2026-2027 ADOPTED BUDGET

Building for the Future:
The Next 50 Years

July 1, 2026

To: TMLIRP Board of Trustees

Subject: 2026-27 Proposed Budget

"Building for the Future... (continued)"

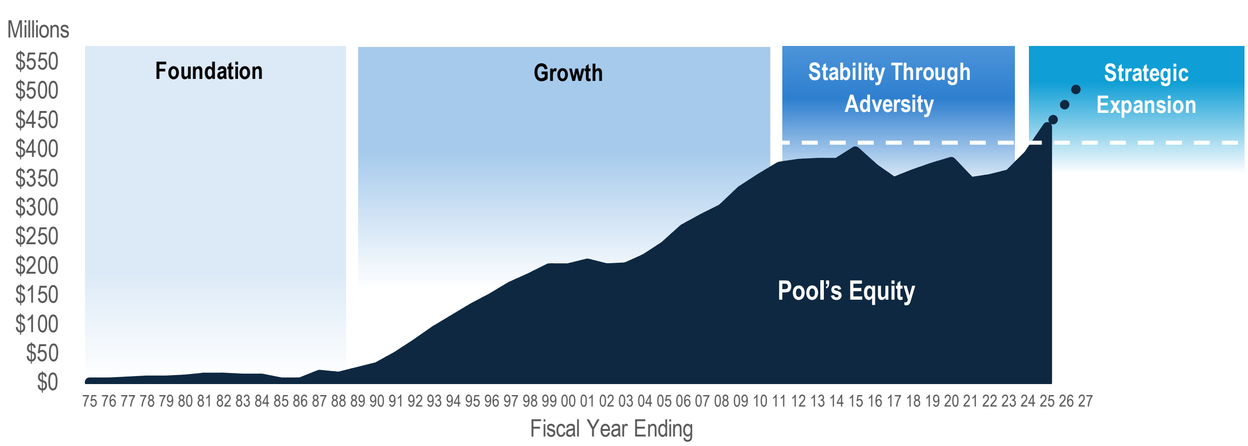
Building for the Future is not a new theme for this budget, intentionally so. It reflects the multi-year commitments the Pool is actively carrying forward: the Strategic Plan adopted by the Board, the Membership Philosophy that guides how resources are prioritized, and a long-term orientation that no single fiscal year can fully capture. This budget is one chapter in a longer story.

The theme carries a deliberate double meaning. The Texas Municipal Center project in Georgetown is progressing on schedule, and the capital planning work required to sustain that investment over the long term is embedded in the financial structure of this budget. But the more consequential building happening right now is organizational: the leadership depth, technology infrastructure, Member partnerships, and financial resilience that have become hallmarks of this institution that this budget is designed to advance.

The financial picture reflects that strength. Total revenues are projected at $455.8 million, a 7% increase over the prior year, driven by contribution growth across all lines of business and continued strong investment performance. Members' equity is expected to grow to $525.3 million by fiscal year-end. These highline numbers are a testament to the Board's sustained commitment to financial discipline and to the partnership this organization has built with its Members over more than five decades.

Combined Funds (In $Million)	2025-26 Budget	2026-27 Budget	$ Change	% Change
Beginning Members' Equity	**$428.6**	**$480.5**	**$51.9**	**12.1%**
Earned Contributions	389.5	413.7	24.2	6.2%
Investment & Other Income	36.3	42.1	5.8	16.0%
Total Revenues	**425.8**	**455.8**	**30.0**	**7.0%**
Losses	273.3	304.4	31.1	11.4%
Reinsurance Expense	42.2	41.7	(0.5)	-1.2%
Operating Expense	64.4	64.9	0.5	0.8%
Total Loss & Expenses	**379.9**	**411.0**	**31.1**	**8.2%**
Revenues Over Expenses	**45.9**	**44.8**	**(1.1)**	**-2.4%**
Ending Members' Equity	**$474.5**	**$525.3**	**$50.8**	**10.7%**

As illustrated in the chart below, the current phase of the Pool's evolution reflects continued strengthening of the Pool's financial position in service of its primary mission: rate stability for its Members.



Operating Budget

The 2026-27 proposed operating budget directs $64.9 million in resources toward the initiatives that matter most to the Pool's long-term strength: a **0.8% increase** over the prior year budget that reflects disciplined cost management across all departments. The near-flat growth rate masks meaningful structural change: a $1.5 million decline in depreciation expense largely absorbs a $2 million combined increase in personnel and other operating costs, preserving financial stability while funding the initiatives described in the sections that follow.

Operating Budget	2025-26 Proposed Budget	2026-27 Proposed Budget	Budget to Budget Change	% Change
Personnel Costs	$45,185,400	$46,711,500	$1,526,100	3.4%
Other Operating Expenses	15,906,250	16,457,900	551,650	3.5%
Capital Outlay Purchases	613,000	512,000	(101,000)	-16.5%
Depreciation Expenses	2,737,000	1,266,900	(1,470,100)	-53.7%
Total	**$64,441,650**	**$64,948,300**	**$506,650**	**0.8%**

Personnel costs represent the largest component of the operating budget, and this year they deserve particular attention. The Pool is entering a period of elevated retirement activity, with a meaningful uptick in departures expected across several departments in the coming fiscal year, and more in the years that follow. That reality shaped how staff approached the personnel budget this year. Rather than budget to full projected staffing, personnel costs are held at 99% of that level. That decision is a deliberate choice that reflects both the practical reality of how vacancies unfold during periods of transition and staff's confidence in the reserves accumulated through years of disciplined personnel budgeting. The succession challenge is imminent, and this budget does not look away from it. The workforce development investments woven throughout (in leadership training, professional certifications, cross-training, and succession planning) are the organizational answer to what financial structure alone cannot solve.

The 2026-27 budget operating expense ratio is 17.5%, well below the Pool's ten-year average of 20.9%. The expense ratio is a key metric for efficiency of operations like the Pool. As discussed as part of the AON/Benchmarking Study in January, this metric compares favorably to other Pools and the commercial insurance sector.

TMLIRP Ratio Analysis	Loss Ratio	Expense Ratio	Combined Ratio	Investment Ratio	Operating Ratio	Net Income Margin
2017-18	80.8%	24.0%	104.7%	11.6%	93.0%	7.1%
2018-19	81.0%	24.0%	104.8%	11.6%	93.3%	6.8%
2019-20	81.7%	23.1%	104.7%	10.9%	93.8%	6.5%
2020-21	104.5%	22.1%	126.5%	9.0%	117.5%	-17.2%
2021-22	88.0%	20.0%	107.9%	9.3%	98.6%	1.8%
2022-23	86.4%	21.2%	107.5%	10.9%	96.5%	3.8%
2023-24	80.5%	19.9%	100.3%	10.9%	89.4%	10.9%
2024-25	76.9%	19.3%	96.1%	11.5%	84.5%	15.8%
2025-26 Estimated	82.1%	17.9%	100.0%	11.5%	88.4%	11.9%
2026-27 Budget	81.8%	17.5%	99.2%	10.9%	88.2%	12.0%
TMLIRP (10-Year Average)	**84.4%**	**20.9%**	**105.2%**	**10.8%**	**94.3%**	**5.9%**

Stability Initiatives

Rate stability is the Pool's primary financial mission, and the initiatives described in this section reflect the Board's long-term commitment to that principle. Over several years, through deliberate planning and disciplined budgeting, the Pool has developed a set of financial mechanisms designed to absorb cost volatility before it reaches Member contribution rates. Three of those mechanisms are active in this budget, and all three are formalized in a companion agenda item that establishes the Pool's Net Position Designation Policy. That policy will cement the governing framework that guides the management of these funds going forward.

Capital Reserve – Depreciation expenses are declining as existing capitalized software assets reach the end of their useful lives, creating a period of meaningful expense reduction before new TMC-related depreciation begins. Last year, the Pool captured $1.2 million of that reduction and designated it to a Capital Reserve Fund intended to offset future capital needs associated with the new facility. This year, staff recommends capturing an additional $1.5 million (bringing the total capture to $2.7 million in the upcoming fiscal year), bringing the projected reserve balance to $3.9 million by fiscal year-end 2026-27. Rather than allow this temporary expense relief to be absorbed into general operations, these funds are being set aside deliberately, creating a stabilizing cushion that will help smooth the rate impact of future capital investment.

Employment Cost Reserve (ECR) – The ECR was established in 2022 to accumulate savings from prior-period personnel budget underage, providing a buffer against employment cost fluctuations that might otherwise require contribution rate increases. The reserve has grown to $1.5 million through fiscal year-end 2024-25. While funds have been appropriated from the ECR in prior years, most notably to support implementation of the compensation and classification plan, those appropriations were ultimately not needed and the funds remain in reserve. That track record is precisely what gives staff confidence in budgeting personnel costs at 99% of projected full staffing this year: the ECR exists to cover the difference if actual costs exceed the budget, and its current health supports that approach.

Cyber Grant Reserve – The Cyber Grant Reserve was established to fund the buildout of the Pool’s Member cyber hygiene efforts. For many reasons, those funds have remained underutilized. With the Pool’s efforts now maturing, two new cyber positions are requested as part of this budget to meet the growing demands of cyber risk management and Member support. Rather than absorb the full cost of those positions into the current operating budget, staff recommends transferring a portion of the Cyber Grant Reserve into the ECR to incrementally fund these positions over future budget years. This approach phases in the recurring cost deliberately, minimizing near-term budget impact while ensuring the cyber program has the staffing it needs to function effectively.

Taken together, these three initiatives reflect a coherent philosophy: the Pool builds reserves in good years, deploys them in purposeful ways, and governs their use through clear policy. The Net Position Designation Policy established in the companion agenda item will formalize that approach and provide the Board with a durable framework for evaluating future stabilizing mechanisms. That very mechanism will reduce the need to respond to cost pressures *reactively* and strengthen the Pool's ability to protect Member rates over the long term.

Conclusion

This budget asks the Board to invest in the Pool's future with the same long-term perspective that has defined this institution for more than fifty years: not chasing short-term savings at the expense of organizational capacity, and not deferring necessary investments because the timing is imperfect. The succession challenge ahead is real. The financial mechanisms being formalized in this budget cycle represent years of careful planning coming to fruition. None of it happens without the Board's continued direction and support, as expressed through the Pool’s strategic plan and governance mechanisms.

Building for the Future is ultimately about building resilience within the resources the membership provides, in service of the mission the Members depend on, and with the discipline that has made this Pool one of the most financially sound public entity risk pools in the country. The pages that follow provide the full financial picture.

Staff is grateful for the Board's partnership in this work and recommends adoption of the proposed budget.

Respectfully submitted,

Jeffrey R. Thompson
Executive Director

2026 – 27 PROPOSED BUDGET ANALYSIS

BUDGET SUMMARY

The 2026-27 proposed budget operationalizes the direction set by the Board and Executive Staff at the January 2026 strategic planning session and throughout the previous year, and it represents the first full budget cycle in which the Pool's Strategic Plan is formally integrated into budget development. Every priority in this budget is measured against the Membership Philosophy, while directing resources toward the five strategic pillars:

- Mitigating Risks and Costs
- Strengthening the Partnership
- Building a Thriving Team
- Digital Mastery, and Member Engagement.

At the enterprise level, these priorities include financial stability and rate discipline, Member accountability, leadership development and succession planning, cyber risk mitigation, responsible AI adoption and claims and records modernization, and deeper Member engagement, alongside continued Texas Municipal Center capital planning and the operational governance that supports all of it.

The sections that follow provide the detailed financial picture, beginning with the combined budget and then turning to operating expenses and the major cost drivers supporting these strategic priorities.

COMBINED BUDGET

The 2026 - 27 combined budget projects $455.8 million in total revenues and $411.0 million in total expenses, resulting in a projected increase in net position of $44.8 million bringing ending Members' Equity to $525.3 million.

Combined Funds (In $Million)	2025-26 Budget	2026-27 Budget	$ Change	% Change
Beginning Members' Equity	**$428.6**	**$480.5**	**$51.9**	**12.1%**
Earned Contributions	389.5	413.7	24.2	6.2%
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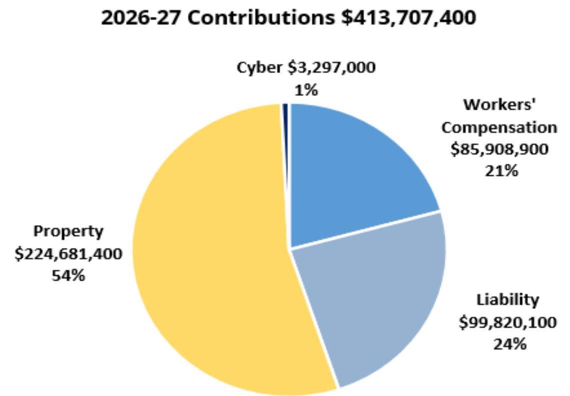
Ending Members' Equity	**$474.5**	**$525.3**	**$50.8**	**10.7%**

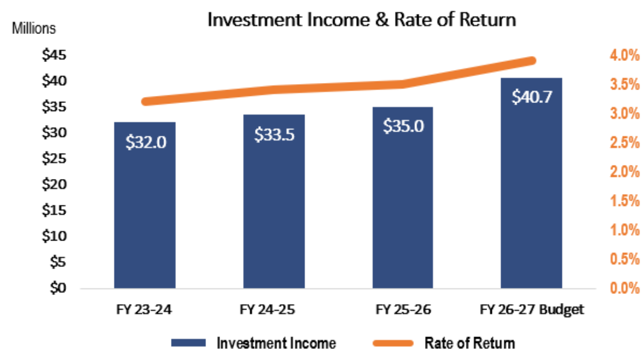
Total Revenues

Revenues are the source funding for the proposed 2026-27 budget and include earned contributions, investment income and service and other fees. Total revenues are projected to be $455.8 million. This is an increase of $30 million or 7.0% more than the amount budgeted for the 2025 – 26 fiscal year.

Contributions - represent 90.7% of total revenues, reflecting the Member-funded structure of the Risk Pool. For 2026 – 27, contributions are estimated at $413.7 million, reflecting an increase of $24.2 million or 6.2%, over the amount budgeted for 2025-26. The growth is primarily driven by property and auto rate adjustments, exposure growth across all lines of business, and the Board initiative to strengthen the Property program contribution to equity ratio.



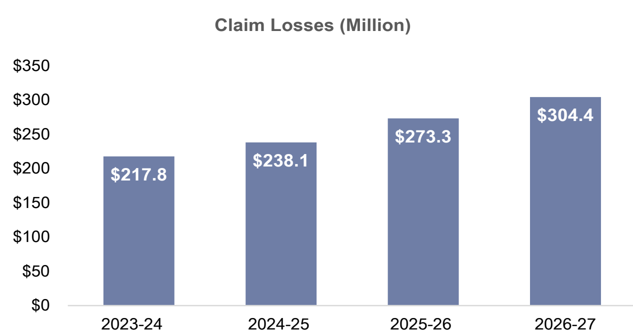
Investment income – is projected at $40.7 million for 2026-27, an increase of $5.7 million over the 2025-26 projected amount. This growth reflects a larger expected investment base, a favorable interest rate environment, and strategic allocations within the high-yielding Lifetime Benefits portfolio.



Total Losses and Expenses

Total expenses for 2026-27 are projected at $411.0 million, reflecting an increase of $31.1 million, or 8.2%, over the 2025 – 26 budget amount. These expenses are comprised of claim losses, reinsurance, and operating expenses.

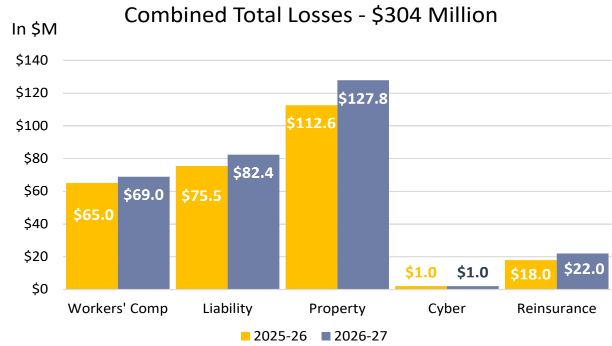
Claim Losses – are projected to be $304.4 million, an increase of $31.1 million budget-over- budget. Claims losses are based on actuarial projections of losses based on multi-year trends experienced by the Pool.



Fund Claim Losses Budget-to-Budget:

- **Workers' Compensation** losses are projected to increase from $65.0 million to $69.0 million, consistent with expected payroll exposure increases.

- **Liability** losses projection increased from $75.5 million to $82.4 million, in response to rising litigation costs, injury severity, and inflationary repair costs in auto liability coverage.

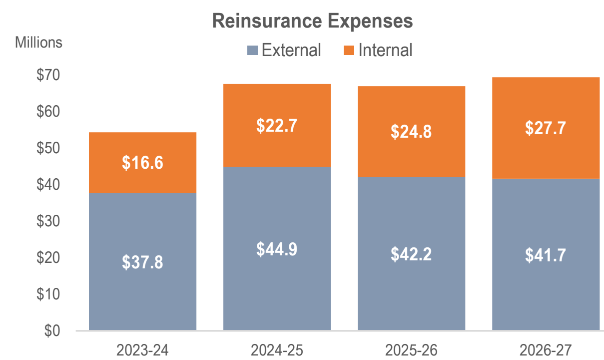


- **Property** losses are projected to increase from $112.6 million to $127.8 million, reflecting exposure growth and a conservative assumption that a greater portion of losses will be absorbed within the self-insured retention layer during the 2026 – 27 policy year.

- **Reinsurance (internal fund)** losses are estimated to increase by $4 million, from $18 million to $22 million, projecting a higher probability for a major loss event or increase in severity of storm loss events assumed by the Fund.

Reinsurance expense

The Pool obtains reinsurance through two primary sources: its internal Reinsurance Fund and the external reinsurance market. For 2026-27, total budgeted external reinsurance expense is projected at $41.7 million, comprising $38.4 million for the property program, $650,000 for workers' compensation, and $2.6 million for Cyber Coverage.



For the Property Fund, external reinsurance is purchased on a quota-share basis covering losses in the $25 million to $450 million layers. ($50 million was added as a top layer in May 2026, increasing the structure from $400 million to $450 million.) The $25 million X $25 million second event coverage was not included in the 2026-27 renewal. The internal Reinsurance Fund participates as a co-reinsurer in the $10 million to $400 million layer.

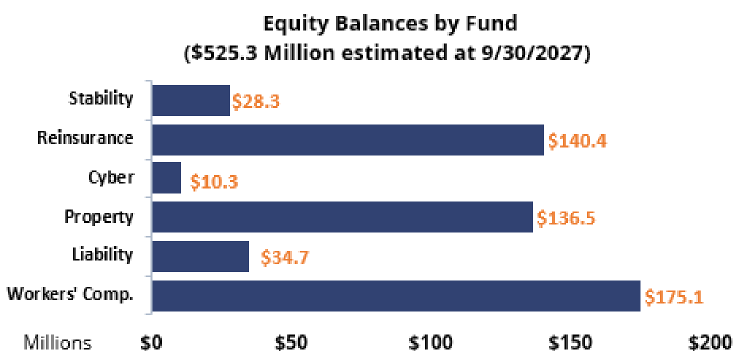
Operating Expenses are projected to remain essentially flat, with a modest growth rate of 0.8% over the 2025 – 26 budgeted amount.

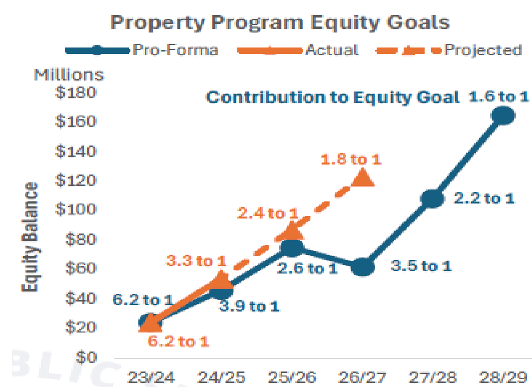
Operating Budget	2025-26 Proposed Budget	2026-27 Proposed Budget	Budget to Budget Change	% Change
Personnel Costs	$45,185,400	$46,711,500	$1,526,100	3.4%
Other Operating Expenses	15,906,250	16,457,900	551,650	3.5%
Capital Outlay Purchases	613,000	512,000	(101,000)	-16.5%
Depreciation Expenses	2,737,000	1,266,900	(1,470,100)	-53.7%
Total	**$64,441,650**	**$64,948,300**	**$506,650**	**0.8%**

This stability reflects offsetting factors – a $1.5 million decline in depreciation expense largely balancing a $2.0 million combined increase in personnel and other operating costs. Additional details on the components of this expense are presented in the Operating Budget section below.

EQUITY

Members' Equity – is expected to increase $44.8 million. Much of the growth - $33.7 million is in the Property Fund. This growth is reflective of the property program equity goals set at the Board's January 2025 planning session to strengthen the Fund's contribution to equity ratio to 2:1, assuming no significant catastrophic events, the goal is expected to be achieved by 2028 – 29.





Overall Members' Equity is projected to begin the year with $480.0 million and end the year with $525.3 million.

The combined budget consolidates the projected financial activity of the Risk Pool's six funds:

- Four operating funds - Workers' Compensation, Liability, Property, and Cyber
- Two special purpose funds - Reinsurance and Stability.

Combining Statement of Operations and Changes in Accumulated Members' Equity by Fund
Budget for the twelve months ending September 30, 2027

	Workers' Compensation	Liability	Property	Reinsurance	Stability	Cyber	Consolidating	Combined
Beginning Fund Balance	**$171,768,714**	**$28,903,187**	**$103,439,303**	**$139,585,967**	**$26,302,204**	**$10,486,620**	**$0**	**$480,485,995**
Earned Contributions	85,908,900	99,820,100	224,681,400	20,608,300	0	3,297,000	(20,608,300)	413,707,400
Service Fee & Other Income	1,200,000	100,000	100,000	45,000	4,000	1,500	0	1,450,500
Investment Income	20,705,400	6,451,700	5,543,500	6,441,500	1,298,500	259,400	0	40,700,000
Total Revenues	**107,814,300**	**106,371,800**	**230,324,900**	**27,094,800**	**1,302,500**	**3,557,900**	**(20,608,300)**	**455,857,900**
Current-Year Losses	69,000,000	82,000,000	125,000,000	22,000,000	0	1,000,000	0	299,000,000
Chg in Unalloc. Loss Adj. Expense	0	0	0	0	2,200,000	0	0	2,200,000
Independent Adjusters Expenses	0	425,000	2,800,000	0	0	0	0	3,225,000
Total Losses	**69,000,000**	**82,425,000**	**127,800,000**	**22,000,000**	**2,200,000**	**1,000,000**	**0**	**304,425,000**
Reinsurance Expense	2,750,000	1,158,000	55,745,900	0	0	2,623,000	(20,608,300)	41,668,600
Operating Expenses	31,683,100	15,522,900	13,139,000	4,053,000	450,300	100,000	0	64,948,300
Total Loss and Expenses	**103,433,100**	**99,105,900**	**196,684,900**	**26,053,000**	**2,650,300**	**3,723,000**	**(20,608,300)**	**411,041,900**
Revenues Over Expenses	**4,381,200**	**7,265,900**	**33,640,000**	**1,041,800**	**(1,347,800)**	**(165,100)**	**0**	**44,816,000**
Balance Before Distribution	**176,149,914**	**36,169,087**	**137,079,303**	**140,627,767**	**24,954,404**	**10,321,520**	**0**	**525,301,995**
Pension Contributions from/to Stability	0	(450,000)	(450,000)	(200,000)	1,100,000	0	0	0
Other Equity Adjustment - ULAE	(1,100,000)	(1,000,000)	(100,000)	0	2,200,000	0	0	0
Ending Fund Balance	**$175,049,914**	**$34,719,087**	**$136,529,303**	**$140,427,767**	**$28,254,404**	**$10,321,520**	**$0**	**$525,301,995**

OPERATING BUDGET

The operating budget represents the necessary costs incurred to run the Pool, and effective management of these expenses is a key responsibility for every department. At $65.0 million, the 2026-27 operating budget reflects disciplined cost management across all departments.

