is provided in accordance with the System Policy 3.1 – Procurement, which is in compliance with OPEGA requirements.

RECOMMENDATION

No action is required by the Committee at this time.

Maine Public Employees Retirement System
Travel Report to the Board of Trustees
For the Period of January 1, 2026 through March 31, 2026

Traveler	In/Out of State	Dept.	Dates of Travel		Destination	Purpose of Travel	M&IE	Lodging	Transportation	Other	Reimbursed Expenses	Total Expenses	
Douglas Porter	O	Investments	January 8, 2026	Thru	January 8, 2026	New York, NY	Blackstone due diligence	66.00	-	514.95	-	-	580.95
William Proom	O	Investments	February 3, 2026	Thru	February 4, 2026	New York, NY	Axiom due diligence	135.00	258.00	711.84	-	-	1,104.84
Bartley Parker	O	Investments	February 4, 2026	Thru	February 5, 2026	New York, NY	Blackstone LPAC	85.00	274.00	421.12	-	(695.12)	85.00
Seth Keller	O	Investments	February 11, 2026	Thru	February 12, 2026	New York, NY	Varadero Capital	132.00	243.33	734.88	-	-	1,110.21
Zachary Anderson	O	Investments	February 11, 2026	Thru	February 12, 2026	New York, NY	Varadero Capital	132.00	243.33	782.35	-	-	1,157.68
Chip Gavin	O	Member Services	February 12, 2026	Thru	February 13, 2026	Dallas, TX	Sagitec Customer Meetings	113.00	343.78	546.97	-	-	1,003.75
Ella Braaten	O	Legal	February 16, 2026	Thru	February 20, 2026	Nashville, TN	NAPPA Conference	304.00	1,266.24	2,023.22	750.00	-	4,343.46
David Jones	O	Member Services	March 1, 2026	Thru	March 5, 2026	San Diego, CA	NCPERS Summit	334.00	1,201.20	808.94	800.00	-	3,144.14
Mara McGowen	O	Member Services	March 1, 2026	Thru	March 5, 2026	San Diego, CA	NCPERS Summit	318.00	900.90	567.53	800.00	-	2,586.43
Chip Gavin	O	Member Services	March 1, 2026	Thru	March 5, 2026	San Diego, CA	NCPERS Summit	299.00	900.90	388.17	800.00	-	2,388.07
Bobby Slattery	O	Investments	March 8, 2026	Thru	March 11, 2026	Los Angeles, CA	Whitehawk due diligence	217.00	590.27	877.88	-	-	1,685.15
Douglas Porter	O	Investments	March 8, 2026	Thru	March 11, 2026	Los Angeles, CA	Whitehawk due diligence	217.00	590.27	865.46	-	-	1,672.73
Bartley Parker	O	Investments	March 13, 2026	Thru	March 13, 2026	Burlington, MA	Northbridge Real Estate	-	-	165.05	-	-	165.05
Scott Lupkas	O	Investments	March 16, 2026	Thru	March 17, 2026	New York, NY	Global CIO Summit	74.00	420.90	440.30	-	-	935.20
Bartley Parker	O	Investments	March 16, 2026	Thru	March 19, 2026	Los Angeles, CA	Mesa West Core Lending	130.00	1,347.00	605.91	-	(1,891.91)	191.00
In-State Travel Staff	I	Various	January 1, 2026	Thru	March 31, 2026	-	Misc. Local Travel	-	-	-	-	-	1,582.38
In-State Travel Trustee	I	Trustees	January 1, 2026	Thru	March 31, 2026	-	Board Meetings	-	-	-	-	-	78.68
							TOTAL EXPENSES	2,556.00	8,580.12	10,454.57	3,150.00	(2,587.03)	23,814.72