The near-flat growth rate of 0.8% reflects a combined $2.0 million increase in personnel and other operating costs largely absorbed by a $1.5 million decline in depreciation expense. The 0.8% budget-over-budget increase masks meaningful structural change underlying the initiatives described in the 2026-27 strategic initiatives section.

Operating Budget - BASELINE (In $Million)	2025-26 Budget	2026-27 Budget	$ Change	% Change
Personnel Costs	$45.2	$46.7	$1.5	3.3%
Other Operating Expenses	15.9	16.5	0.6	3.8%
Capital Outlays	0.6	0.5	(0.1)	-16.7%
Depreciation Expenses	2.7	1.3	(1.4)	-51.9%
Total Operating Expenses	**$64.4**	**$65.0**	**$0.6**	**0.8%**

Personnel costs

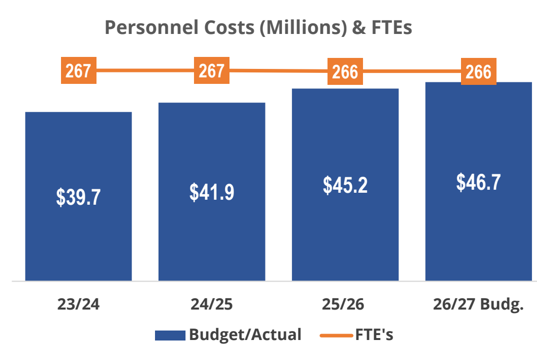
Represent 71.9% of the operating budget. The $46.7 million budgeted for 2026–27 is $1.5 million, or 3.3%, above the prior budget year, driven primarily by merit adjustments and increases in health and pension costs. Personnel expenses are budgeted at 99% of projected costs for the first time. Management will recommend a contingent appropriation of $825,000 from the Employment Cost Reserve (ECR) to partially offset this increase should the funds be needed. The ECR was established specifically to accumulate savings from prior-period personnel budget underage for use in periods of elevated cost pressure. Notably, personnel expenses are budgeted to 99% of full employment for the Pool (compared to 100% last year), in anticipation of retirements and position restructuring.

Personnel Budgeted Costs (Millions)	2025-26 Budget	2026-27 Budget	$ Change	% Change
Salaries	$33.9	$34.4	$0.5	1.5%
Health Insurance	5.1	5.7	0.6	11.8%
TMRS	4.1	4.5	0.4	9.8%
Deferred Comp	1.9	2.0	0.1	5.3%
Distability	0.2	0.1	(0.1)	-50.0%
Total Personnel Costs	**$45.2**	**$46.7**	**$1.5**	**3.3%**

Personnel costs cover salaries, health insurance, retirement, and disability.

- **Salaries** – An average 3.5% merit increase (with a maximum of 5% for any individual staff member), along with a 2% adjustment to the salary ranges are the primary drivers for the budget-to-budget increase of 1.5%.

  The 2026-27 FTEs budget remains consistent with 2025-26 at 266 positions, with 255 currently filled – reflecting a continual practice of assessing each vacancy before moving to refill.



- **Health insurance –** primary drivers are health and dental rates, along with employee wellness initiatives. Health and dental rates are projected to increase 16% and 10%, respectively. The health insurance expense is expected to settle at $5.7 million, an increase of $600,000.

- **Texas Municipal Retirement System –** The contribution rates for the Texas Municipal Retirement System (TMRS) increased system-wide due to factors such as inflation, rising salaries, projected payroll growth, and demographic shifts within the Pool. The TMRS contribution rate is expected to rise from 12.84% in the 2025–26 budget to 13.50% in the 2026–27 budget, resulting in an estimated $400,000 funding increase.

- **Deferred compensation –** reflects the Pool's equivalent Social Security contribution, had it chosen to participate in the program. For 2026–27, the deferred compensation budget totals $2.0 million, an increase of $100,000 or 5.3%, over the prior year budget. A companion agenda item adopting the Personnel Policy transfers this deferred compensation into a 401(a) account for all active staff, consistent with the Board's long-term direction.

- **Disability –** expense projected to decline $100,000, driven by the non-renewal of short-term disability coverage in lieu of projected benefits restructuring and the Pool self-insuring this exposure.

Other operating expenses

Other operating expenses of $16.5 million, reflect a $600,000 budget-to-budget change. The table to the right reflects the major drivers of the increase.

Initiatives	
AI initiative	100,000
Internal control audit	100,000
Programming Svc	(530,000)
People Resources initiatives	205,000
Total	**(125,000)**

Operating expense increases	
TML	570,000
Investment related changes (consolidation)	50,000
Add'l building operating expenses (New TMC)	80,000
Total	**700,000**

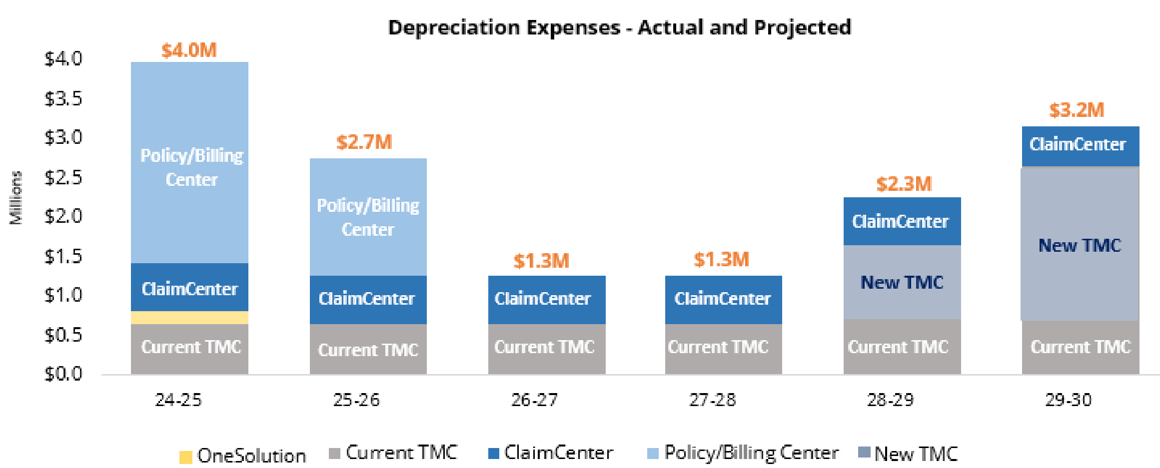
Capital outlays

The $100,000 reduction reflects the estimated procurement of fewer vehicles than budgeted for in 2025-26.

Depreciation expense

Depreciation is projected to decline by $1.5 million, reflecting the full depreciation of existing capitalized software assets. This decline counteracts the growth in personnel and other operating expenses.

The Capital Reserve (addressed in the next section) was created to set aside the projected savings from the declining depreciation expense in budget years 2025–26 through 2027-28 (depicted in the chart below) to offset future depreciation expense and support long-term capital replacement needs associated with the TMC Headquarters and other major capital assets.



Stability Adjustments

Rate and budget stability remains a core principle of the Risk Pool's mission, and it continues to guide staff's approach to budgeting and long-term financial planning. Over the years, the Board approved the creation of reserves to promote long-term financial stability, mitigate volatility in operating results, and support future strategic needs. To that end, the Board established initiatives to designate personnel budget underage, and excess depreciation capacity (generated by declining depreciation expenses) to reserve for future operational purposes.

Operating Budget	FY 2025-26 Budget	FY 2026-27 Budget	YTY Change
Personnel Costs	$45,185,400	$46,711,500	$1,526,100
Other Operating Costs	15,906,250	16,457,900	551,650
Depreciation Expense	2,737,000	1,266,900	(1,470,100)
Capital Outlays	613,000	512,000	(101,000)
Total - BASELINE BUDGET	**$64,441,650**	**$64,948,300**	**$506,650**

Stability Initiatives	Current Balance	26-27 Budget Appropriation	Contingent 26-27 Budget Appropriation*	Expected FYE Balance
Employment Cost Reserve (ECR)	$1,525,023	$350,000	($825,000)	$1,050,023
Cyber Grant Reserve	1,385,600	(350,000)	0	1,035,600
Capital Reserve	1,200,000	2,650,000	0	3,850,000
Subsequent Injury Fund (SIF) Reserve	9,200,000	0	0	9,200,000
Total Board Designated Reserves	**$13,310,623**	**$2,650,000**	**($825,000)**	**$15,135,623**

*Contingent upon needed use of the funds for operational expenses.

- **Employment Cost Reserve (ECR) -** The Employment Cost Reserve (ECR) accumulates savings from prior-period personnel budget underage to mitigate the impact of employment cost fluctuations on Member contribution rates. In response to the 2026-27 estimated increase in healthcare cost and salary adjustment, this budget includes a recommendation to contingently appropriate $825,000 from the ECR to offset the increase, should it be needed.

- **Cyber Grant –** As cyber threats continue to evolve, the Risk Pool's Cyber Unit needs to expand to meet both the growing risk landscape and the administrative demands of managing the cyber program. The Cyber Grant Reserve, originally established to fund cybersecurity initiatives and technology risk management, has largely served its intended purpose, so the 2026–27 budget proposes transferring $350,000 of the reserve balance of $1,385,600 to the Employment Cost Reserve to seed funding for two new Cyber Unit FTEs, with those costs transitioning to the recurring budget in subsequent years.

- **Capital Asset Reserve** - The Capital Asset Depreciation Stabilization Reserve accumulates savings from the current period of declining depreciation to offset the anticipated increases associated with the new TMC facility. This approach stabilizes operating results and eliminates the potential rate impact on rates. The 2026–27 depreciation projection of $1.3 million reflects a $2.7 million decline from the 2024–25 baseline of $4.0 million; those savings are directed to the reserve, bringing the projected year-end balance to $3.85 million.

2026 – 27 STRATEGIC INITIATIVES

In accordance with the adoption of the Pool's Strategic Plan, the 2026-27 Operational Budget provides the first opportunity to implement those plans into formal practice. Resources are directed across five strategic pillars: Mitigating Risks and Costs, Strengthening the Partnership, Building a Thriving Team, Digital Mastery, and Member Engagement. Each pillar reflects the Pool's commitment to its Membership Philosophy of shared purpose, collective resilience, equitable responsibility, and long-term sustainability. The Strategic Plan and Membership Philosophy are not parallel frameworks; the Membership Philosophy is the lens through which every initiative within each pillar is designed and evaluated.

Mitigating Risks and Costs

Projected claim losses for 2026-27 are $304.4 million, a $31 million increase over the prior year budget. These increases are driven by litigation trends in liability, property exposure growth, and severity increases across lines of business. The Pool's response operates on multiple fronts simultaneously.

The cyber program is expanding with two new positions that will provide more structured Member support for cyber risk assessment, mitigation training, and program administration. This decision is a recognition that cyber risk is no longer an emerging exposure but a standing operational reality for every municipality the Pool serves. In property, updated minimum cost-per-square-foot assumptions and continued rate discipline are advancing Insurance-to-Value compliance across the membership. An internal controls engagement is budgeted for the first time in several years, providing an independent review of administrative and claims disbursement processes.

In Claims, the department is pursuing low-touch and no-touch processing for medical-only workers' compensation claims, AI-assisted document management, and expanded automation in medical bill review, thereby improving efficiency and reducing operational cost as the workforce transitions ahead.

Loss Prevention will continue data-driven risk targeting through quarterly trend reviews, with approximately 500 training programs and 7,500 participant engagements projected for the year.

The reinsurance program has been restructured to reflect a $450 million property coverage ceiling, balancing protection cost against the Pool's strengthening equity position.

Every dollar directed toward preventing or reducing a claim is a dollar that does not have to be recovered through Member contributions. Equitable responsibility for outcomes, as a principle, is what makes this pillar central to the Pool's mission.

Strengthening the Partnership

The partnership between the Pool and its Members is most meaningful when it operates on shared accountability: when Members understand what is expected of them, and when the Pool consistently delivers on what it promises in return. Two initiatives define this pillar in 2026-27.

The first is the Member Resource Utilization Dashboard, being developed collaboratively across Loss Prevention, Risk Services, and IT. This tool will consolidate Member engagement data, training participation, and loss trends into a single view, giving staff and Members a clear, data-informed picture of where pool resources are being used, where gaps exist, and where targeted intervention would produce the most measurable risk reduction.

The second is the continued advancement of Member accountability standards. Protecting the promise between Members, represented by the Pool as an entity, is sacrosanct to its mission. The ongoing manuscript endorsement review, rate and experience modification updates, expanded Partnership Meetings, and Insurance-to-Value compliance work all serve the same purpose: ensuring that the responsibilities of Pool membership are clearly understood, consistently applied, and equitably reflected in how the Pool prices and underwrite risk.

Building a Thriving Team

This pillar carries particular urgency in 2026-27. The Pool is entering a period of elevated retirement activity, with meaningful departures expected across several departments in the coming fiscal year and the years that follow. Loss Prevention alone has nearly 60% of its budgeted positions retirement-eligible. Workers' Compensation is approaching a similar threshold. The organization has known this moment was coming, and the investments made in recent years (in leadership development, process documentation, cross-training, and succession planning) represent the deliberate preparation for it.

The operational response to this challenge is embedded throughout the budget. Every department has been asked to evaluate vacancies as strategic redesign opportunities, not automatic backfills: assessing whether a role should be refilled as structured, redesigned around new workflows, or absorbed through technology-enabled efficiency gains. Cross-training requirements, individual development plans, and formal leadership development programs like CALLeD are building the bench that sustained service delivery requires.

People Resources is advancing supervisor and manager skills training, increasing wellness program participation, and supporting payroll modernization work that reduces administrative burden across the organization. The pool-wide college tuition benefit, professional certification programs, and leadership development investments funded across departments reflect a consistent organizational conviction: the people who deliver on this mission deserve to be developed, supported, and given the opportunity to grow within it. Building a thriving team is not a human resources initiative, it is a long-term sustainability strategy, and it is treated as one in this budget.

Digital Mastery

The IT department is transitioning from AI exploration to AI execution. After a year of piloting tools across software development and system monitoring, the department is moving to operational deployment, targeting a 33% reduction in external contract labor through expanded internal development capacity and the disciplined retirement of legacy platforms. The Guidewire and SmartComm environment represents the single largest software cost in the operating budget; the strategic path toward reducing that footprint is a key initiative for the year ahead.

Alongside the IT modernization effort, People Resources will continue deploying NEOGOV, the enterprise HRIS platform replacing legacy HR and payroll systems. Full operational readiness is targeted by September 30, 2027. Improved payroll processing, stronger reporting capabilities, and a more consistent employee experience are the practical outcomes of that investment.

Together, these initiatives represent the most significant technology transformation the Pool has undertaken in the last few years. Additional initiatives are underway, governed by the Pool's Business Application and IT Roadmap, and include document digitization and management, Member Portal improvements and enhancement of the Pool's own cybersecurity posture. These initiatives are being pursued with the governance discipline that responsible digital transformation requires: clear timelines, defined success metrics, and data privacy protections that reflect the trust Members place in this organization.

Member Engagement

Members who understand the Pool, use its services, and feel genuinely supported by it are better partners… and better risks. Member engagement in 2026-27 centers on making that relationship more visible, more consistent, and more valuable for every Member the Pool serves.

The Communications Office will advance an integrated communications model that aligns Member-facing messaging across Loss Prevention, Risk Services, Claims, and Legal, so that Members receive clear, consistent communication no matter which department they are hearing from. Delivering on that model is also a structural commitment: the Communications function is being realigned so that enterprise messaging, brand stewardship, and cross-department coordination are concentrated in the Communications Office, while direct Member engagement is embedded within the operational departments (Risk Services, Claims and Loss Prevention) best positioned to cultivate those relationships. The personnel changes reflected in this budget operationalize that realignment. Regional meetings, onsite and virtual training programs, publications, podcasts, and targeted outreach remain primary vehicles for deepening the connection, and Member portal enhancements will expand self-service capabilities, reducing friction in how Members access policy information, training resources, and risk management tools.

The goal is not more communication: it is better targeted communication, with a clearer invitation for Members to engage with the full range of resources available to them through their participation in the Pool.

The Strategic Plan in Operation

These five pillars do not operate independently. The Member engagement work is stronger because the technology infrastructure supports it. The partnership is more meaningful because the risk and cost management is disciplined. The team being built today is the one that will carry the cyber program, the claims operation, the Member relationships, and the strategic plan forward through the years ahead.

Taken together, the 2026-27 budget is not a collection of departmental spending plans, it is a coordinated investment in the long-term strength of an institution that Texas municipalities have relied on for more than fifty years. *Building for the Future* means building all of it, together, with intention.

Combined Fund

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Estimated	2026-27 Proposed Budget
Beginning Fund Balance	**$358,287,631**	**$390,226,204**	**$428,559,953**	**$438,579,445**	**$480,485,995**
Earned Contributions	331,329,009	365,966,859	389,500,900	396,914,300	413,707,400
Service Fee & Other Income	1,156,659	1,308,202	1,263,300	1,418,300	1,450,500
Investment Income	32,044,663	37,045,258	35,000,000	40,700,000	40,700,000
Total Revenues	**364,530,331**	**404,320,319**	**425,764,200**	**439,032,600**	**455,857,900**
Current-Year Losses	218,335,898	233,669,472	269,000,000	286,000,000	299,000,000
Prior-Years' Losses	10,932,021	9,522,480	0	0	0
Chg in Unalloc. Loss Adj. Expense	4,400,000	800,000	1,100,000	1,100,000	2,200,000
Independent Adjusters Expenses	2,757,053	2,838,404	3,125,000	2,875,000	3,225,000
Total Losses	**236,424,972**	**246,830,356**	**273,225,000**	**289,975,000**	**304,425,000**
Reinsurance Expense	37,793,277	44,887,620	42,189,700	43,904,550	41,668,600
Pension Expense	247,369	1,063,839	0	0	0
Operating Expense	58,123,640	60,829,676	64,441,650	63,246,500	64,948,300
Total Loss and Expenses	**332,589,258**	**353,611,491**	**379,856,350**	**397,126,050**	**411,041,900**
Revenues Over (Under) Expenses	**31,941,071**	**50,708,828**	**45,907,850**	**41,906,550**	**44,816,000**
Balance Before Distribution	**390,228,702**	**440,935,032**	**474,467,803**	**480,485,995**	**525,301,995**
Members' Equity Return	(2,500)	(70,500)	0	0	0
Cumulative Effect of Change in Accounting Principle - Compensated Absences	0	(2,285,087)	0	0	0
Ending Fund Balance	**$390,226,204**	**$438,579,445**	**$474,467,803**	**$480,485,995**	**$525,301,995**

2026-27 Budget Assumptions:

Contributions - based on member exposures and rates approved at April 2026 Board meeting.

Investment Income - based on continued rotation of investment portfolio into higher interest rate environment.

Losses - based on rate study assumptions.

Reinsurance Expense - based on the renewals at May 1, 2026.

Operating Expenses - based on funds needed to carry out the Pool's proposed operations.

Equity Returns - not proposed at the April 2026 Board meeting.

Pension Expense - based on actuarial rates set by TMRS and investment market returns.

ULAE Adjustments - based on proposed ultimate reserve changes at September 30, 2025.

Combining Statement of Operations and Changes in Accumulated Members' Equity by Fund

Budget for the twelve months ending September 30, 2027

	Workers' Compensation	Liability	Property	Reinsurance	Stability	Cyber	Consolidating	Combined
Beginning Fund Balance	**$171,768,714**	**$28,903,187**	**$103,439,303**	**$139,585,967**	**$26,302,204**	**$10,486,620**	**$0**	**$480,485,995**
Earned Contributions	85,908,900	99,820,100	224,681,400	20,608,300	0	3,297,000	(20,608,300)	413,707,400
Service Fee & Other Income	1,200,000	100,000	100,000	45,000	4,000	1,500	0	1,450,500
Investment Income	20,705,400	6,451,700	5,543,500	6,441,500	1,298,500	259,400	0	40,700,000
Total Revenues	**107,814,300**	**106,371,800**	**230,324,900**	**27,094,800**	**1,302,500**	**3,557,900**	**(20,608,300)**	**455,857,900**
Current-Year Losses	69,000,000	82,000,000	125,000,000	22,000,000	0	1,000,000	0	299,000,000
Chg in Unalloc. Loss Adj. Expense	0	0	0	0	2,200,000	0	0	2,200,000
Independent Adjusters Expenses	0	425,000	2,800,000	0	0	0	0	3,225,000
Total Losses	**69,000,000**	**82,425,000**	**127,800,000**	**22,000,000**	**2,200,000**	**1,000,000**	**0**	**304,425,000**
Reinsurance Expense	2,750,000	1,158,000	55,745,900	0	0	2,623,000	(20,608,300)	41,668,600
Operating Expenses	31,683,100	15,522,900	13,139,000	4,053,000	450,300	100,000	0	64,948,300
Total Loss and Expenses	**103,433,100**	**99,105,900**	**196,684,900**	**26,053,000**	**2,650,300**	**3,723,000**	**(20,608,300)**	**411,041,900**
Revenues Over Expenses	**4,381,200**	**7,265,900**	**33,640,000**	**1,041,800**	**(1,347,800)**	**(165,100)**	**0**	**44,816,000**
Balance Before Distribution	**176,149,914**	**36,169,087**	**137,079,303**	**140,627,767**	**24,954,404**	**10,321,520**	**0**	**525,301,995**
Pension Contributions from/to Stability	0	(450,000)	(450,000)	(200,000)	1,100,000	0	0	0
Other Equity Adjustment - ULAE	(1,100,000)	(1,000,000)	(100,000)	0	2,200,000	0	0	0
Ending Fund Balance	**$175,049,914**	**$34,719,087**	**$136,529,303**	**$140,427,767**	**$28,254,404**	**$10,321,520**	**$0**	**$525,301,995**

2026-27 Budget Assumptions:

Contributions - based on member exposures and rates approved at April 2026 Board meeting.

Investment Income - based on continued rotation of investment portfolio into higher interest rate environment.

Losses - based on rate study assumptions.

Reinsurance Expense - based on the renewals at May 1, 2026.

Operating Expenses - based on funds needed to carry out the Pool's proposed operations.

Equity Returns - not proposed at the April 2026 Board meeting.

Pension Expense - based on actuarial rates set by TMRS and investment market returns.

ULAE Adjustments - based on proposed ultimate reserve changes at September 30, 2025.

Workers' Compensation Fund

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Estimated	2026-27 Proposed Budget
Beginning Fund Balance	**$97,238,524**	**$131,947,337**	**$144,328,487**	**$153,846,814**	**$171,768,714**
Earned Contributions	104,013,888	100,745,762	86,812,700	95,357,400	85,908,900
Service Fee & Other Income	1,010,719	1,085,909	1,061,800	1,164,400	1,200,000
Investment Income	15,533,086	18,584,710	16,949,400	20,705,400	20,705,400
Total Revenues	**120,557,693**	**120,416,381**	**104,823,900**	**117,227,200**	**107,814,300**
Current-Year Losses	51,027,675	58,958,693	65,000,000	65,000,000	69,000,000
Prior-Years' Losses	800,000	4,503,146	0	0	0
Total Losses	**51,827,675**	**63,461,839**	**65,000,000**	**65,000,000**	**69,000,000**
Reinsurance Expense	2,856,272	2,840,995	2,600,000	2,750,000	2,750,000
Operating Expense	28,611,696	29,696,440	31,461,650	31,055,300	31,683,100
Total Loss and Expenses	**83,295,643**	**95,999,274**	**99,061,650**	**98,805,300**	**103,433,100**
Revenues Over (Under) Expenses	**37,262,050**	**24,417,107**	**5,762,250**	**18,421,900**	**4,381,200**
Balance Before Distribution	**134,500,574**	**156,364,444**	**150,090,737**	**172,268,714**	**176,149,914**
Pension Contributions from/to Stability	(86,569)	(501,806)	(900,000)	0	0
Equity Transfer - ULAE	(2,466,668)	(900,000)	(500,000)	(500,000)	(1,100,000)
Equity Transfer - Compensated Absences	0	(1,115,825)	0	0	0
Ending Fund Balance	**$131,947,337**	**$153,846,814**	**$148,690,737**	**$171,768,714**	**$175,049,914**

Liability Fund

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Estimated	2026-27 Proposed Budget
Beginning Fund Balance	**$56,578,913**	**$46,642,014**	**$46,230,114**	**$28,775,387**	**$28,903,187**
Earned Contributions	76,609,355	82,223,606	90,103,800	90,408,200	99,820,100
Service Fee & Other Income	60,789	90,063	81,600	100,000	100,000
Investment Income	6,155,606	6,323,117	6,355,000	6,451,700	6,451,700
Total Revenues	**82,825,750**	**88,636,786**	**96,540,400**	**96,959,900**	**106,371,800**
Current-Year Losses	64,956,113	71,042,433	75,000,000	80,000,000	82,000,000
Prior-Years' Losses	9,600,001	9,000,000	0	0	0
Independent Adjuster Expenses	216,587	220,363	525,000	275,000	425,000
Total Losses	**74,772,701**	**80,262,796**	**75,525,000**	**80,275,000**	**82,425,000**
Reinsurance Expense	2,900,373	1,253,767	1,300,000	1,160,000	1,158,000
Operating Expense	13,250,983	14,125,399	15,363,300	14,829,600	15,522,900
Total Loss and Expenses	**90,924,057**	**95,641,962**	**92,188,300**	**96,264,600**	**99,105,900**
Revenues Over (Under) Expenses	**(8,098,307)**	**(7,005,176)**	**4,352,100**	**695,300**	**7,265,900**
Balance Before Distribution	**48,480,606**	**39,636,838**	**50,582,214**	**29,470,687**	**36,169,087**
Equity Transfer to Cyber Fund	0	(10,000,000)	0	0	0
Pension Contributions from/to Stability	(71,926)	(265,549)	(450,000)	(67,500)	(450,000)
Equity Transfer - ULAE	(1,766,666)	0	(500,000)	(500,000)	(1,000,000)
Equity Transfer - Compensated Absences	0	(595,902)	0	0	0
Ending Fund Balance	**$46,642,014**	**$28,775,387**	**$49,632,214**	**$28,903,187**	**$34,719,087**

Property Fund

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Estimated	2026-27 Proposed Budget
Beginning Fund Balance	**$70,528,129**	**$63,843,746**	**$71,401,246**	**$79,817,003**	**$103,439,303**
Earned Contributions	150,705,766	180,774,467	210,384,400	207,956,000	224,681,400
Service Fee & Other Income	59,073	91,026	81,600	100,000	100,000
Investment Income	4,304,288	4,724,136	4,815,700	5,543,500	5,543,500
Total Revenues	**155,069,127**	**185,589,629**	**215,281,700**	**213,599,500**	**230,324,900**
Current-Year Losses	92,587,402	98,292,147	110,000,000	115,000,000	125,000,000
Prior-Years' Losses	1,800,000	(5,789,231)	0	0	0
Independent Adjuster Expenses	2,540,466	2,618,041	2,600,000	2,600,000	2,800,000
Total Losses	**96,927,868**	**95,120,957**	**112,600,000**	**117,600,000**	**127,800,000**
Reinsurance Expense	53,171,355	61,798,221	62,203,000	59,334,300	55,745,900
Operating Expense	11,433,450	12,102,650	13,032,800	12,875,400	13,139,000
Total Loss and Expenses	**161,532,673**	**169,021,828**	**187,835,800**	**189,809,700**	**196,684,900**
Revenues Over (Under) Expenses	**(6,463,545)**	**16,567,801**	**27,445,900**	**23,789,800**	**33,640,000**
Balance Before Distribution	**64,064,584**	**80,411,547**	**98,847,146**	**103,606,803**	**137,079,303**
Pension Contributions from/to Stability	(54,172)	(215,146)	(450,000)	(67,500)	(450,000)
Equity Transfer - ULAE	(166,666)	100,000	(100,000)	(100,000)	(100,000)
Equity Transfer - Compensated Absences	0	(479,398)	0	0	0
Ending Fund Balance	**$63,843,746**	**$79,817,003**	**$98,297,146**	**$103,439,303**	**$136,529,303**

Reinsurance Fund

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Estimated	2026-27 Proposed Budget
Beginning Fund Balance	**$109,013,632**	**$122,853,485**	**$129,900,235**	**$140,110,917**	**$139,585,967**
Reinsurance Revenues	22,738,805	24,823,300	27,713,300	24,314,000	20,608,300
Service Fee & Other Income	23,469	35,929	32,300	48,400	45,000
Investment Income	4,960,057	5,888,375	5,390,600	6,441,500	6,441,500
Total Revenues	**27,722,331**	**30,747,604**	**33,136,200**	**30,803,900**	**27,094,800**
Current-Year Losses	9,764,708	5,056,525	18,000,000	25,000,000	22,000,000
Prior-Years' Losses	(1,267,980)	1,808,565	0	0	0
Total Losses	**8,496,728**	**6,865,090**	**18,000,000**	**25,000,000**	**22,000,000**
Reinsurance Expense	1,604,082	2,477,937	2,300,000	2,351,250	0
Operating Expense	3,765,785	3,914,705	4,035,500	3,947,600	4,053,000
Total Loss and Expenses	**13,866,595**	**13,257,732**	**24,335,500**	**31,298,850**	**26,053,000**
Revenues Over (Under) Expenses	**13,855,736**	**17,489,872**	**8,800,700**	**(494,950)**	**1,041,800**
Balance Before Distribution	**122,869,368**	**140,343,357**	**138,700,935**	**139,615,967**	**140,627,767**
Pension Contributions from/to Stability	(13,383)	(37,457)	(200,000)	(30,000)	(200,000)
Members' Equity Return	(2,500)	(70,500)	0	0	0
Equity Transfer - Compensated Absences	0	(124,483)	0	0	0
Ending Fund Balance	**$122,853,485**	**$140,110,917**	**$138,500,935**	**$139,585,967**	**$140,427,767**

Stability Fund

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Estimated	2026-27 Proposed Budget
Beginning Fund Balance	**$24,928,432**	**$24,939,621**	**$25,969,721**	**$25,273,304**	**$26,302,204**
Service Fee & Other Income	2,609	4,039	4,000	4,000	4,000
Investment Income	1,091,626	1,231,207	1,207,200	1,298,500	1,298,500
Total Revenues	1,094,235	1,235,246	1,211,200	1,302,500	1,302,500
Change in ULAE	4,400,000	800,000	1,100,000	1,100,000	2,200,000
Total Losses	**4,400,000**	**800,000**	**1,100,000**	**1,100,000**	**2,200,000**
Pension Expenses	247,369	1,063,839	0	0	0
Operating Expense	1,061,726	897,406	448,400	438,600	450,300
Total Loss and Expenses	**5,709,095**	**2,761,245**	**1,548,400**	**1,538,600**	**2,650,300**
Revenues Over (Under) Expenses	**(4,614,860)**	**(1,525,999)**	**(337,200)**	**(236,100)**	**(1,347,800)**
Balance Before Distribution	**25,738,369**	**23,413,622**	**25,632,521**	**25,037,204**	**24,954,404**
Pension Contributions from/to Stability	226,050	1,029,181	2,000,000	165,000	1,100,000
Equity Transfer - ULAE	4,400,000	800,000	1,100,000	1,100,000	2,200,000
Equity Transfer - Compensated Absences	0	2,315,588	0	0	0
Cumulative Effect of Change in Accounting Principle - Compensated Absences	0	(2,285,087)	0	0	0
Ending Fund Balance	**$24,939,621**	**$25,273,304**	**$28,732,521**	**$26,302,204**	**$28,254,404**

Cyber Fund

	2024-25 Actual	2025-26 Budget	2025-26 Estimated	2026-27 Proposed Budget
Beginning Fund Balance	**$0**	**$10,730,150**	**$10,756,020**	**$10,486,620**
Earned Contributions	2,223,024	2,200,000	3,192,700	3,297,000
Service Fee & Other Income	1,236	2,000	1,500	1,500
Investment Income	293,713	282,100	259,400	259,400
Total Revenues	**2,517,973**	**2,484,100**	**3,453,600**	**3,557,900**
Current-Year Losses	319,674	1,000,000	1,000,000	1,000,000
Prior-Years' Losses	0	0	0	0
Total Losses	**319,674**	**1,000,000**	**1,000,000**	**1,000,000**
Reinsurance Expense	1,340,000	1,500,000	2,623,000	2,623,000
Operating Expense	93,076	100,000	100,000	100,000
Total Loss and Expenses	**1,752,750**	**2,600,000**	**3,723,000**	**3,723,000**
Revenues Over (Under) Expenses	**765,223**	**(115,900)**	**(269,400)**	**(165,100)**
Balance Before Distribution	**765,223**	**10,614,250**	**10,486,620**	**10,321,520**
Equity Transfer - Pension	(9,223)	0	0	0
Equity Transfer from Liability Fund	10,000,000	0	0	0
Equity Transfer - Compensated Absences	20	0	0	0
Ending Fund Balance	**$10,756,020**	**$10,614,250**	**$10,486,620**	**$10,321,520**

Revenue Summary

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Estimated	2026-27 Proposed Budget
Contributions (net of prepay discount):					
Workers' Compensation	**$104,013,888**	**$100,745,762**	**$86,812,700**	**$95,357,400**	**$85,908,900**
Liability					
General Liability (incl. Sewage)	11,269,376	10,587,109	11,018,800	11,175,200	11,490,000
Law Enforcement Liability	16,185,838	16,661,546	16,425,500	16,218,800	15,880,100
Public Officials Liability	16,158,443	17,678,403	17,479,800	17,737,100	17,369,200
Automobile Liability	32,544,341	36,831,458	44,628,200	44,754,400	54,544,400
Aviation Liability	451,357	465,090	551,500	522,700	536,400
Total Liability	**76,609,355**	**82,223,606**	**90,103,800**	**90,408,200**	**99,820,100**
Property					
Auto Physical Damage	29,909,650	35,875,822	42,071,000	41,913,400	46,117,300
Real & Personal Property (Incl. other coverages)	113,008,898	136,523,176	158,999,500	156,780,900	168,658,100
Mobile Equipment	6,797,898	7,365,426	8,270,500	8,259,200	8,852,800
Crime	989,320	1,010,043	1,043,400	1,002,500	1,053,200
Total Property	**150,705,766**	**180,774,467**	**210,384,400**	**207,956,000**	**224,681,400**
Cyber	**0**	**2,223,025**	**2,200,000**	**3,192,700**	**3,297,000**
Total Contributions	**331,329,009**	**365,966,860**	**389,500,900**	**396,914,300**	**413,707,400**
Other Income:					
Service Fee and Other Income*	1,156,657	1,308,201	1,263,300	1,418,300	1,450,500
Total Other Income	**1,156,657**	**1,308,201**	**1,263,300**	**1,418,300**	**1,450,500**
Investment Income:					
Money Market & TexPool	5,177,202	6,462,482	5,200,000	5,500,000	5,000,000
TMLIRP	8,687,721	9,687,935	9,794,900	7,300,000	0
MFC Global	4,636,109	5,070,676	5,063,700	4,000,000	0
Lifetime Benefits Portfolio	8,367,932	10,203,461	9,169,200	12,200,000	12,400,000
Conning	5,175,699	5,620,704	5,772,200	11,700,000	23,300,000
Total Investment Income	**32,044,663**	**37,045,258**	**35,000,000**	**40,700,000**	**40,700,000**
Total Revenues	**$364,530,329**	**$404,320,319**	**$425,764,200**	**$439,032,600**	**$455,857,900**

*Service Fee and Other Income consist of Administrative Fees for ASO members; Claim Handling Fees; Income received from disposal of fixed assets; Management Fee from the Alliance; and Sub-lease income.

Combined Budget Summary by Expense Classification

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Est. Total Expenditure	2026-27 Proposed Budget
Personnel					
Full-Time Equivalent: 266					
Salary - Regular	$29,783,445	$31,289,501	$31,632,100	$32,676,500	$32,747,800
Medicare Tax	446,637	476,337	485,100	512,500	491,200
TMRS	3,612,326	3,750,372	4,061,000	4,428,900	4,475,700
Deferred Compensation	1,813,348	1,958,954	1,946,100	1,922,800	1,980,700
Disability Insurance	187,084	217,554	236,800	230,100	99,700
Health Insurance	3,864,045	4,176,420	5,060,700	5,015,800	5,707,000
Performance Based Merit Pool	0	0	1,763,600	375,000	1,209,400
Personnel Total	39,706,884	41,869,138	45,185,400	45,161,600	46,711,500
Operating					
Temporary Services	0	0	500	0	0
Rents	92,658	24,036	96,200	96,000	40,000
Telephone	99,821	106,488	49,950	50,650	42,300
Office Supplies	108,444	63,239	131,500	117,900	123,400
Postage and Freight	205,050	167,543	130,300	95,700	104,600
Copies and Printing	77,952	73,428	73,100	71,300	80,800
Records Retention	137,726	550,141	178,500	207,000	170,100
Publications & Subscription	76,726	108,815	159,600	127,800	183,000
Liability/Property Insurance	208,640	242,658	286,400	237,700	309,000
Reimb. Deductibles	20,000	0	0	0	0
Equipment Maintenance	80,873	81,390	205,300	195,000	223,300
Software Maintenance	1,019,668	405,966	2,287,600	2,251,400	2,425,400
Small Equipment Purchases	13,669	15,047	42,500	25,100	36,500
Equipment Rental	54,265	53,898	62,000	59,000	62,500
Conference Expenses	58,808	187,323	221,100	213,300	263,700
Workshops	203,071	164,743	217,000	205,000	217,000
Electronic Media	131,998	140,799	203,000	190,000	203,000
Unemployment Reimb.	10,386	17,188	10,000	46,300	10,000
Subrogation	10,662	15,709	0	0	0
Communictations	238,226	200,561	302,000	249,700	276,500
Contracts	323,821	366,457	1,008,700	643,300	638,000
Programming Services	1,256,209	1,579,113	1,600,000	1,600,000	1,070,000
Building Repairs & Maint	52,648	312,768	272,500	282,500	334,000
Elevator Repairs & Maint	5,270	7,701	6,600	6,600	6,600
Window Cleaning	14,073	15,910	16,300	16,300	16,700
Landscaping	36,564	42,112	44,100	44,100	44,100
Utilities-Electric	273,040	333,384	343,700	343,700	432,000
Utilities-Water	19,411	0	0	0	0
Property Insurance	30,199	0	0	0	0
Janitorial Service	195,533	298,277	272,500	272,500	280,300
Cleaning Supplies	0	2,204	10,000	10,000	10,000
Pest Control Service	2,421	3,606	3,400	4,800	4,800
Security Service	209,572	261,640	267,000	267,000	276,200
Trash Removal	4,948	6,091	6,000	6,000	6,000
Inspections	1,512	1,125	6,000	6,000	6,000
Membership Dues	74,369	73,579	90,400	78,800	91,500

Combined Budget Summary by Expense Classification

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Est. Total Expenditure	2026-27 Proposed Budget
Professional Development	105,899	152,692	271,700	222,700	256,000
Prof Dev - College	6,051	3,178	75,000	75,000	75,000
Leadership & Development	211,948	(33,392)	209,600	232,200	238,000
Travel	755,739	796,495	785,200	687,400	762,500
Moving Expenses	30,000	0	0	0	0
Advertising Expenses	2,751	4,531	10,000	8,800	10,000
Bank Charges	1,922	1,719	40,000	15,300	350,000
Board Member Expenses	390,911	355,207	401,000	377,000	426,000
Auto Maintenance	50,702	34,322	65,600	55,400	67,800
Auto Fuels	73,416	73,699	126,900	111,150	136,800
Operating Total	6,977,572	7,311,389	10,588,750	9,805,400	10,309,400
Professional Services					
Auditor	122,000	125,000	132,000	127,000	134,500
Actuarial Studies	66,980	63,550	82,000	72,800	63,300
TML	1,001,682	1,029,160	1,030,000	1,030,000	1,600,000
Claims On-Line Search ISO	179,690	202,479	238,600	175,900	266,000
Legislative Consultants	175,000	189,554	230,000	220,000	230,000
General Counsel	219,666	183,125	221,000	0	0
R. Dylong & Assoc-Audits	343,442	336,582	355,000	355,000	355,000
Gas Utility Surveys	148,002	132,327	150,000	135,000	150,000
Boiler/Machinery Inspection	13,605	17,120	30,000	25,000	30,000
Other Professional Fees	533,072	608,286	1,187,900	1,124,400	1,281,000
Texas Housing Assoc. Fees	76,322	90,412	0	0	0
Medical Bill Review	285,640	276,268	322,000	300,000	330,900
Political Subdivision WCA	420,103	474,555	456,000	456,000	468,000
Personnel Consultants	470,963	(114,960)	50,000	53,900	255,000
Investment Consultant	55,337	58,845	62,000	62,000	80,000
Investment Custodian	109,146	116,031	120,000	120,000	70,000
Conning	198,927	206,723	220,000	298,000	523,800
Manulife	194,048	207,303	220,000	168,500	0
Aquatic Rec Inspections	0	0	0	0	0
Electrical Util Surveys	1,071	1,000	1,000	1,000	1,000
Internal Controls & Claims Audits	74,984	0	0	0	100,000
Personnel Matters	0	0	5,000	0	5,000
Reserve	0	44,187	200,000	200,000	200,000
Windstorm Engineering	0	0	5,000	5,000	5,000
Professional Services Total	4,689,678	4,247,547	5,317,500	4,929,500	6,148,500
Subtotal	**$51,374,135**	**$53,428,074**	**$61,091,650**	**$59,896,500**	**$63,169,400**
Depreciation & Capital Outlay					
Capital Outlay (Purchases)	648,477	713,892	613,000	613,000	512,000
Depreciation Expense	3,836,997	3,972,775	2,737,000	2,737,000	1,266,900
Subtotal	4,485,474	4,686,667	3,350,000	3,350,000	1,778,900
Total Budget	**$55,859,609**	**$58,114,741**	**$64,441,650**	**$63,246,500**	**$64,948,300**

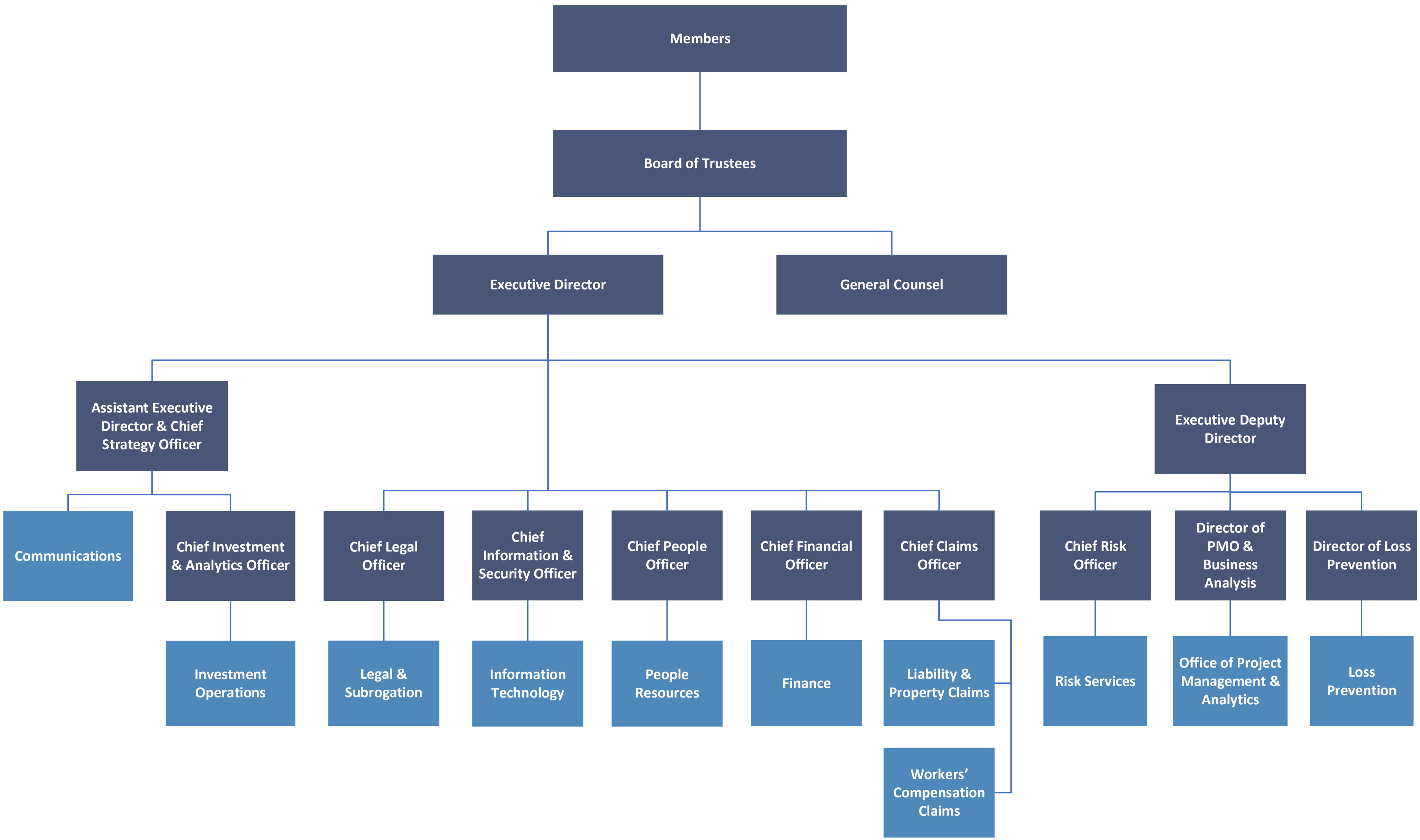
Combined Budget Summary by Department

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Est. Total Expenditure	2026-27 Proposed Budget
Personnel					
Full-Time Equivalent: 266					
Executive	$2,856,037	$3,332,184	$3,029,400	$3,410,000	$3,028,400
Risk Services	2,284,621	8,174,412	8,845,200	8,887,400	9,291,800
Office of Project Mgmt	889,514	982,959	1,009,800	1,236,600	1,231,500
Legal	2,626,952	2,242,288	2,109,400	2,166,700	2,076,500
Underwriting	5,230,928	0	0	0	0
Loss Prevention	3,463,775	3,752,470	3,824,500	3,965,300	4,054,000
Finance	3,007,603	3,120,377	3,064,000	3,207,100	3,174,100
People Resources	889,531	793,353	868,300	920,700	944,600
Information Technology	3,815,551	3,853,261	4,126,300	4,268,300	4,508,500
Workers' Compensation	8,576,492	8,875,930	9,157,400	9,506,200	9,524,000
Liability & Property	5,846,379	6,741,905	7,387,500	7,218,300	7,668,700
Building	219,505	0	0	0	0
Performance Based Merit Pool	0	0	1,763,600	375,000	1,209,400
Personnel Total	**39,706,886**	**41,869,138**	**45,185,400**	**45,161,600**	**46,711,500**
Operating					0
Executive	1,123,483	1,022,849	1,423,500	1,246,900	1,418,600
Risk Services	229,981	925,361	623,250	605,750	601,700
Office of Project Mgmt	11,672	13,261	40,000	24,600	42,400
Legal	128,412	154,070	143,600	132,150	159,600
Underwriting	148,018	0	0	0	0
Loss Prevention	593,454	566,984	741,500	643,800	727,900
Finance	702,703	607,820	819,450	696,050	1,076,800
People Resources	320,518	86,666	638,200	608,100	734,500
Information Technology	2,274,209	1,989,021	3,873,450	3,859,450	3,477,800
Workers' Compensation	454,551	466,798	673,800	449,800	368,800
Liability & Property	144,097	192,319	357,700	273,500	278,800
Building	847,015	1,286,239	1,254,300	1,265,300	1,422,500
Operating Total	**6,978,112**	**7,311,389**	**10,588,750**	**9,805,400**	**10,309,400**
Professional Services					
Executive	1,547,654	1,536,437	1,681,000	1,450,000	2,130,000
Member Services	0	369,577	402,000	392,800	360,000
Legal	66,370	73,519	130,000	75,000	130,000
Underwriting	379,602	0	0	0	0
Loss Prevention	325,637	319,472	429,500	401,000	429,500
Finance	710,277	744,458	794,000	815,500	871,600
People Resources	470,963	(114,960)	50,000	53,900	255,000
Information Technology	296,405	365,742	804,400	804,400	897,500
Workers' Compensation	871,427	925,264	1,003,200	911,000	1,074,900
Liability & Property	21,343	28,038	23,400	25,900	0
Professional Services Total	**4,689,678**	**4,247,547**	**5,317,500**	**4,929,500**	**6,148,500**
Capital Outlay & Depreciation					
Capital Outlay (Purchases)	648,477	713,892	613,000	613,000	512,000
Depreciation Expense	3,836,997	3,972,775	2,737,000	2,737,000	1,266,900
Capital Outlay & Depreciation Total	4,485,474	4,686,667	3,350,000	3,350,000	1,778,900
Total Budget	**$55,860,151**	**$58,114,741**	**$64,441,650**	**$63,246,500**	**$64,948,300**

Combined Budget Summary by Department

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Est. Total Expenditure	2026-27 Proposed Budget
Total Department Expenses					
Full-Time Equivalent: 266					
Executive	5,527,173	5,891,470	6,133,900	6,106,900	6,577,000
Risk Services	2,514,602	9,469,350	9,870,450	9,885,950	10,253,500
Office of Project Mgmt	901,187	996,219	1,049,800	1,261,200	1,273,900
Legal	2,821,733	2,469,878	2,383,000	2,373,850	2,366,100
Underwriting	5,758,548	0	0	0	0
Loss Prevention	4,382,866	4,638,926	4,995,500	5,010,100	5,211,400
Finance	4,420,582	4,472,655	4,677,450	4,718,650	5,122,500
People Resources	1,681,012	765,058	1,556,500	1,582,700	1,934,100
Information Technology	6,386,165	6,208,025	8,804,150	8,932,150	8,883,800
Workers' Compensation	9,902,470	10,267,993	10,834,400	10,867,000	10,967,700
Liability & Property	6,011,819	6,962,262	7,768,600	7,517,700	7,947,500
Building	1,066,520	1,286,239	1,254,300	1,265,300	1,422,500
Performance Based Merit Pool	0	0	1,763,600	375,000	1,209,400
Capital Outlay (Purchases)	648,477	713,892	613,000	613,000	512,000
Depreciation Expense	3,836,997	3,972,775	2,737,000	2,737,000	1,266,900
Total Budget	**$55,860,151**	**$58,114,741**	**$64,441,650**	**$63,246,500**	**$64,948,300**

TML Intergovernmental Risk Pool



STAFFING SUMMARY

Position	Position Pay Grade	FY 2025-26 Budget	Current Staffing 6/1/2026	FY 2026-27 Budget
EXECUTIVE				
Executive Director	Z	1	1	1
General Counsel	V	0	1	1
Deputy Executive Director	V	1	1	1
Associate Director & Employment Counsel	U	1	0	0
Chief Claims Officer	U	1	1	1
Assistant Executive Director & Chief Strategy Officer	U	1	1	1
Intergovernmental Relations Director	T	1	0	0
Communications Manager	S	1	1	1
Program Manager - Governance & Leadership	M	1	1	1
Member Relations Specialist	J	1	1	1
Communications Coordinator	I	1	1	1
Executive Assistant	H	1	1	1
Administrative Specialist	F	1	1	1
	TOTAL	**12**	**11**	**11**
RISK SERVICES				
Chief Risk Officer	T	1	1	1
Director of Cyber Services	S	1	1	1
Director of Risk Services	S	2	2	2
Assistant Director of Coverage & Rating	R	0	1	1
Risk Services Manager	P	2	2	2
Senior Cybersecurity Advisor	P	1	1	1
Underwriting Manager	P	2	1	1
Business Systems Manager	O	1	1	1
Senior Risk Management Advisor	O	3	2	2
Senior Underwriter	O	2	3	3
Underwriting Specialist Supervisor	O	0	1	1
Underwriting Supervisor	O	2	1	1
Cybersecurity Advisor	N	0	0	1
Risk Management Advisor	N	5	6	6
Risk Management Underwriter	N	1	0	0
Systems & Process Analyst	N	1	1	1
Underwriter II	N	7	6	6
Assistant Operations Manager	L	1	1	1
Underwriter I	L	4	5	5
Business Reporting Analyst	K	1	1	1
Senior Underwriting Specialist	K	2	2	2
Systems & Process Associate	K	2	2	3
Cybersecurity Support Specialist	J	0	0	1
Report Developer	J	1	1	1
Underwriting Specialist	J	9	9	9
Administrative Technician	D	4	4	4
File Clerk	B	1	1	1
	TOTAL	**56**	**56**	**59**

STAFFING SUMMARY

Position	Position Pay Grade	FY 2025-26 Budget	Current Staffing 6/1/2026	FY 2026-27 Budget
OFFICE OF PROJECT MANAGEMENT				
Director of PMO & Business Analytics	S	1	1	1
Process Development Manager	N	0	1	1
Project Manager	N	2	2	2
Systems & Process Business Analyst	M	2	2	2
User Experience Designer	L	1	1	1
	TOTAL	**6**	**7**	**7**
LEGAL				
Chief Legal Officer	U	1	1	1
Contracts, Coverage, & Privacy Counsel	S	0	1	1
Coverage & Contracts Counsel	R	1	0	0
Employment Counsel	R	1	1	1
Litigation Counsel	R	1	1	1
Subrogation Litigation Manager	P	1	1	1
Staff Attorney	O	1	0	1
Litigation Specialist	L	2	2	2
Legal Operations Coordinator	H	1	1	1
Legal Assistant	F	2	2	2
	TOTAL	**11**	**10**	**11**
LOSS PREVENTION				
Director of Loss Prevention	S	1	1	1
Assistant Director of Loss Prevention	Q	1	1	1
Safety & Loss Control Manager	P	3	3	3
Senior Law Enforcement Outreach Consultant	P	1	1	1
Human Resources Outreach Consultant	O	1	1	1
Law Enforcement Outreach Consultant	O	1	1	1
Public Works Outreach Consultant	O	1	1	1
Senior Safety & Loss Control Consultant	O	2	2	2
Safety & Loss Control Consultant	N	7	7	7
Senior Special Projects Assistant	K	1	1	1
Special Projects Assistant	H	1	1	1
Administrative Technician	D	2	2	2
	TOTAL	**22**	**22**	**22**
FINANCE				
Chief Financial Officer	T	1	1	1
Chief Investment & Analytics Officer	T	0	1	1
Deputy Chief Financial Officer & Chief Analytics Officer	T	1	0	0
Assistant Chief Financial Officer	S	0	1	1
Controller	S	1	0	0
Assistant Controller	R	1	0	0
Senior Actuary & Assistant Investment Director	R	1	1	1
Accountant III	P	1	1	1
Analytics & Reporting Manager	O	1	1	1
Purchasing Agent	N	1	1	1
Accountant II	M	1	1	2
Sr. Payroll Administrator	M	1	1	0

STAFFING SUMMARY

Position	Position Pay Grade	FY 2025-26 Budget	Current Staffing 6/1/2026	FY 2026-27 Budget
FINANCE *(cont'd)*				
Accounts Payable Supervisor	K	0	0	1
BI Report Developer	L	2	2	2
Accountant I	K	2	1	2
Senior Accounting Technician	H	2	2	2
	TOTAL	**16**	**14**	**16**
PEOPLE RESOURCES				
Chief People Officer	T	1	1	1
Director of People	S	0	1	1
Assistant Director of People	Q	1	0	0
Benefits & Leave Program Manager	P	0	1	1
Senior Talent & Leave Management Analyst	M	1	0	0
Payroll & People Specialist	K	0	1	1
Benefits Analyst	K	1	0	0
Talent & People Analyst	K	0	1	1
People Resources Specialist	H	1	0	0
	TOTAL	**5**	**5**	**5**
INFORMATION TECHNOLOGY				
Chief Information & Security Officer	U	1	1	1
Director of Dev Ops	R	1	1	1
Director of Infrastructure	R	1	1	1
Data Warehouse Architect	Q	1	1	1
Infrastructure Architect	Q	1	1	1
IT Architect	Q	2	2	2
Senior Programmer Analyst	P	2	1	2
Senior Endpoint Administrator	O	1	0	1
Sr. Technical Support Specialist	O	1	1	1
Administrator - Microsoft 365	M	1	1	1
Programmer Analyst - Dev Ops	M	3	4	4
Database Administrator	M	1	0	1
Quality Assurance Analyst	M	3	3	3
Associate Programmer Analyst	L	1	0	0
IT Administrator - Infrastructure	K	1	1	1
Technical Support Specialist	I	1	1	1
IT Administrative Coordinator	H	1	1	1
	TOTAL	**23**	**20**	**23**
WORKERS' COMPENSATION CLAIMS				
Director of Workers' Compensation	S	1	1	1
Alliance Executive Director/Director of Networks	R	1	1	1
Assistant Director of Workers' Compensation	Q	2	2	2
Alliance Assistant Director & Network Administrator	P	1	1	1
Claims Manager	P	4	4	4
Alliance Provider Analytics & Relations Manager	N	1	1	1
Medical Bill Review Manager	N	1	1	1
Senior Claims Specialist	N	5	4	4
Systems & Process Analyst	N	2	2	2

STAFFING SUMMARY

Position	Position Pay Grade	FY 2025-26 Budget	Current Staffing 6/1/2026	FY 2026-27 Budget
WORKERS' COMPENSATION CLAIMS *(cont'd)*				
Training & Compliance Specialist	N	1	1	1
Claims Specialist	L	13	15	14
Claims Support Supervisor	K	1	1	1
Systems & Process Associate	K	2	2	2
Medical Claims Specialist	J	3	3	3
Alliance Credentialing Specialist	G	2	2	2
Medical Only Adjuster	F	4	4	4
Medical Bill Review Analyst	E	6	6	6
Senior Claims Assistant	E	2	2	2
Claims Assistant	D	14	12	12
	TOTAL	**66**	**65**	**64**
LIABILITY/PROPERTY CLAIMS				
Director of Liability	S	1	1	1
Director of Property	S	1	1	1
Claims Manager - Subrogation & Projects	P	1	1	1
Liability Claims Manager	P	4	4	4
Claims Support Manager	N	1	1	1
Senior Claims Specialist	N	5	6	6
Senior Claims Specialist - Property	N	4	3	3
Systems & Process Analyst	N	1	1	1
Claims Specialist	L	11	11	12
Claims Specialist - Property	L	1	2	2
Claims Specialist - Subrogation	L	2	1	0
Auto Adjuster	J	5	2	4
Subrogation Adjuster	J	3	2	2
Claims Processor	F	2	4	4
Claims Processor - Subrogation	F	0	1	2
Senior Claims Assistant	E	1	1	1
Claims Assistant	D	5	3	3
Subrogation Claims Intake Specialist	D	1	0	0
	TOTAL	**49**	**45**	**48**
	TOTAL	**266**	**255**	**266**

EXECUTIVE DEPARTMENT

PROGRAM DESCRIPTION AND OPERATIONS

The Executive Office provides strategic leadership, management, and coordination for all Pool operations. The Department is responsible for implementing Board policies, advising the Board on organizational matters, and ensuring that the Pool's mission, goals, and strategic priorities are effectively carried out. The Executive Director oversees the development and execution of long-range plans that promote operational excellence, financial stability, and exceptional service to Pool Members. The Executive function focuses on maintaining a financially sound organization while delivering high-quality, cost-effective services to Members, consistent with the Pool's Mission.

The Communications Office, operating within the Executive Department, develops and delivers consistent messaging that supports the Pool's mission, vision, and values. Through digital media, publications, marketing materials, video production, podcasts, and graphic design, the Office enhances member engagement, promotes transparency, and increases awareness of the Pool's programs and services.

2026-27 OPERATIONAL BUDGET & STRATEGIC INITIATIVES

Guided by the Membership Philosophy of shared purpose, collective resilience, equitable responsibility, and long-term sustainability, the Department's FY 2026–27 budget focuses on the following key initiatives:

- Develop, implement, and maintain Pool-wide strategic goals and initiatives through execution of the Board-adopted Strategic Plan.

- Execute Board-approved initiatives, including implementation of the Business Applications and IT Roadmap, ongoing improvements to Member engagement and experience and the overall operational effectiveness of the Pool.

- Operationalize the Membership Philosophy to ensure consistent application in decisions regarding membership eligibility, coverage, and rating practices.

- Coordinate and advance communication initiatives in collaboration with TML and other public entity partners.

- Advance the Texas Municipal Center Building Project in partnership with the Texas Municipal League by coordinating project planning, design, approvals, and implementation activities that support long-term operational needs and strengthen service to members.

- Develop and oversee the Pool's Leadership & Development programs to build internal capacity, support succession planning, and strengthen organizational effectiveness.

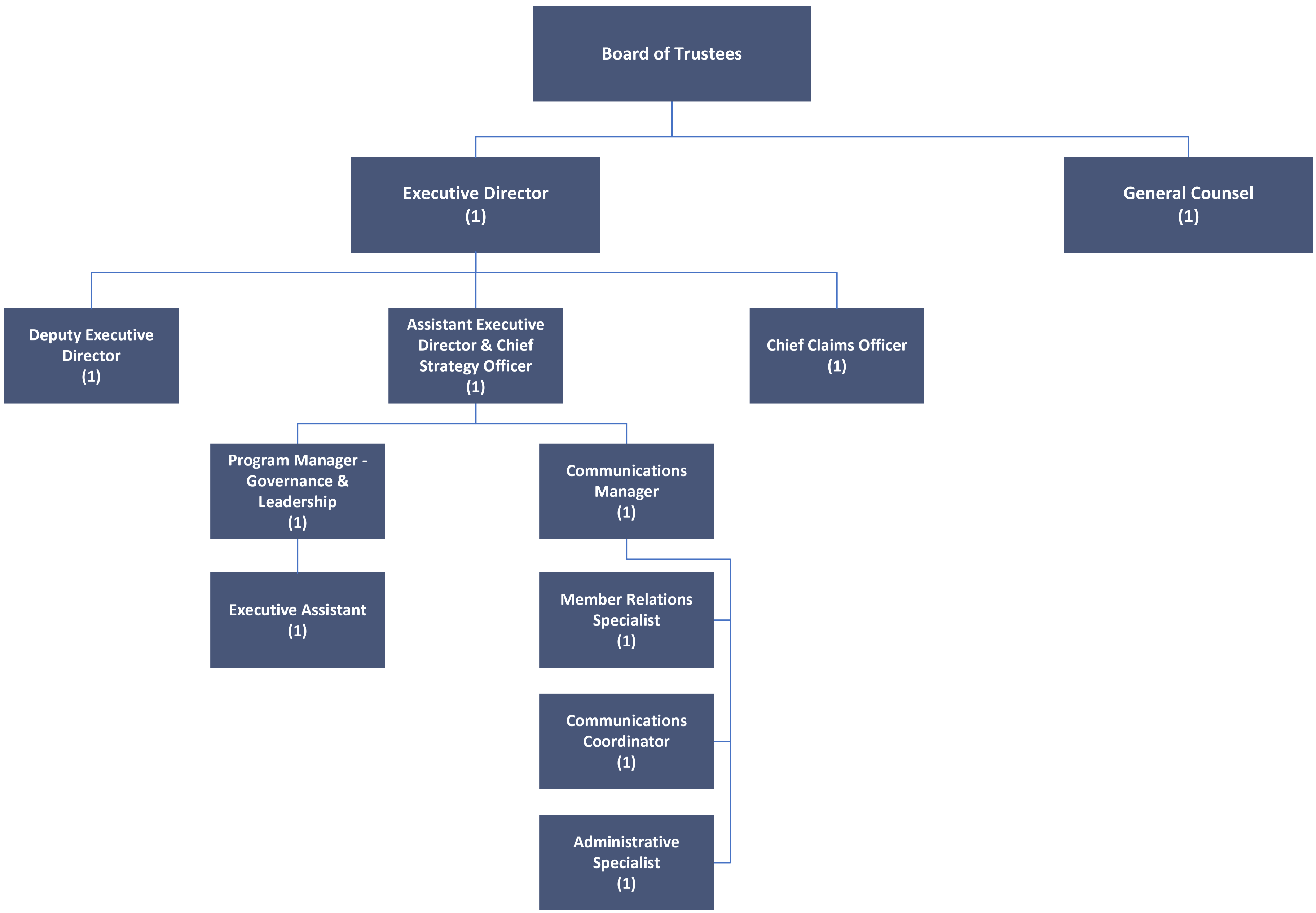
Executive Department

Budget Summary

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Est. Total Expenditure	2026-27 Proposed Budget
Personnel					
Full-Time Equivalent: 11					
Regular	$2,243,845	$2,626,662	$2,321,700	$2,670,800	$2,349,900
Medicare Tax	33,377	38,932	35,700	43,300	34,800
TMRS	261,910	287,771	298,700	339,800	303,000
Deferred Compensation	103,727	139,437	103,000	112,600	101,700
Disability Insurance	10,778	12,028	13,200	12,200	7,000
Health Insurance	202,400	227,354	257,100	231,300	232,000
Personnel Total	**2,856,037**	**3,332,184**	**3,029,400**	**3,410,000**	**3,028,400**
Operating					
Telephone	8,400	8,922	300	9,000	300
Office Supplies	11,025	6,293	5,000	5,000	5,000
Postage and Freight	6,082	1,046	1,200	1,900	1,900
Copies and Printing	36,022	41,096	35,000	35,000	40,000
Publications & Subscription	7,935	16,395	38,400	17,000	23,700
Small Equipment Purchases	2,015	3,603	5,000	5,000	5,000
Conference Expenses	42,986	142,621	177,800	170,000	203,400
Communications	238,226	200,561	302,000	249,700	276,500
Contracts	180,225	62,486	240,200	176,400	212,000
Membership Dues	42,790	42,732	54,700	51,300	54,500
Professional Development	3,245	16,224	22,700	10,400	24,000
Travel	118,188	135,052	131,200	131,000	137,300
Moving Expenses	30,000	0	0	0	0
Board Member Expenses	390,911	355,207	401,000	377,000	426,000
Auto Maintenance	2,318	(12,655)	4,000	4,100	4,000
Auto Fuels	3,114	3,267	5,000	4,100	5,000
Operating Total	**1,123,483**	**1,022,849**	**1,423,500**	**1,246,900**	**1,418,600**
Professional Services					
TML	1,001,682	1,029,160	1,030,000	1,030,000	1,600,000
Legislative Consultants	175,000	189,554	230,000	220,000	230,000
General Counsel	219,666	183,125	221,000	0	0
Texas Housing Assoc. Fees	76,322	90,412	0	0	0
Internal Controls & Claims Audits	74,984	0	0	0	100,000
Reserve	0	44,187	200,000	200,000	200,000
Professional Services Total	**1,547,654**	**1,536,437**	**1,681,000**	**1,450,000**	**2,130,000**
Grand Total	**$5,527,173**	**$5,891,470**	**$6,133,900**	**$6,106,900**	**$6,577,000**

Organizational Chart

Executive Department



STAFFING SUMMARY

Position	Position Pay Grade	FY 2025-26 Budget	Current Staffing 6/1/2026	FY 2026-27 Budget
EXECUTIVE				
Executive Director	Z	1	1	1
General Counsel	V	0	1	1
Deputy Executive Director	V	1	1	1
Associate Director & Employment Counsel	U	1	0	0
Chief Claims Officer	U	1	1	1
Assistant Executive Director & Chief Strategy Officer	U	1	1	1
Intergovernmental Relations Director	T	1	0	0
Communications Manager	S	1	1	1
Program Manager - Governance & Leadership	M	1	1	1
Member Relations Specialist	J	1	1	1
Communications Coordinator	I	1	1	1
Executive Assistant	H	1	1	1
Administrative Specialist	F	1	1	1
	TOTAL	**12**	**11**	**11**

RISK SERVICES DEPARTMENT

PROGRAM DESCRIPTION AND OPERATIONS

The Risk Services Department serves as a strategic partner to the Membership by providing underwriting, risk management, coverage administration, and advisory services that support the Pool's mission of protecting municipal organizations through collective strength and responsible risk management.

The department is responsible for evaluating and managing risk exposures, maintaining underwriting integrity, supporting equitable contribution practices, and ensuring Members have access to appropriate coverage solutions that reflect their evolving operational needs. Risk Services staff provide ongoing guidance to Members regarding coverage interpretation, risk assessment, insurance-to-value considerations, emerging exposures, and risk management best practices.

2026-27 OPERATIONAL BUDGET & STRATEGIC INITIATIVES

Guided by the Membership Philosophy of shared purpose, collective resilience, equitable responsibility, and long-term sustainability, the Department's FY 2026–27 budget focuses on the following key initiatives:

- **Underwriting and Coverage Services** – Maintain accurate exposure analysis, loss history evaluation, and underwriting review processes that support equitable pricing, Insurance-to-Value compliance, and informed coverage decisions. Continue to improve turnaround times and responsiveness for Member requests, renewals, and coverage modifications.

- **Cyber Risk Mitigation and Policy Management** – Expand cyber risk assessment, coverage administration, and Member support services. Provide cyber awareness training, mitigation resources, and risk management guidance designed to improve Member cyber hygiene and reduce organizational exposure.

- **Member Engagement and Partnership Development** – Strengthen relationships with existing Members through Partnership Meetings, targeted outreach, and educational opportunities while supporting strategic growth initiatives and engagement with prospective municipal organizations.

- **Data Analytics and Decision Support** – Develop benchmarking tools, exposure analysis, contribution modeling, and self-insured retention evaluations to assist Members in making informed operational and financial risk management decisions.

- **Member Portal and Digital Service Enhancements** – Continue expanding Member self-service capabilities through the Member Portal, providing streamlined access to policy information, coverage documents, endorsements, applications, training resources, and risk management tools.

KEY METRICS
Risk Services Department

	Actual 2023-24	Actual 2024-25	Budget 2025-26	Estimated 2025-26	Budget 2026-27
■ New Members	36	42	31	25	28
■ Net Member Growth	-26	29	-25	-45	-32
■ Members at Year-End	2,791	2,810	2,753	2,765	2,733
■ Member Visits	3,956	3,968	4,000	3,952	3,936
■ Retention (of core members)	99%	99%	99%	99%	99%

Risk Services Department

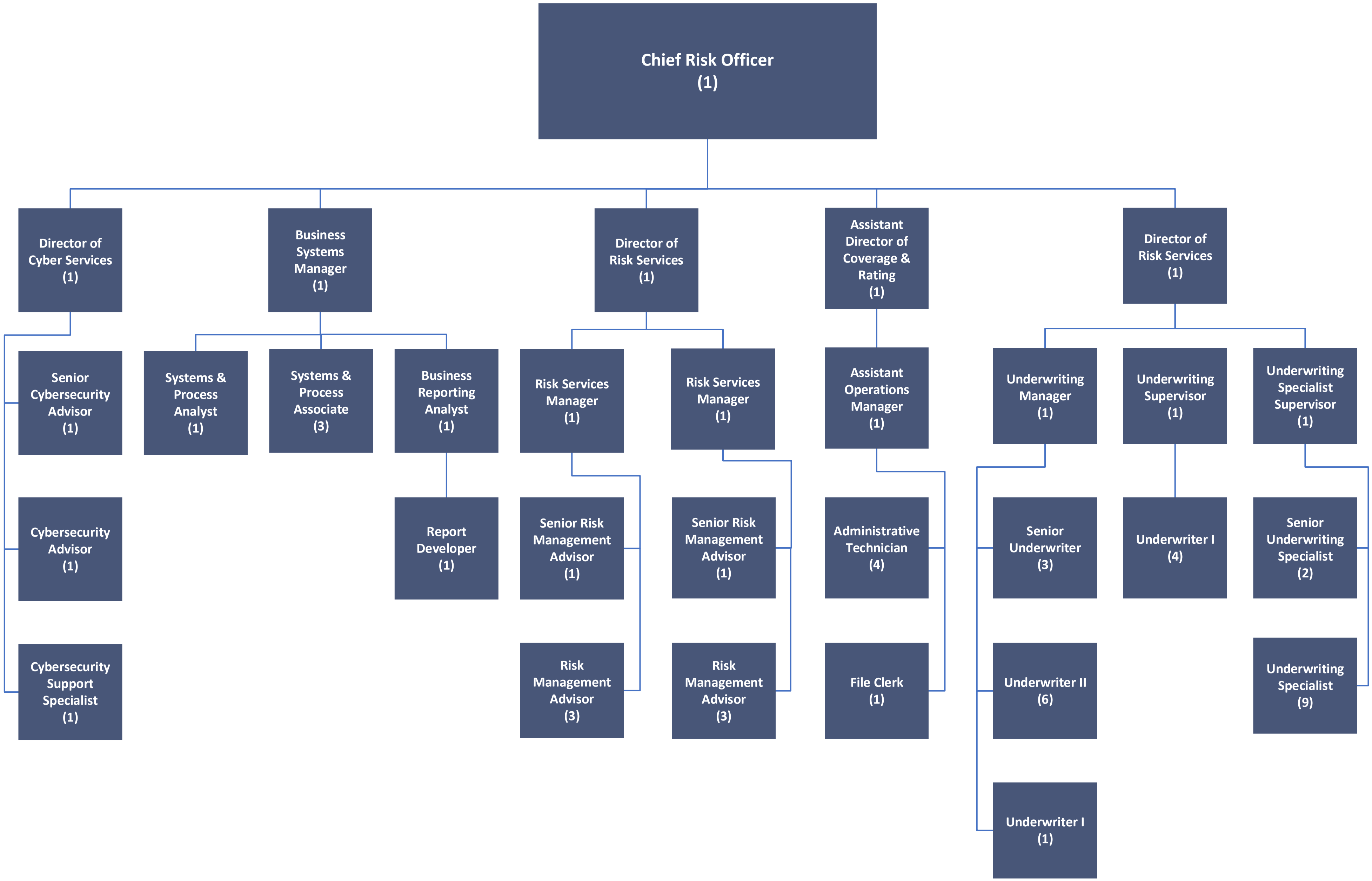
Budget Summary

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Est. Total Expenditure	2026-27 Proposed Budget
Personnel					
Full-Time Equivalent: 59					
Regular	$1,737,853	$6,068,193	$6,453,500	$6,458,100	$6,664,600
Medicare Tax	26,331	92,778	99,600	100,300	100,300
TMRS	213,898	734,965	834,000	872,500	916,700
Deferred Compensation	106,560	409,929	414,000	394,100	418,400
Disability Insurance	11,260	44,012	49,900	46,900	20,300
Health Insurance	188,720	824,535	994,200	1,015,500	1,171,500
Personnel Total	**2,284,621**	**8,174,412**	**8,845,200**	**8,887,400**	**9,291,800**
Operating					
Telephone	10,630	18,248	4,150	4,150	4,200
Office Supplies	3,223	7,061	51,000	51,000	51,000
Postage & Freight	419	9,171	17,000	17,000	17,000
Copies and Printing	0	573	12,500	12,500	12,500
Records Retention	0	424,127	75,000	75,000	45,000
Publications & Subscriptions	4,790	6,212	12,500	12,500	13,000
Equipment Maintenance	0	0	3,000	3,000	3,000
Software Maintenance	0	535	11,000	11,000	11,000
Small Equipment Purchases	379	0	2,500	0	2,500
Conference Expenses	15,821	44,702	43,300	43,300	60,300
Electronic Media	35,000	6,801	40,000	40,000	40,000
Contract Services	0	190,000	105,000	90,000	90,000
Membership Dues	1,487	1,887	4,100	4,100	5,700
Professional Development	9,737	27,379	34,300	34,300	37,500
Travel	115,270	161,012	157,600	157,600	158,700
Auto Maintenance	13,129	8,245	11,300	11,300	11,300
Auto Fuels	20,096	19,411	39,000	39,000	39,000
Operating Total	**229,981**	**925,361**	**623,250**	**605,750**	**601,700**
Professional Services					
Actuarial Studies	0	32,995	42,000	32,800	0
R. Dylong & Assoc. - Audits	0	336,582	355,000	355,000	355,000
Windstorm Engineering	0	0	5,000	5,000	5,000
Professional Services Total	**0**	**369,577**	**402,000**	**392,800**	**360,000**
Grand Total	**$2,514,602**	**$9,469,350**	**$9,870,450**	**$9,885,950**	**$10,253,500**

***Effective FY 2024-25, Budget Summary includes Underwriting Division.**

Organizational Chart

Risk Services Department



STAFFING SUMMARY

Position	Position Pay Grade	FY 2025-26 Budget	Current Staffing 6/1/2026	FY 2026-27 Budget
RISK SERVICES				
Chief Risk Officer	T	1	1	1
Director of Cyber Services	S	1	1	1
Director of Risk Services	S	2	2	2
Assistant Director of Coverage & Rating	R	0	1	1
Risk Services Manager	P	2	2	2
Senior Cybersecurity Advisor	P	1	1	1
Underwriting Manager	P	2	1	1
Business Systems Manager	O	1	1	1
Senior Risk Management Advisor	O	3	2	2
Senior Underwriter	O	2	3	3
Underwriting Specialist Supervisor	O	0	1	1
Underwriting Supervisor	O	2	1	1
Cybersecurity Advisor	N	0	0	1
Risk Management Advisor	N	5	6	6
Risk Management Underwriter	N	1	0	0
Systems & Process Analyst	N	1	1	1
Underwriter II	N	7	6	6
Assistant Operations Manager	L	1	1	1
Underwriter I	L	4	5	5
Business Reporting Analyst	K	1	1	1
Senior Underwriting Specialist	K	2	2	2
Systems & Process Associate	K	2	2	3
Cybersecurity Support Specialist	J	0	0	1
Report Developer	J	1	1	1
Underwriting Specialist	J	9	9	9
Administrative Technician	D	4	4	4
File Clerk	B	1	1	1
	TOTAL	**56**	**56**	**59**

OFFICE OF PROJECT MANAGEMENT & ANALYTICS DEPARTMENT

PROGRAM DESCRIPTION AND OPERATIONS

The Office of Project Management & Analytics (OPMA) provides strategic governance, coordination, and oversight for organizational and technology initiatives across the Pool. Through structured project management, business analysis, process improvement, and user experience design, OPMA supports the successful planning, prioritization, implementation, and delivery of initiatives aligned with the Pool's Strategic Pillars and Membership Philosophy framework.

Operating within a hybrid Agile Software Development Life Cycle (SDLC), OPMA helps ensure technology and operational projects are delivered efficiently, consistently, and with appropriate risk management controls. Through the Member Experience and Digital Transformation Team (MEDiT), the department promotes cross-departmental collaboration, improves resource alignment, and supports digital transformation efforts focused on operational efficiency, scalability, system integrity, and enhanced member experience.

The department also supports organizational effectiveness through project governance, standardized processes, requirements management, and data-informed decision-making that strengthen accountability, reduce operational risk, and improve long-term operational sustainability.

2026-27 OPERATIONAL BUDGET & STRATEGIC INITIATIVES

Guided by the Membership Philosophy of shared purpose, collective resilience, equitable responsibility, and long-term sustainability, the Department's FY 2026–27 budget focuses on the following key initiatives:

- **Strategic Project Governance and Resource Management** - OPMA will continue managing the organization's technology roadmap to ensure initiatives align with strategic priorities, available resources, and operational objectives. The department will strengthen project governance through standardized reporting, risk management, and performance monitoring.

- **Business Analysis and Technology Sustainability** - The department will support business analysis, requirements management, and technical review processes to improve project planning, system scalability, and long-term operational sustainability.

- **User Experience and Digital Services** - OPMA will enhance member-facing applications and digital services by improving usability, accessibility, consistency, and overall member experience.

- **Process Improvement and Operational Resilience** - The department will continue refining SDLC processes, strengthening documentation standards, improving workflow efficiency, and supporting operational resilience through knowledge management and continuous improvement initiatives.

- **Organizational Collaboration and AI Modernization** - OPMA will promote cross-functional collaboration and implement AI-enabled tools to improve workflow automation, reporting, governance, and operational efficiency while maintaining strong data privacy and security standards.

KEY METRICS
Office Of Project Management & Analytics

	Actual 2023-24	Actual 2024-25	Budget 2025-26	Estimated 2025-26	Budget 2026-27
■ Roadmap/MEDiT projects facilitated	4	3	4	4	4
■ Sprint Duration (in weeks)	4	4	4	4	4
■ Enhancements & Defects delivered per sprint	192	206	100	132	133
■ Epics (work packages)	31	27	30	30	25
■ User Stories or Requirements	2,311	2,475	2,000	1,580	1,600

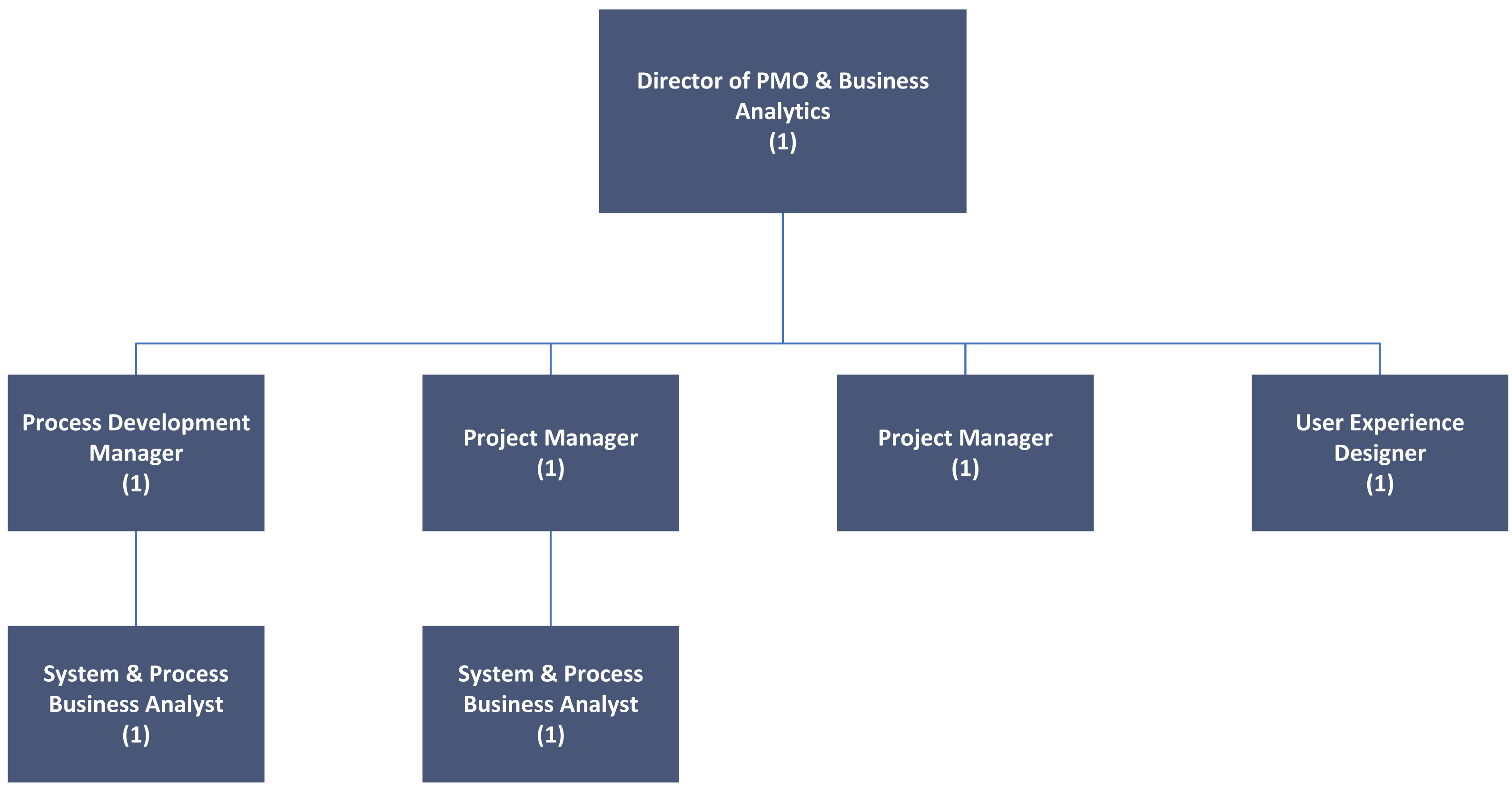
Office of Project Management and Analytics

Budget Summary

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Est. Total Expenditure	2026-27 Proposed Budget
Personnel					
Full-Time Equivalent: 7					
Regular	$686,135	$755,849	$762,000	$922,400	$909,400
Medicare Tax	10,395	11,503	11,700	14,200	13,700
TMRS	84,190	91,329	97,600	122,900	125,300
Deferred Compensation	39,473	45,741	46,700	56,200	55,600
Disability Insurance	4,474	5,425	5,800	6,700	2,800
Health Insurance	64,846	73,111	86,000	114,200	124,700
Personnel Total	**889,514**	**982,959**	**1,009,800**	**1,236,600**	**1,231,500**
Operating					
Telephone	1,020	1,020	0	0	0
Office Supplies	0	349	1,200	1,200	1,200
Postage & Freight	0	0	100	0	100
Copies and Printing	0	0	100	0	100
Publications & Subscriptions	457	0	3,000	2,000	5,700
Membership Dues	0	0	400	200	200
Professional Development	840	1,950	25,500	15,600	24,400
Travel	9,340	9,942	9,700	5,600	10,700
Operating Total	**11,672**	**13,261**	**40,000**	**24,600**	**42,400**
Professional Services	0	0	0	0	0
Professional Services Total	**0**	**0**	**0**	**0**	**0**
Grand Total	**$901,187**	**$996,219**	**$1,049,800**	**$1,261,200**	**$1,273,900**

Organizational Chart

Office of Project Management & Analytics



STAFFING SUMMARY

Position	Position Pay Grade	FY 2025-26 Budget	Current Staffing 6/1/2026	FY 2026-27 Budget
OFFICE OF PROJECT MANAGEMENT				
Director of PMO & Business Analytics	S	1	1	1
Process Development Manager	N	0	1	1
Project Manager	N	2	2	2
Systems & Process Business Analyst	M	2	2	2
User Experience Designer	L	1	1	1
	TOTAL	**6**	**7**	**7**

LEGAL DEPARTMENT

PROGRAM DESCRIPTION AND OPERATIONS

The Legal Department provides legal counsel and support services to the Executive Director, Board of Trustees, and all Pool departments. Core responsibilities include legal analysis, document preparation and review, litigation oversight, claims-related legal support, and evaluation of the legal implications of organizational decisions and operations.

The department coordinates and manages outside counsel representing Pool members in workers' compensation, liability, and property claims and litigation. In addition, the Legal Department oversees litigated subrogation matters involving workers' compensation and property losses, while prelitigation subrogation activities are managed operationally outside the department.

The Chief Legal Officer is responsible for developing legal opinions, advising leadership on legal and regulatory matters, and supporting organizational compliance and risk management efforts. The department also collaborates with the Board's General Counsel on legislative monitoring, legal strategy, and other matters impacting the Pool and its members.

2026-27 BUDGET OPERATIONAL & STRATEGIC INITIATIVES

Guided by the Membership Philosophy of shared purpose, collective resilience, equitable responsibility, and long-term sustainability, the Department's FY 2026–27 budget focuses on the following key initiatives:

- **Mitigating Risks and Costs** - Strengthen the Pool's cyber risk management by updating its Cyber Security Program and data governance policies.

- **Strengthening Partnership and Digital Governance** - Support members navigating emerging technologies in developing member guidance on the legal implications of artificial intelligence and related contract considerations.

- **Operational Excellence and Member Support** - Improve operational consistency and responsiveness by establishing standard operating procedures for the PALS ("Call Before You Fire") program and internal contract review processes while continuing support services such as the Employment Hotline.

- **Strategic Legal Operations** - Continue collaborating with the Claims Departments to reduce litigation exposure and improve claim outcomes, maintain and update legal authority policies and form documents, support responsible and ethical AI usage, refine the department's Strategic Plan, and ensure timely, effective legal services across the organization.

KEY METRICS
Legal Department

	Actual 2023-24	Actual 2024-25	Budget 2025-26	Estimated 2025-26	Budget 2026-27
■ Liability Fund Members	2,752	2,758	2,765	2,760	2,760
■ New Liability Lawsuits	775	740	950	800	800
■ Average Suits Per Member	0.282	0.269	0.344	0.290	0.290
■ Personnel Calls	226	220	200	260	260
■ Contracts Processed	60	65	65	85	85

Legal Department

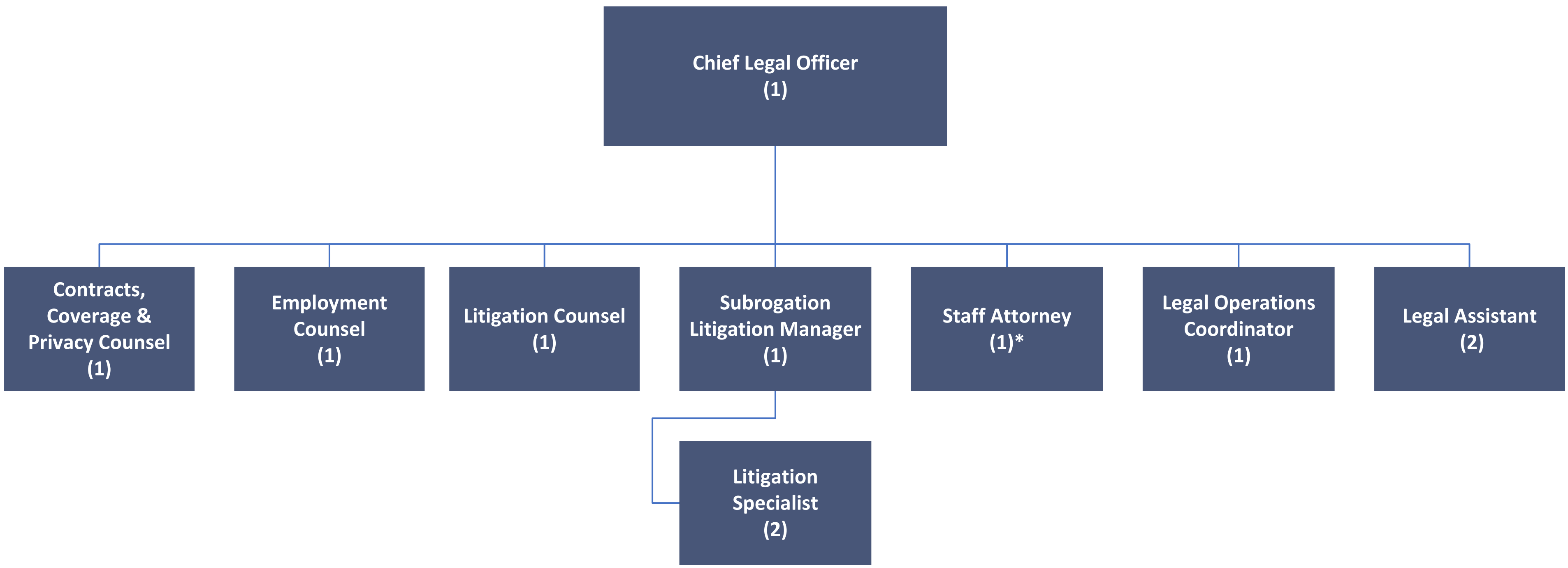
Budget Summary

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Est. Total Expenditure	2026-27 Proposed Budget
Personnel					
Full-Time Equivalent: 11					
Regular	$1,968,641	$1,668,911	$1,552,200	$1,587,800	$1,519,100
Medicare Tax	29,486	25,838	23,700	25,400	22,700
TMRS	238,860	206,411	198,800	220,600	207,200
Deferred Compensation	117,136	104,656	91,500	92,500	86,300
Disability Insurance	12,469	11,521	10,900	10,700	4,600
Health Insurance	260,359	224,952	232,300	229,700	236,600
Personnel Total	**2,626,952**	**2,242,288**	**2,109,400**	**2,166,700**	**2,076,500**
Operating					
Temporary Services	0	0	500	0	0
Telephone	3,991	4,147	3,400	3,000	3,400
Office Supplies	851	1,454	3,000	1,500	3,000
Postage and Freight	826	686	3,000	1,000	3,000
Copies and Printing	(1)	2,488	2,000	2,000	2,000
Publications & Subscription	29,579	48,761	45,400	45,400	61,900
Equipment Maintenance	0	0	300	0	300
Small Equipment Purchases	0	0	1,000	500	1,000
Workshops	36,460	38,297	42,000	40,000	42,000
Subrogation*	10,662	15,709	0	0	0
Membership Dues	7,409	7,900	5,000	3,500	5,000
Professional Development	6,071	5,711	6,800	6,000	6,800
Travel	32,555	28,765	28,200	28,000	28,200
Auto Maintenance	0	100	1,000	500	1,000
Auto Fuels	9	51	2,000	750	2,000
Operating Total	**128,412**	**154,070**	**143,600**	**132,150**	**159,600**
Professional Services					
Other Professional Fees	66,370	73,519	125,000	75,000	125,000
Personnel Matters	0	0	5,000	0	5,000
Professional Services Total	**66,370**	**73,519**	**130,000**	**75,000**	**130,000**
Grand Total	**$2,821,733**	**$2,469,878**	**$2,383,000**	**$2,373,850**	**$2,366,100**

***Effective March 2025, Subrogation Division was transferred to Liability & Property Department.**

Organizational Chart

Legal Department



*1 position vacant and unfunded

STAFFING SUMMARY

Position	Position Pay Grade	FY 2025-26 Budget	Current Staffing 6/1/2026	FY 2026-27 Budget
LEGAL				
Chief Legal Officer	U	1	1	1
Contracts, Coverage, & Privacy Counsel	S	0	1	1
Coverage & Contracts Counsel	R	1	0	0
Employment Counsel	R	1	1	1
Litigation Counsel	R	1	1	1
Subrogation Litigation Manager	P	1	1	1
Staff Attorney	O	1	0	1
Litigation Specialist	L	2	2	2
Legal Operations Coordinator	H	1	1	1
Legal Assistant	F	2	2	2
	TOTAL	**11**	**10**	**11**

LOSS PREVENTION DEPARTMENT

PROGRAM DESCRIPTION AND OPERATIONS

The Loss Prevention Department supports the Pool's mission by helping Members reduce loss frequency and severity, strengthen operational safety, and improve long-term risk management outcomes. Through proactive consultation, training, operational assessments, and targeted risk reduction initiatives, the department assists Members in identifying exposures and implementing practical mitigation strategies before losses occur.

Maintaining a strong field presence, Loss Prevention staff serve as strategic partners and trusted advisors to Member leadership, supervisors, and frontline personnel. This engagement provides valuable insight into Member operations, supports early identification of emerging risks, and promotes collaborative problem-solving and continuous improvement.

The department develops and delivers programs, assessments, resources, and training designed to address recurring and high-risk exposures, prevent employee injuries, protect public assets, and enhance public safety. Services are informed by onsite consultations, Member feedback, loss trend analysis, operational data, and industry best practices, allowing staff to tailor solutions to the unique needs and operations of each Member.

2026-27 BUDGET OPERATIONAL & STRATEGIC INITIATIVES

Guided by the Membership Philosophy of shared purpose, collective resilience, equitable responsibility, and long-term sustainability, the Department's FY 2026–27 budget focuses on the following key initiatives:

- **Supporting Excellence in Law Enforcement** – Further develop dedicated law enforcement outreach, leadership development, officer safety and wellness, accreditation support, and risk management consultation while identifying emerging challenges, needs, and opportunities through strategic partnerships that strengthen the resilience and operational effectiveness of Member law enforcement agencies.

- **High Priority Member Engagement and Risk Reduction** - Continue targeted engagement with High Priority Members through customized Action Items, Service Goals, and ongoing consultation to address operational exposures and improve risk management outcomes.

- **Training, Education, and Operational Awareness** - Provide onsite and virtual training programs that strengthen safety awareness, operational knowledge, and exposure prevention. The department anticipates delivering approximately 500 training programs and 7,500 participant engagements during the budget period.

- **Safety Communication and Engagement** - Expand the Safety @ Your Finger T.I.P.S. initiative to deliver timely safety alerts, resources, and training content directly to Member personnel, with a projected 1,750 registered users.

- **Roadway Safety and Exposure Reduction** - Continue advancing the R.O.A.D. Ready initiative through roadway safety training, consultations, and awareness campaigns to reduce roadway-related incidents and maintain engagement with at least 350 Members.

- **Online Learning and Accessibility** - Maintain access to online training through LocalGovU to support flexible workforce development, with approximately 25,000 projected course completions during the budget period.

- **Strategic Risk Management and Member Support** - Utilize data-driven analysis and proactive consultation to identify emerging risks, prioritize services, and strengthen Member safety performance and long-term risk management outcomes.

KEY METRICS
Loss Prevention Department

	Actual 2023-24	Actual 2024-25	Budget 2025-26	Estimated 2025-26	Budget 2026-27
▪ Total Number of Field Contacts (All Members)	1,517	1,651	1,800	1,650	1,800
▪ Field Contacts with High Priority (HP) Members	519	519	950	900	950
▪ Percentage of HP Member Action Items Completed	40%	43%	75%	60%	75%
▪ Percentage of HP Member Service Goals Completed	55%	61%	80%	80%	80%
▪ Percentage of HP Member Minimum Contact Requirements Completed	47%	71%	90%	90%	90%
▪ R.O.A.D. Ready Participating Members	261	310	330	330	350
▪ Safety @ Your Finger TIPS Registrations	827	1,211	1,750	1,400	1,750
▪ On-site Training Programs	275	384	350	568	500
▪ Number of Safety Meeting Presentations Conducted by SLCCs	98	80	150	130	150
▪ On-site Training Members Represented	335	407	450	420	450
▪ On-site Training Participants	6,768	9,980	7,500	7,000	7,500
▪ TrainingVideoNow Streaming Video Rentals**	N/A	262	325	330	400
▪ Online Learning Courses Taken (Excludes DIR Cybersecurity Training)	26,590	24,776	25,000	23,000	25,000
▪ Online Learning by Individual Members (Excludes DIR Cybersecurity Training)	277	261	300	275	300
▪ Online Learning by Individual Employees (Excludes DIR Cybersecurity Training)	11,512	9,503	12,500	11,900	12,500

** TrainingVideoNow Streaming Video Usage rolled out 24/25.

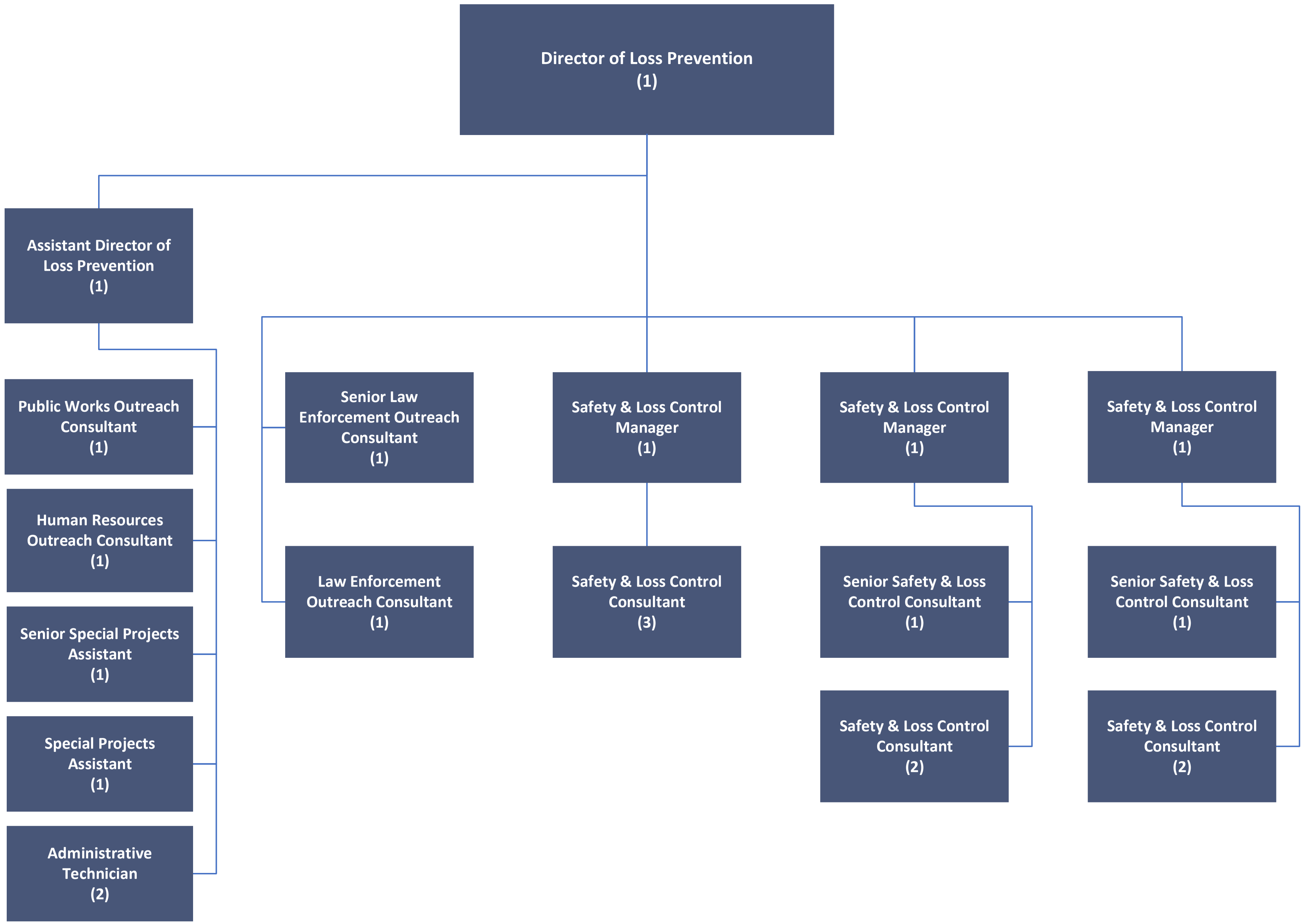
Loss Prevention Department

Budget Summary

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Est. Total Expenditure	2026-27 Proposed Budget
Personnel					
Full-Time Equivalent: 22					
Regular	$2,576,668	$2,812,036	$2,804,900	$2,908,800	$2,930,500
Medicare Tax	39,671	42,930	42,900	45,100	44,100
TMRS	318,339	340,896	358,800	390,600	403,300
Deferred Compensation	182,893	180,731	180,600	177,600	186,200
Disability Insurance	17,043	20,741	21,700	21,300	9,000
Health Insurance	329,161	355,136	415,600	421,900	480,900
Personnel Total	**3,463,775**	**3,752,470**	**3,824,500**	**3,965,300**	**4,054,000**
Operating					
Telephone	15,970	16,958	9,200	3,300	600
Office Supplies	7,728	11,441	10,000	10,000	10,000
Postage and Freight	3,656	1,857	7,000	5,000	7,000
Copies and Printing	2,111	6,010	10,000	8,000	10,000
Publications & Subscription	971	1,561	10,000	2,500	10,000
Equipment Maintenance	1,939	1,700	3,000	3,000	3,000
Software Maintenance	37,890	38,726	48,000	48,000	48,000
Small Equipment Purchases	418	5,217	13,000	5,000	8,000
Equipment Rental	0	0	2,000	1,000	2,000
Workshops	166,611	126,446	175,000	165,000	175,000
Electronic Media	96,998	133,998	163,000	150,000	163,000
Contract Services	49,500	1,500	50,000	20,000	50,000
Membership Dues	4,878	6,089	7,100	7,000	7,100
Professional Development	14,838	16,341	27,000	23,000	27,000
Travel	124,827	142,572	128,700	120,000	128,700
Auto Maintenance	26,203	18,045	24,500	23,000	24,500
Auto Fuels	38,915	38,524	54,000	50,000	54,000
Operating Total	**593,454**	**566,984**	**741,500**	**643,800**	**727,900**
Professional Services					
Gas Utility Surveys	148,002	132,327	150,000	135,000	150,000
Boiler/Machinery Inspect	13,605	17,120	30,000	25,000	30,000
Other Professional Fees	162,959	169,025	248,500	240,000	248,500
Electrical Util Surveys	1,071	1,000	1,000	1,000	1,000
Professional Services Total	**325,637**	**319,472**	**429,500**	**401,000**	**429,500**
Grand Total	**$4,382,866**	**$4,638,926**	**$4,995,500**	**$5,010,100**	**$5,211,400**

Organizational Chart

Loss Prevention Department



STAFFING SUMMARY

Position	Position Pay Grade	FY 2025-26 Budget	Current Staffing 6/1/2026	FY 2026-27 Budget
LOSS PREVENTION				
Director of Loss Prevention	S	1	1	1
Assistant Director of Loss Prevention	Q	1	1	1
Safety & Loss Control Manager	P	3	3	3
Senior Law Enforcement Outreach Consultant	P	1	1	1
Human Resources Outreach Consultant	O	1	1	1
Law Enforcement Outreach Consultant	O	1	1	1
Public Works Outreach Consultant	O	1	1	1
Senior Safety & Loss Control Consultant	O	2	2	2
Safety & Loss Control Consultant	N	7	7	7
Senior Special Projects Assistant	K	1	1	1
Special Projects Assistant	H	1	1	1
Administrative Technician	D	2	2	2
	TOTAL	**22**	**22**	**22**

FINANCE DEPARTMENT

PROGRAM DESCRIPTION AND OPERATIONS

The Finance Department plays a critical role in advancing the Pool's mission through sound financial stewardship, strong internal controls, strategic financial planning, and transparent reporting. These functions support fiscal sustainability, operational effectiveness, regulatory compliance, and the responsible management of member resources.

Finance is responsible for Accounting, Investments, Cash Management, Payroll, Accounts Payable, Accounts Receivable, Purchasing, Inventory Management, and Financial Reporting and Analytics. The Department develops financial and administrative policy recommendations for Board consideration and provides oversight and management of the Pool's financial operations to ensure accountability, transparency, and effective decision-making.

Accounting and Financial Reporting – Manages the recording of financial transactions, accounts payable, accounts receivable, payroll, reconciliations, and financial reporting. Provides accurate and timely financial information to support decision-making, accountability, and compliance.

Investment and Cash Management – Oversees investment and cash management activities, including policy governance, performance monitoring, and strategic oversight. Focuses on preserving capital, maintaining liquidity, and achieving Board-approved investment objectives with clear accountability and disciplined pursuit of long-term capital efficiency.

Purchasing and Inventory Management – Manages the procurement of goods and services, vendor relationships, contract administration, purchasing compliance, and inventory oversight to support efficient and cost-effective operations.

Financial Analytics and Business Intelligence – Provides financial, operational, and actuarial reporting and analysis to support budgeting, forecasting, performance measurement, and strategic decision-making.

2026-27 BUDGET OPERATIONAL & STRATEGIC INITIATIVES

Guided by the Membership Philosophy of shared purpose, collective resilience, equitable responsibility, and long-term sustainability, the Department's FY 2026–27 budget focuses on the following key initiatives:

- **Department Capacity & Succession Planning:** Evaluate organizational structure, realign responsibilities, and fill key vacancies to ensure operational continuity and support leadership transitions.

- **Staff Development & Cross-Training:** Conduct four accounting and operational workshops to strengthen staff capabilities, increase cross-training, and reduce key-person dependency.

- **Policy & Process Modernization:** Update purchasing and travel policies and expand process documentation to improve consistency, efficiency, and internal controls.

- **Investment Manager Consolidation** – Transitioning from a three-manager structure to a single-manager model that enables a holistic view of risk appetite and tolerance across all portfolios, measured against the Pool's liability and surplus profile. The unified structure positions the organization to make more purposeful decisions around sector and credit-quality allocation, Long-Tail Benefits portfolio strategy, and the balance between book yield, income stability, and surplus risk.

- **Reporting & Analytics Integration:** Combine Business Intelligence and actuarial resources into a unified Reporting & Analytics team to improve reporting, data-driven decision-making, and organizational insights.

- **Technology & Automation:** Expand the use of AI and workflow automation to increase efficiency, reduce manual processes, and improve data accuracy.

KEY METRICS
Finance Department

	Actual 2023-24	Actual 2024-25	Budget 2025-26	Estimated 2025-26	Budget 2026-27
■ Consolidated Investment Portfolio (Market Value)	$835.6M	$882.8M	$961.0M	$985.0M	$1,015.0M
■ Government Investment Portfolio (Market Value)	$570.7M	$591.0M	$641.0M	$645.0M	$655.0M
■ Lifetime Benefits (LTB) Investment Portfolio (Mkt. Value)	$264.9M	$291.8M	$320.0M	$340.0M	$360.0M
■ Consolidated Return on Investment	3.2%	3.6%	3.5%	3.8%	3.9%
■ Consolidated Total Rate of Return	13.7%	5.0%	3.0%	3.0%	3.0%
■ Government Benchmark (Total Rate of Return)	11.6%	3.6%	3.0%	3.0%	3.0%
■ LTB Return on Investment	3.6%	4.2%	4.5%	4.5%	4.7%
■ LTB Total Rate of Return	18.2%	8.1%	5.0%	5.0%	5.0%
■ LTB Benchmark (Total Rate of Return)	17.9%	8.0%	5.0%	5.0%	5.0%

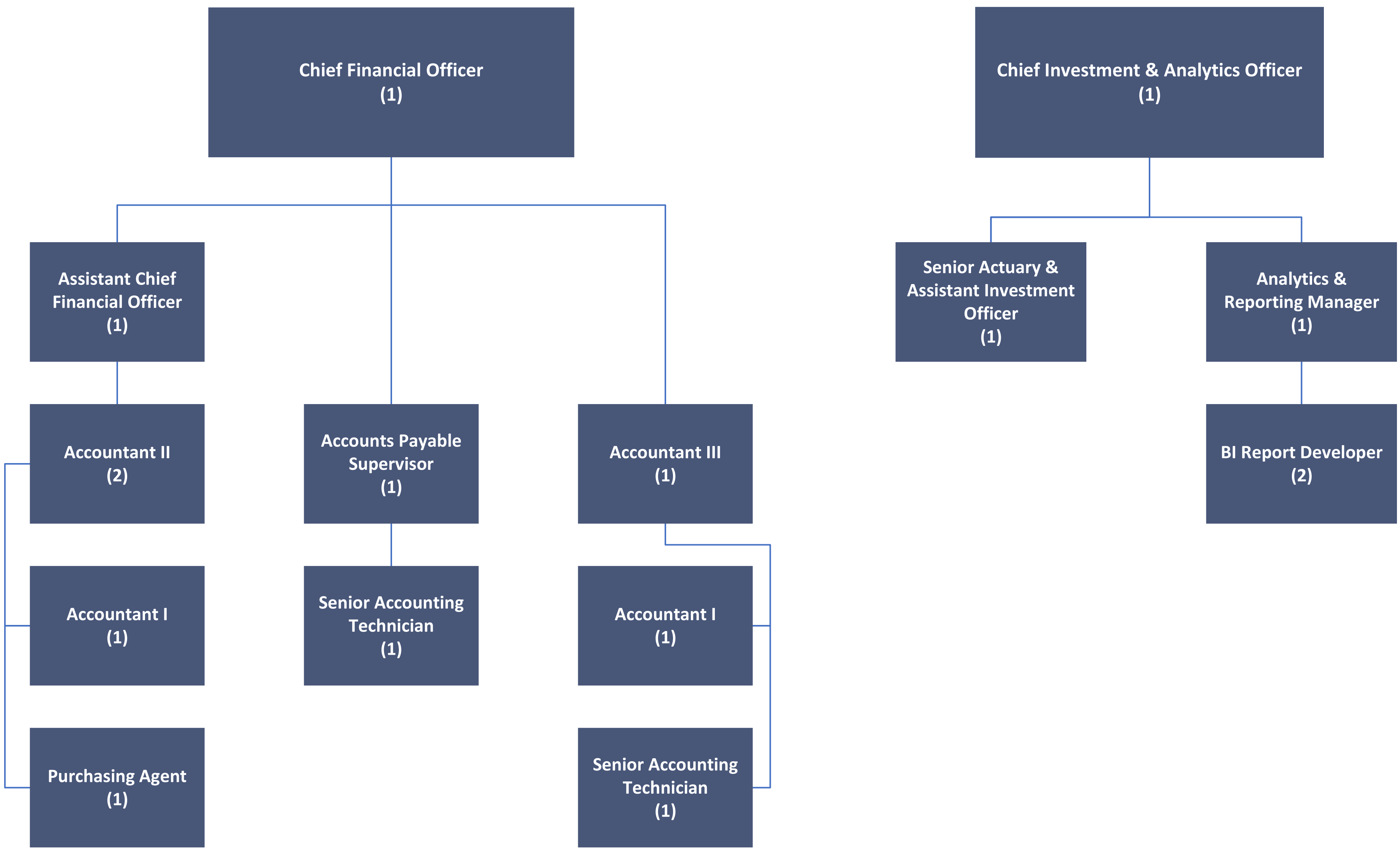
Finance Department

Budget Summary

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Est. Total Expenditure	2026-27 Proposed Budget
Personnel					
Full-Time Equivalent: 16					
Regular	$2,298,937	$2,400,293	$2,288,600	$2,405,300	$2,359,800
Medicare Tax	34,509	39,018	35,000	37,900	34,900
TMRS	280,421	281,655	292,700	328,600	319,200
Deferred Compensation	125,249	138,061	128,600	128,300	131,000
Disability Insurance	13,484	14,689	15,900	15,100	7,100
Health Insurance	255,003	246,663	303,200	291,900	322,100
Personnel Total	**3,007,603**	**3,120,377**	**3,064,000**	**3,207,100**	**3,174,100**
Operating					
Rents (Field Offices)	91,968	24,036	96,200	96,000	41,100
Telephone	3,573	4,042	2,950	2,950	4,000
Office Supplies	24,507	13,497	27,000	16,600	17,000
Postage and Freight	22,149	15,789	25,000	18,800	23,600
Copies and Printing	35,199	23,227	12,000	10,700	10,000
Records Retention	6,205	8,135	12,000	10,000	12,000
Publications & Subscription	3,011	4,106	5,000	2,300	4,000
Liab/Property Insurance	208,640	242,658	286,400	237,700	309,000
Reimb. Deductibles	20,000	0	0	0	0
Equipment Maintenance	54,315	34,047	40,000	40,000	40,000
Software Maintenance	87,632	90,902	92,000	88,900	94,600
Small Equipment Purchases	1,191	0	3,000	2,500	3,000
Equipment Rental	54,265	53,898	60,000	58,000	60,500
Contracts	11,115	13,390	25,000	10,000	25,000
Membership Dues	6,719	7,184	7,000	4,300	5,000
Professional Development	14,268	14,854	25,000	30,000	20,000
Travel	51,745	50,159	50,400	44,000	50,000
Bank Charges	1,922	1,719	40,000	15,300	350,000
Auto Maintenance	2,312	4,244	7,500	5,000	5,000
Auto Fuels	1,968	1,934	3,000	3,000	3,000
Operating Total	**702,703**	**607,820**	**819,450**	**696,050**	**1,076,800**
Professional Services					
Auditor	122,000	125,000	132,000	127,000	134,500
Actuarial Studies	30,820	30,555	40,000	40,000	63,300
Investment Consultant	55,337	58,845	62,000	62,000	80,000
Investment Custodian	109,146	116,031	120,000	120,000	70,000
Conning	198,927	206,723	220,000	298,000	523,800
Manulife	194,048	207,303	220,000	168,500	0
Professional Services Total	**710,277**	**744,458**	**794,000**	**815,500**	**871,600**
Grand Total	**$4,420,582**	**$4,472,655**	**$4,677,450**	**$4,718,650**	**$5,122,500**

Organizational Chart

Finance Department



STAFFING SUMMARY

Position	Position Pay Grade	FY 2025-26 Budget	Current Staffing 6/1/2026	FY 2026-27 Budget
FINANCE				
Chief Financial Officer	T	1	1	1
Chief Investment & Analytics Officer	T	0	1	1
Deputy Chief Financial Officer & Chief Analytics Officer	T	1	0	0
Assistant Chief Financial Officer	S	0	1	1
Controller	S	1	0	0
Assistant Controller	R	1	0	0
Senior Actuary & Assistant Investment Director	R	1	1	1
Accountant III	P	1	1	1
Analytics & Reporting Manager	O	1	1	1
Purchasing Agent	N	1	1	1
Accountant II	M	1	1	2
Sr. Payroll Administrator	M	1	1	0
Accounts Payable Supervisor	K	0	0	1
BI Report Developer	L	2	2	2
Accountant I	K	2	1	2
Senior Accounting Technician	H	2	2	2
	TOTAL	**16**	**14**	**16**

PEOPLE RESOURCES DEPARTMENT

Program Description and Operations

The People Resources Department plays a critical role in advancing the Pool's mission by recruiting, developing, and retaining a high-performing workforce aligned with public service values and organizational goals. Through a people-centered approach, the department provides strategic leadership and operational support across all aspects of human resources management.

Core responsibilities include talent acquisition and onboarding, staff development, performance management, compensation and benefits administration, employee relations, and regulatory compliance. The department is committed to attracting and retaining qualified professionals by maintaining competitive total rewards programs, supporting career growth opportunities, and fostering an inclusive and engaging workplace culture.

2026-27 OPERATIONAL BUDGET & STRATEGIC INITIATIVES

Guided by the Membership Philosophy of shared purpose, collective resilience, equitable responsibility, and long-term sustainability, the Department's FY 2026–27 budget focuses on the following key initiatives:

- **Human Resources Systems Modernization** - Complete implementation and optimization of NEOGOV and related HRIS modules. Enhance system functionality, reporting capabilities, and operational efficiency while maintaining payroll and benefits accuracy.

- **Workforce Engagement and Well-Being** - Promote employee engagement, well-being, and organizational culture through wellness programs and employee support initiatives. Increase participation in wellness and preventive health activities.

- **Leadership Development and Succession Planning** - Expand leadership development opportunities for supervisors and managers. Support succession planning and internal career development through targeted training and professional growth opportunities.

- **Policy Modernization and Compliance** - Continue updating Personnel Policies and Administrative Directives to ensure compliance, consistency, and operational effectiveness. Improve employee awareness and understanding of policies through ongoing communication and training.

- **Payroll and Operational Efficiency** - Evaluate opportunities to modernize payroll processes and improve efficiency, consistency, and compliance.

KEY METRICS

People Resources Department

	Actual 2023-24	Actual 2024-25	Budget 2025-26	Estimated 2025-26	Budget 2026-27
■ Full Time Equivalent Pool Employees	256	259	266	255	266
■ New Hires & Position Changes Processed	0	42	40	40	48
■ Supervisor Trainings Offered	0	0	7	9	10
■ Wellness Preventive Screening Participants	0	60	63	60	66
■ HRIS Modules Implemented	0	1	5	5	3

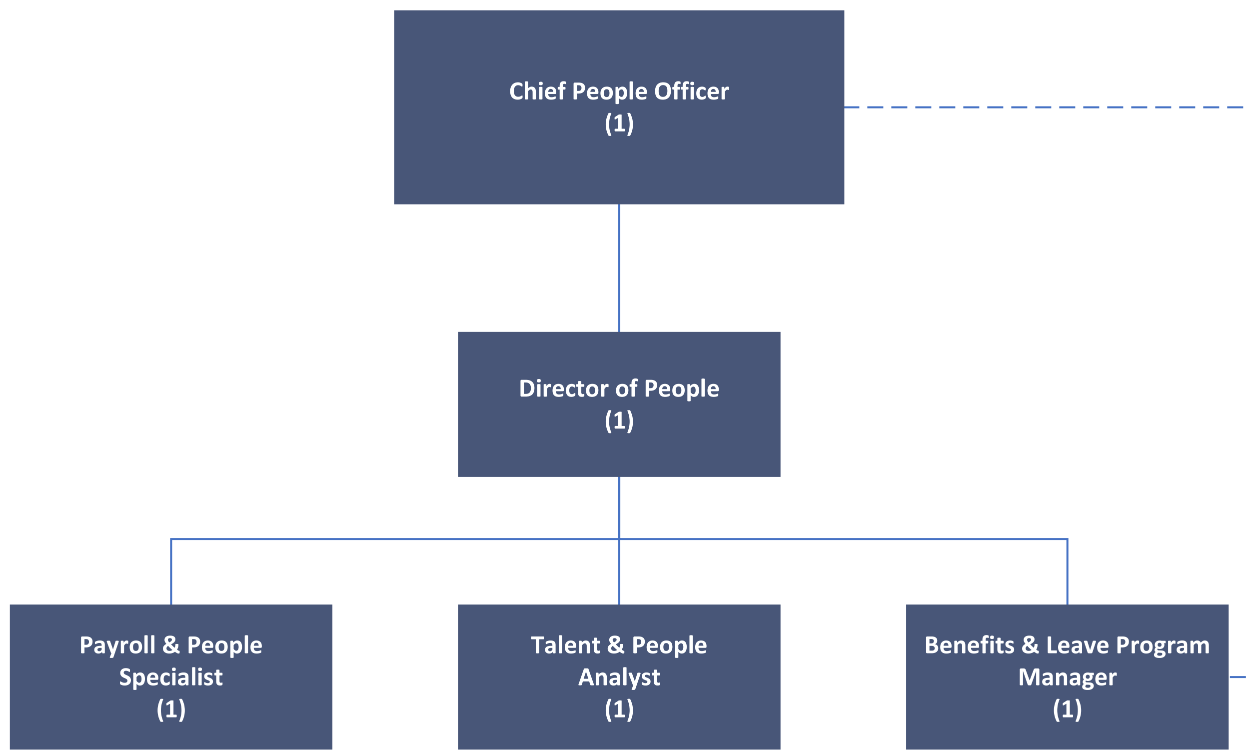
People Resources Department

Budget Summary

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Est. Total Expenditure	2026-27 Proposed Budget
Personnel					
Full-Time Equivalent: 5					
Regular	$696,813	$604,020	$648,400	$691,900	$700,400
Medicare Tax	10,463	8,974	9,900	10,500	10,500
TMRS	75,904	71,370	83,200	91,200	96,200
Deferred Compensation	34,053	32,293	37,500	37,400	39,800
Disability Insurance	3,863	3,771	4,600	4,400	2,100
Health Insurance	68,434	72,925	84,700	85,300	95,600
Personnel Total	**889,531**	**793,353**	**868,300**	**920,700**	**944,600**
Operating					
Telephone	4,348	3,903	1,100	1,100	0
Office Supplies	8,261	11,420	10,000	9,400	14,000
Postage and Freight	162	42	1,000	1,000	2,000
Copies and Printing	0	34	1,500	900	4,000
Records Retention	1,638	1,588	1,500	1,500	1,500
Publications & Subscription	6,596	4,540	5,800	5,800	11,500
Software Maintenance	3,538	4,889	146,100	113,000	146,000
Unemployment Reimb.	10,386	17,188	10,000	46,300	10,000
Contract Services	129	0	8,000	8,000	94,000
Membership Dues	2,714	3,657	6,300	3,200	7,800
Professional Development	17,205	23,123	41,300	39,700	38,000
Prof Dev - College	0	0	75,000	75,000	75,000
Leadership & Development	211,948	(33,392)	209,600	232,200	238,000
Travel	50,842	45,144	111,000	62,200	82,700
Advertising Expenses	2,751	4,531	10,000	8,800	10,000
Operating Total	**320,518**	**86,666**	**638,200**	**608,100**	**734,500**
Professional Services					
Personnel Consultants	470,963	(114,960)	50,000	53,900	255,000
Professional Services Total	**470,963**	**(114,960)**	**50,000**	**53,900**	**255,000**
Grand Total	**$1,681,012**	**$765,058**	**$1,556,500**	**$1,582,700**	**$1,934,100**

Organizational Chart

People Resources Department



STAFFING SUMMARY

Position	Position Pay Grade	FY 2025-26 Budget	Current Staffing 6/1/2026	FY 2026-27 Budget
PEOPLE RESOURCES				
Chief People Officer	T	1	1	1
Director of People	S	0	1	1
Assistant Director of People	Q	1	0	0
Benefits & Leave Program Manager	P	0	1	1
Senior Talent & Leave Management Analyst	M	1	0	0
Payroll & People Specialist	K	0	1	1
Benefits Analyst	K	1	0	0
Talent & People Analyst	K	0	1	1
People Resources Specialist	H	1	0	0
	TOTAL	**5**	**5**	**5**

INFORMATION TECHNOLOGY DEPARTMENT

PROGRAM DESCRIPTION AND OPERATIONS

The Information Technology (IT) Department serves as a strategic partner in advancing the Pool's mission by delivering secure, reliable, and member-focused technology solutions that support stable and cost-effective risk financing operations. Guided by the Board's Strategic Plan and "Building for the Future" initiative, the department promotes operational excellence through innovation, cybersecurity, data-driven decision-making, and continuous process improvement.

The Department is focused on modernizing technology infrastructure, enhancing system integration, strengthening cybersecurity, and expanding digital services to improve operational efficiency and member experience. As part of its ongoing innovation strategy, the IT Department is transitioning from foundational artificial intelligence (AI) exploration to operational implementation, supporting automation, analytics, and enhanced business processes across the organization.

Through collaboration with internal departments, vendors, and Pool members, the IT Department continues to strengthen technology capabilities that improve service delivery, support informed decision-making, and position the Pool for long-term sustainability and growth.

2026-27 BUDGET OPERATIONAL & STRATEGIC INITIATIVES

Guided by the Membership Philosophy of shared purpose, collective resilience, equitable responsibility, and long-term sustainability, the Department's FY 2026–27 budget focuses on the following key initiatives:

- **Deploying AI-Enabled Development and Monitoring Tools** - Implement AI-enabled tools to support software development, system monitoring, and operational oversight. These capabilities will improve automation, accelerate delivery, enhance predictive monitoring, and strengthen governance, security, and compliance.

- **Expanding Internal Development Capabilities** - Strengthen in-house development capacity to reduce reliance on external vendors, improve delivery speed, and enhance technical expertise. This includes targeted upskilling, cross-functional team development, and expanded ownership of core systems to improve responsiveness and long-term sustainability.

- **Decommissioning Legacy Platforms** - Retire outdated systems through application rationalization and system consolidation to reduce technical debt, lower maintenance costs, and improve security and performance.

- **Infrastructure Modernization and Cybersecurity** - Modernize infrastructure and strengthen cybersecurity through cloud-based technologies and enhance security controls.

KEY METRICS
Information Technology Department

Activities/Performance Goals & Measures
■ Execute Board-approved Business Application and IT Roadmap
■ Implement and slowly expand AI capabilities across various business functions
■ Execute Board-approved Cyber Security and Defense Program
■ Enhance Member portal functionality
■ Execute IT Asset lifecycle management plan
■ Re-skill staff through technical training and certification programs
■ Maintain system uptime and performance metrics
■ Support Texas Municipal Center relocation requirements
■ Optimize software license utilization

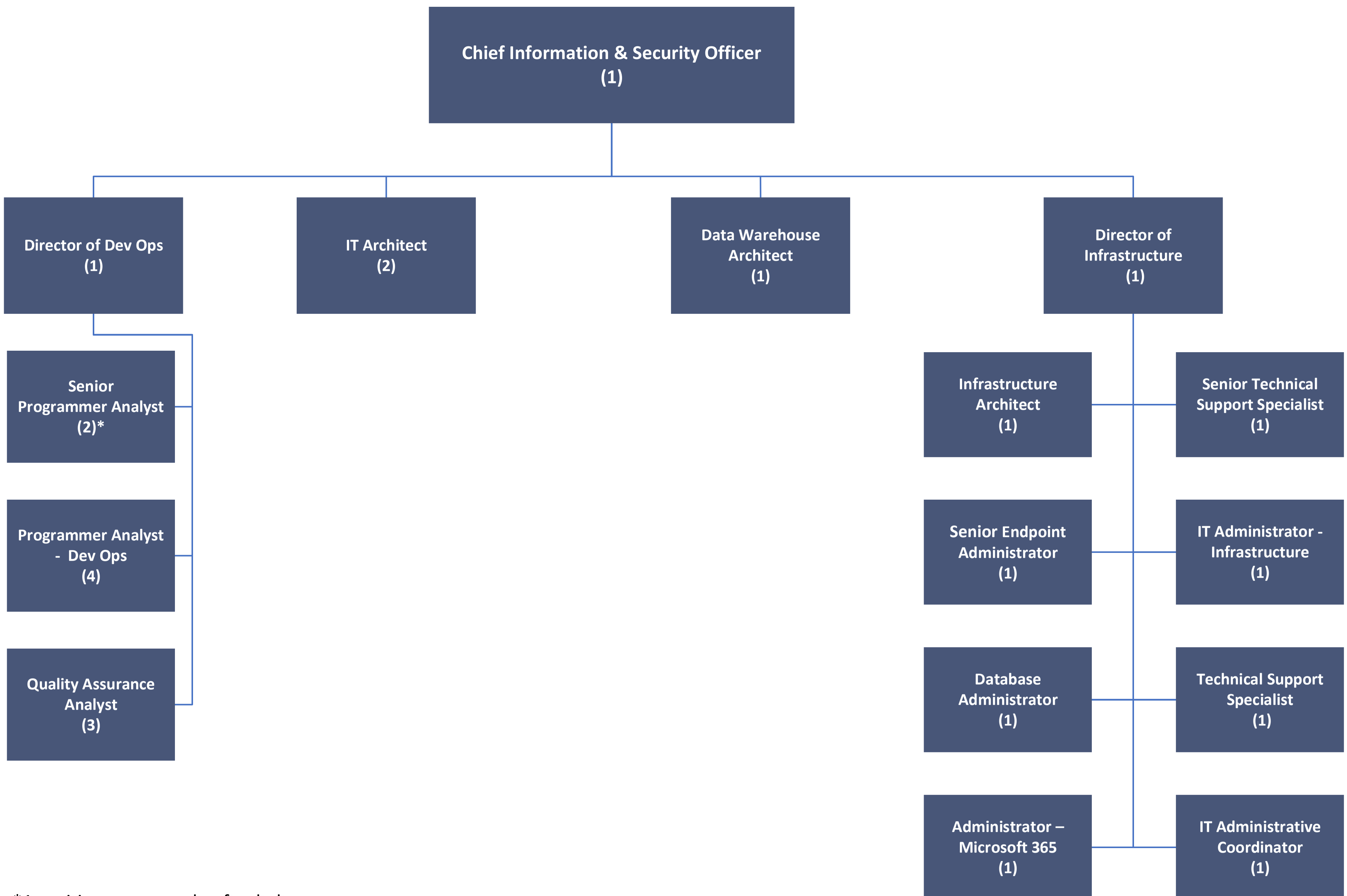
Information Technology Department

Budget Summary

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Est. Total Expenditure	2026-27 Proposed Budget
Personnel					
Full-Time Equivalent: 23					
Regular	$2,904,289	$2,922,807	$3,017,900	$3,112,000	$3,259,200
Medicare Tax	42,030	42,998	46,600	49,300	48,800
TMRS	343,225	343,787	390,700	429,700	446,200
Deferred Compensation	162,676	164,803	184,800	186,600	195,100
Disability Insurance	17,672	19,460	21,900	22,000	9,900
Health Insurance	345,659	359,405	464,400	468,700	549,300
Personnel Total	**3,815,551**	**3,853,261**	**4,126,300**	**4,268,300**	**4,508,500**
Operating					
Telephone	11,501	10,559	7,450	7,450	7,500
Office Supplies	2,834	2,693	3,000	3,000	3,000
Postage and Freight	1,359	967	1,000	1,000	1,000
Publications & Subscription	1,354	1,238	500	500	500
Equipment Maintenance	23,449	45,643	154,000	149,000	177,000
Software Maintenance	890,592	270,914	1,990,500	1,990,500	2,125,800
Small Equipment Purchases	8,642	6,189	10,000	10,000	10,000
Contracts	38,061	21,760	40,000	40,000	25,000
Programming Services	1,256,209	1,579,113	1,600,000	1,600,000	1,070,000
Professional Development	12,838	24,800	39,000	30,000	30,000
Prof Dev - College	6,051	3,178	0	0	0
Travel	21,318	21,966	22,000	22,000	22,000
Auto Maintenance	0	0	3,000	3,000	3,000
Auto Fuels	0	0	3,000	3,000	3,000
Operating Total	**2,274,209**	**1,989,021**	**3,873,450**	**3,859,450**	**3,477,800**
Professional Services					
Other Professional Fees	296,405	365,742	804,400	804,400	897,500
Professional Services Total	**296,405**	**365,742**	**804,400**	**804,400**	**897,500**
Grand Total	**$6,386,165**	**$6,208,025**	**$8,804,150**	**$8,932,150**	**$8,883,800**

Organizational Chart

Information Technology Department



*1 position vacant and unfunded

STAFFING SUMMARY

Position	Position Pay Grade	FY 2025-26 Budget	Current Staffing 6/1/2026	FY 2026-27 Budget
INFORMATION TECHNOLOGY				
Chief Information & Security Officer	U	1	1	1
Director of Dev Ops	R	1	1	1
Director of Infrastructure	R	1	1	1
Data Warehouse Architect	Q	1	1	1
Infrastructure Architect	Q	1	1	1
IT Architect	Q	2	2	2
Senior Programmer Analyst	P	2	1	2
Senior Endpoint Administrator	O	1	0	1
Sr. Technical Support Specialist	O	1	1	1
Administrator - Microsoft 365	M	1	1	1
Programmer Analyst - Dev Ops	M	3	4	4
Database Administrator	M	1	0	1
Quality Assurance Analyst	M	3	3	3
Associate Programmer Analyst	L	1	0	0
IT Administrator - Infrastructure	K	1	1	1
Technical Support Specialist	I	1	1	1
IT Administrative Coordinator	H	1	1	1
	TOTAL	**23**	**20**	**23**

CLAIMS DEPARTMENT

PROGRAM DESCRIPTION AND OPERATIONS

The Claims Departments provide comprehensive claims handling services for all Pool members, including workers' compensation, liability, and property claims across multiple lines of coverage. Staff are responsible for processing, investigating, adjudicating, reserving, and resolving claims in a timely, fair, and cost-effective manner while ensuring compliance with applicable laws, regulations, and coverage requirements. Claims professionals manage pre-litigation, EEOC, litigated, and property damage claims, while also supporting injured employees through access to appropriate care, return-to-work coordination, and prompt delivery of benefits in compensable claims.

Operational priorities include maintaining timely communication with members, pursuing subrogation opportunities, disputing non-compensable claims when appropriate, and applying Service Level Objectives (SLOs) to strengthen consistency, accountability, and efficiency in claims operations. The department also remains committed to keeping members informed of legislative, regulatory, and procedural updates through ongoing communication and training. Through these efforts, the Claims Department continues to enhance the member experience, improve operational effectiveness, and support the long-term sustainability of the Pool.

2026-27 OPERATIONAL BUDGET & STRATEGIC INITIATIVES

Guided by the Membership Philosophy of shared purpose, collective resilience, equitable responsibility, and long-term sustainability, the Department's FY 2026–27 budget focuses on the following key initiatives:

- **Leadership Development and Workforce Readiness** - Implement structured training, mentoring, and leadership development programs to strengthen workforce readiness, support succession planning, and enhance operational performance.

- **Claims System Modernization and Cybersecurity Enhancement** - Expand claims system enhancements and strengthen collaboration with Information Technology and cybersecurity teams to improve operational efficiency, system reliability, and data protection.

- **Service Delivery and Member Engagement Enhancement** - Expand training opportunities and collaboration with Loss Prevention staff and Pool members to address litigation risks, emerging claims trends, and member service needs.

- **Property Claims and Recovery Programs** - Enhance specialized property and automobile claims programs to improve response times, streamline restoration and repair processes, reduce costs, and improve member experience.

- **Litigation Management and Cost Containment** - Monitor litigation strategies, expand in-house claims handling capabilities, and implement cost-containment measures to improve claim outcomes and operational efficiency.

KEY METRICS
Workers' Compensation Department

	Actual 2023-24	Actual 2024-25	Budget 2025-26	Estimated 2025-26	Budget 2026-27
■ New Claims Handled Annually	11,024	11,001	12,000	11,200	11,500
■ Number of Employees Covered	214,775	193,456	232,000	196,060	206,850
■ Total Audited Payroll	$7.2 Billion	$7.0 Billion	$8.0 Billion	$7.4 Billion	$7.8 Billion
■ New Indemnity Claims Handled	2,974	3,080	2,900	2,850	2,900
■ Achieve High Performer Rating	98.03	98.03	98.00	98.00	98.00
■ Timely Payment of Initial Temporary Income Benefit	96.08	96.08	95.00	95.00	95.00
■ Timely Processing Initial Medical Bills	99.98	99.98	99.00	99.00	99.00
■ Timely Processing Reconsideration of Medical Bills	99.95	99.95	99.00	99.00	99.00
■ Timely Electronic Submission of Medical Payment Data	100.00	100.00	99.00	99.00	99.00
■ Contribution - Workers' Compensation	$104,013,888	$89,454,000	$86,812,700	$89,300,000	$87,960,500
■ Total Budget - Workers' Compensation	$9,902,470	$10,267,993	$10,834,400	$10,867,000	$10,967,700
■ WC Budget as a % of Contributions	9.52%	11.48%	12.48%	12.17%	12.47%

KEY METRICS
Liability/Property Claims Department

	Actual 2023-24	Actual 2024-25	Budget 2025-26	Estimated 2025-26	Budget 2026-27
■ **Exposures Received :**					
Liability	7,149	8,092	9,200	8,280	9,200
Cyber	0	0	44	44	44
Property	8,895	9,723	10,500	10,500	10,500
Total Exposures Received	**16,044**	**17,815**	**19,744**	**18,824**	**19,744**
■ **Claims Received :**					
Liability	6,366	7,161	8,000	7,200	8,000
Cyber	0	0	44	44	44
Property	5,021	5,551	6,000	6,000	6,000
Total Claims Received	**11,387**	**12,712**	**14,044**	**13,244**	**14,044**
■ Open Claims as of 9/30	3,268	3,686	3,900	3,800	3,900
■ Number of Covered Lawsuits	654	775	950	850	950
■ **Independent Adjuster Fees :**					
Number of Claims with IA payments					
Liability	1,205	1,378	1,500	1,400	1,500
Cyber	0	0	0	0	0
Property	3,123	3,368	3,700	3,500	3,700
Total Number of Claims with IA payments	**4,328**	**4,746**	**5,200**	**4,900**	**5,200**
■ % of Claims Handled by IAs					
Liability	19%	19%	20%	19%	20%
Property	62%	61%	65%	58%	65%
Total % of Claims Handled by IAs	**38%**	**37%**	**37%**	**37%**	**37%**
■ Outside Adjusters Fees Incurred (LAE)					
Liability	$216,587	$220,363	$525,000	$395,422	$425,000
Property	$2,540,467	$2,618,041	$2,600,000	$2,700,000	$2,800,000
Total IA Fees Incurred	**$2,757,054**	**$2,838,404**	**$3,125,000**	**$3,095,422**	**$3,225,000**
■ IA Fees Cost Per Claim					
Liability	$180	$160	$350	$282	$283
Property	$813	$777	$703	$771	$757
Total Cost per Claim	**$637**	**$598**	**$1,053**	**$1,054**	**$1,040**
■ **Contribution**					
Liability Contribution	$76,609,355	$82,223,606	$90,103,800	$90,408,200	$99,820,100
Property Contibution	$150,705,766	$180,774,467	$210,384,400	$207,956,000	$224,681,400
Cyber Fund Contribution	$0	$2,223,024	$2,200,000	$3,192,700	$3,297,000
Total Contribution Handled	**$227,315,121**	**$265,221,097**	**$302,688,200**	**$301,556,900**	**$327,798,500**
■ **Total Liab & Prop Claims Budget + LAE**	$8,768,873	$9,800,666	$10,893,600	$10,613,122	$11,172,500
■ **ALP Budget as a % of Contributions**	3.9%	3.7%	3.6%	3.5%	3.4%

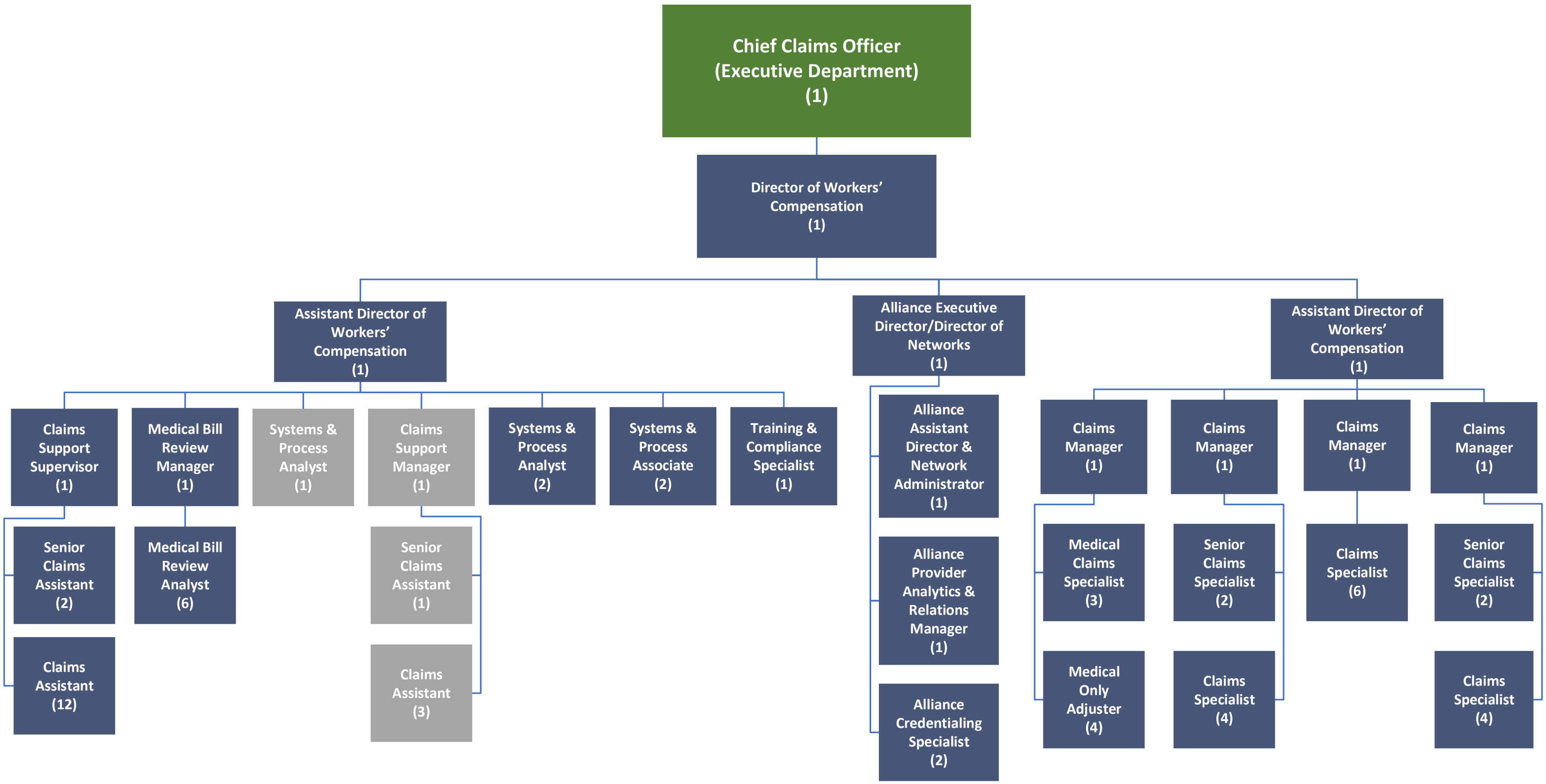
Workers' Compensation Department

Budget Summary

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Est. Total Expenditure	2026-27 Proposed Budget
Personnel					
Full-Time Equivalent: 64					
Regular	$6,298,464	$6,462,985	$6,491,300	$6,777,000	$6,705,600
Medicare Tax	95,123	98,786	98,900	104,600	100,900
TMRS	778,669	794,368	828,100	915,900	922,200
Deferred Compensation	401,873	420,053	416,100	416,300	424,900
Disability Insurance	42,151	48,766	51,000	51,300	20,500
Health Insurance	960,214	1,050,972	1,272,000	1,241,100	1,349,900
Personnel Total	**8,576,492**	**8,875,930**	**9,157,400**	**9,506,200**	**9,524,000**
Operating					
Telephone	15,262	16,037	3,700	3,700	3,700
Office Supplies	11,878	5,955	13,000	10,000	9,000
Postage and Freight	141,536	120,258	69,000	45,000	43,000
Records Retention	67,068	93,030	70,000	90,000	80,000
Publications & Subscription	10,354	10,617	15,600	12,000	13,900
Equipment Maintenance	0	0	5,000	0	0
Small Equipment Purchases	224	0	2,000	0	1,000
Contracts	37,992	53,346	380,000	200,000	102,000
Membership Dues	4,033	914	2,200	1,600	2,200
Professional Development	11,562	12,617	23,800	13,000	22,000
Travel	145,028	142,910	71,500	62,000	74,000
Auto Maintenance	4,151	6,625	9,000	6,500	9,000
Auto Fuels	5,462	4,489	9,000	6,000	9,000
Operating Total	**454,551**	**466,798**	**673,800**	**449,800**	**368,800**
Professional Services					
Claims On-Line Search ISO	158,347	174,441	215,200	150,000	266,000
Other Professional Fees	7,338	0	10,000	5,000	10,000
Medical Bill Review	285,640	276,268	322,000	300,000	330,900
Political Subdivision WCA	420,103	474,555	456,000	456,000	468,000
Professional Services Total	**871,427**	**925,264**	**1,003,200**	**911,000**	**1,074,900**
Grand Total	**$9,902,470**	**$10,267,993**	**$10,834,400**	**$10,867,000**	**$10,967,700**

Organizational Chart

Workers' Compensation Department



Note: Positions shown in grey boxes are funded by another department and are reflected here for organizational reference only.

STAFFING SUMMARY

Position	Position Pay Grade	FY 2025-26 Budget	Current Staffing 6/1/2026	FY 2026-27 Budget
WORKERS' COMPENSATION CLAIMS				
Director of Workers' Compensation	S	1	1	1
Alliance Executive Director/Director of Networks	R	1	1	1
Assistant Director of Workers' Compensation	Q	2	2	2
Alliance Assistant Director & Network Administrator	P	1	1	1
Claims Manager	P	4	4	4
Alliance Provider Analytics & Relations Manager	N	1	1	1
Medical Bill Review Manager	N	1	1	1
Senior Claims Specialist	N	5	4	4
Systems & Process Analyst	N	2	2	2
Training & Compliance Specialist	N	1	1	1
Claims Specialist	L	13	15	14
Claims Support Supervisor	K	1	1	1
Systems & Process Associate	K	2	2	2
Medical Claims Specialist	J	3	3	3
Alliance Credentialing Specialist	G	2	2	2
Medical Only Adjuster	F	4	4	4
Medical Bill Review Analyst	E	6	6	6
Senior Claims Assistant	E	2	2	2
Claims Assistant	D	14	12	12
	TOTAL	**66**	**65**	**64**

Liability & Property Department

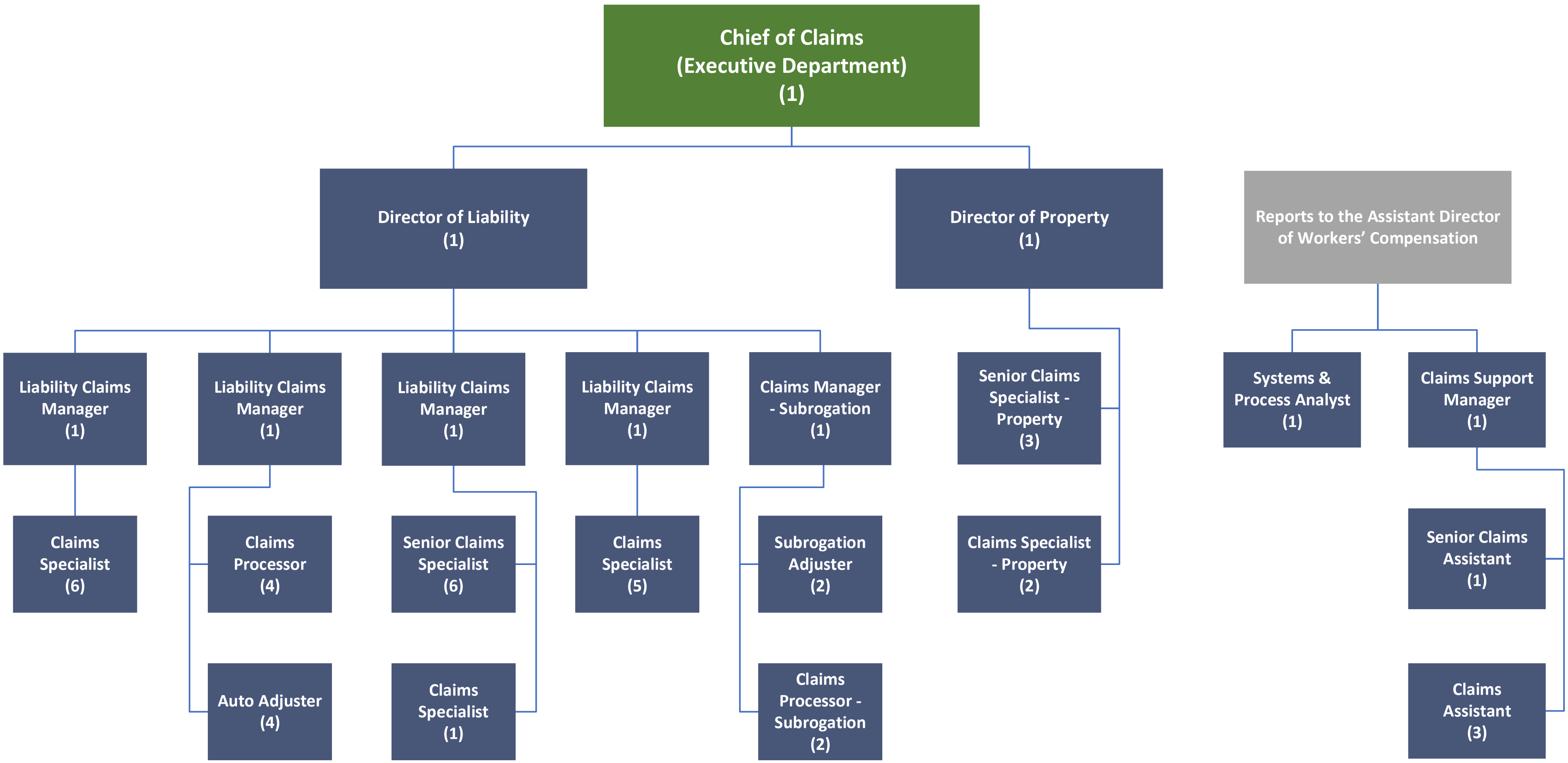
Budget Summary

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Est. Total Expenditure	2026-27 Proposed Budget
Personnel					
Full-Time Equivalent: 48					
Regular	$4,308,073	$4,967,746	$5,291,600	$5,142,400	$5,349,600
Medicare Tax	65,462	74,580	81,100	81,900	80,500
TMRS	532,592	597,822	678,400	717,100	736,200
Deferred Compensation	290,894	323,250	343,300	321,200	341,600
Disability Insurance	28,932	37,141	41,900	39,500	16,400
Health Insurance	620,426	741,367	951,200	916,200	1,144,400
Personnel Total	**5,846,379**	**6,741,905**	**7,387,500**	**7,218,300**	**7,668,700**
Operating					
Telephone	20,919	21,231	11,900	10,400	11,900
Office Supplies	6,161	3,076	7,900	10,000	10,000
Postage and Freight	17,985	17,728	6,000	5,000	6,000
Copies and Printing	0	0	0	2,200	2,200
Records Retention	15,245	23,261	20,000	30,500	31,600
Publications & Subscription	8,964	15,386	23,400	27,800	38,800
Small Equipment Purchases	800	38	6,000	2,100	6,000
Contracts	6,800	23,975	160,500	98,900	40,000
Membership Dues	3,378	3,216	3,600	3,600	4,000
Professional Development	2,812	9,695	26,300	20,700	26,300
Travel	54,593	58,972	74,900	55,000	70,200
Auto Maintenance	2,588	9,719	5,300	2,000	10,000
Auto Fuels	3,853	6,023	11,900	5,300	21,800
Operating Total	**144,097**	**192,319**	**357,700**	**273,500**	**278,800**
Professional Services Total					
Claims On-Line Search ISO	21,343	28,038	23,400	25,900	0
Professional Services Total	**21,343**	**28,038**	**23,400**	**25,900**	**0**
Grand Total	**$6,011,819**	**$6,962,262**	**$7,768,600**	**$7,517,700**	**$7,947,500**

***Effective March 2025, Subrogation Division was transferred to the Liability & Property Department.**

Organizational Chart

Liability/Property Department



Note: Positions shown in grey boxes are funded by another department and are reflected here for organizational reference only.

STAFFING SUMMARY

Position	Position Pay Grade	FY 2025-26 Budget	Current Staffing 6/1/2026	FY 2026-27 Budget
LIABILITY/PROPERTY CLAIMS				
Director of Liability	S	1	1	1
Director of Property	S	1	1	1
Claims Manager - Subrogation & Projects	P	1	1	1
Liability Claims Manager	P	4	4	4
Claims Support Manager	N	1	1	1
Senior Claims Specialist	N	5	6	6
Senior Claims Specialist - Property	N	4	3	3
Systems & Process Analyst	N	1	1	1
Claims Specialist	L	11	11	12
Claims Specialist - Property	L	1	2	2
Claims Specialist - Subrogation	L	2	1	0
Auto Adjuster	J	5	2	4
Subrogation Adjuster	J	3	2	2
Claims Processor	F	2	4	4
Claims Processor - Subrogation	F	0	1	2
Senior Claims Assistant	E	1	1	1
Claims Assistant	D	5	3	3
Subrogation Claims Intake Specialist	D	1	0	0
	TOTAL	**49**	**45**	**48**

BUILDING DEPARTMENT

PROGRAM DESCRIPTION AND OPERATIONS

The Building Maintenance Program is responsible for the maintenance, repair, and capital improvement of the Texas Municipal Center (TMC) facilities in Austin and Georgetown. This function is jointly supported by the Texas Municipal League Intergovernmental Risk Pool (The Pool) and The Kucera Companies Real Estate Services (Kucera), the facilities management firm contracted to provide property management and building maintenance services.

The program's primary objective is to maintain a safe, secure, clean, and efficient environment for employees, visitors, tenants, and organizations utilizing the facilities at TMC–Austin. In addition, the program provides building maintenance support and operational assistance for TMC–Georgetown as needed. Responsibilities include routine and preventive maintenance, facility repairs, contractor coordination, building systems oversight, and capital improvement projects to ensure the facilities remain functional, well-maintained, and responsive to organizational needs.

2026-27 OPERATIONAL BUDGET & STRATEGIC INITIATIVES

Guided by the Membership Philosophy of shared purpose, collective resilience, equitable responsibility, and long-term sustainability, the Department's FY 2026–27 budget focuses on the following key initiatives:

- Maintain secure and controlled access to the TMC–Austin and TMC–Georgetown facilities through effective security systems, policies, and monitoring procedures.

- Ensure the efficient operation and upkeep of TMC–Austin through proactive maintenance, contractor oversight, facility cleanliness, and well-maintained grounds.

- Provide high-quality conference and meeting spaces that support the operational, training, and collaborative needs of organizations utilizing the TMC–Austin facility.

KEY METRICS
Building Maintenance

	Actual 2023-24	Actual 2024-25	Budget 2025-26	Estimated 2025-26	Budget 2026-27
■ Building Maintenance (Operating)	$1,066,520	$1,286,239	$1,254,300	$1,265,300	$1,422,500
■ Building Improvements (Capital) *	$7,231,950	$331,261	$50,000	$50,000	$0
Total	**$8,298,470**	**$1,617,500**	**$1,304,300**	**$1,315,300**	**$1,422,500**

* Building improvements are capitalized costs that are depreciated over the remaining useful life of the building.

Building Maintenance

Budget Summary

	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Est. Total Expenditure	2026-27 Proposed Budget
Personnel					
Regular	$171,318	$0	$0	$0	$0
Medicare Tax	2,220	0	0	0	0
TMRS	18,309	0	0	0	0
Deferred Compensation	8,937	0	0	0	0
Health Insurance	18,721	0	0	0	0
Personnel Total	**219,505**	**0**	**0**	**0**	**0**
Operating					
Rent And Property Taxes	690	0	0	0	0
Telephone	1,094	1,421	5,800	5,600	5,600
Office Supplies	40	0	400	200	200
Building Repairs & Maint	52,648	312,768	272,500	282,500	334,000
Elevator Repairs & Maint	5,270	7,701	6,600	6,600	6,600
Window Cleaning	14,073	15,910	16,300	16,300	16,700
Landscaping	36,564	42,112	44,100	44,100	44,100
Utilities-Electric	273,040	333,384	343,700	343,700	432,000
Utilities-Water	19,411	0	0	0	0
Property Insurance	30,199	0	0	0	0
Janitorial Service	195,533	298,277	272,500	272,500	280,300
Cleaning Supplies	0	2,204	10,000	10,000	10,000
Pest Control Service	2,421	3,606	3,400	4,800	4,800
Security Service	209,572	261,640	267,000	267,000	276,200
Trash Removal	4,948	6,091	6,000	6,000	6,000
Inspections	1,512	1,125	6,000	6,000	6,000
Operating Total	**847,015**	**1,286,239**	**1,254,300**	**1,265,300**	**1,422,500**
Professional Services	0	0	0	0	0
Professional Services Total	**0**	**0**	**0**	**0**	**0**
Grand Total	**$1,066,520**	**$1,286,239**	**$1,254,300**	**$1,265,300**	**$1,422,500**

Depreciation Forecast
2026-27 Budget

Description	Type	Remaining Depreciation Months @ 9/30	Monthly Depreciation Amount	2026-27 Depreciation Months		2026-27 Budget
Computer Software						
ClaimCenter/Contact Manager Upgrade	SFT	45	50,242.94	12		602,900
Microsoft SQL Server Enterprise	SFT	44	1,388.11	12		16,700
Computer Software Total			51,631.05		**$**	**619,600**
Building Improvements						
Building at 1821 Rutherford Lane/Improvements	BLD	101	53,942.47	12		647,300
Building Improvements Total			53,942.47		**$**	**647,300**
Total					**$**	**1,266,900**

2026-27 Budget Depreciation Expense Total by Type		
Computer Software (ClaimCenter/Contact Manager Upgrades)		619,600
Building & Improvements		647,300
Grand Total	**$**	**1,266,900**

Capital Outlay Budget Detail
2026-27 Budget

Department	Description	Quantity	Per Unit Cost	Total Cost
Computer Software				
IT	White Box & external Penetration Test	1	30,000	30,000
Computer Software Total			**$**	**30,000**
Furniture, Fixtures and Equipment				
POOL	Monitor Replacements	10	150	1,500
Furniture, Fixtures and Equipment Total			**$**	**1,500**
Computer Equipment				
POOL	Laptops (Part of Life Cycle Replacement)	105	3,000	315,000
Computer Equipment Total			**$**	**315,000**
Vehicles				
POOL	SUVs	3	35,500	106,500
POOL	Truck	1	59,000	59,000
Vehicles Total			**$**	**165,500**
TOTAL - Capital Purchases Expenditures			**$**	**512,000**
Less: Depreciable Capital Purchases				
None				-
Depreciable Capital Purchases Total			**$**	**-**
Non-Depreciated Capital Purchases (Total Capital Purchases LESS Depreciable Capital Purchases)			**$**	**512,000**
Add: Depreciation Expense				
	Computer Software (ClaimCenter/Contact Manager Upgrades)			619,600
	Building & Improvements			647,300
Depreciable Fixed Assets Total			**$**	**1,266,900**
Non-Depreciated Capital Purchases AND Depreciation Expense Total			**$**	**1,778,900**

TEXAS MUNICIPAL CENTER CAPITAL PROJECT

Project No. 1

OFFICE BUILDING	Budget	
Phase I & II (Visioning & Assembling Team) *	$	170,000
Phase III (Site Selection)		750,000
Phase IV - Preconstruction		8,935,000
Phase V(A) Demolition		5,000,000
Phase V(B) - Construction		63,105,000
Phase VI - Move in		100,000
Sub-Total	**$**	**78,060,000**
205 E. University Property		12,572,165
1009 S. Church Property		1,415,516
Sub-Total		**13,987,681**
Total Project Costs	**$**	**92,047,681**

*Operating Expenses

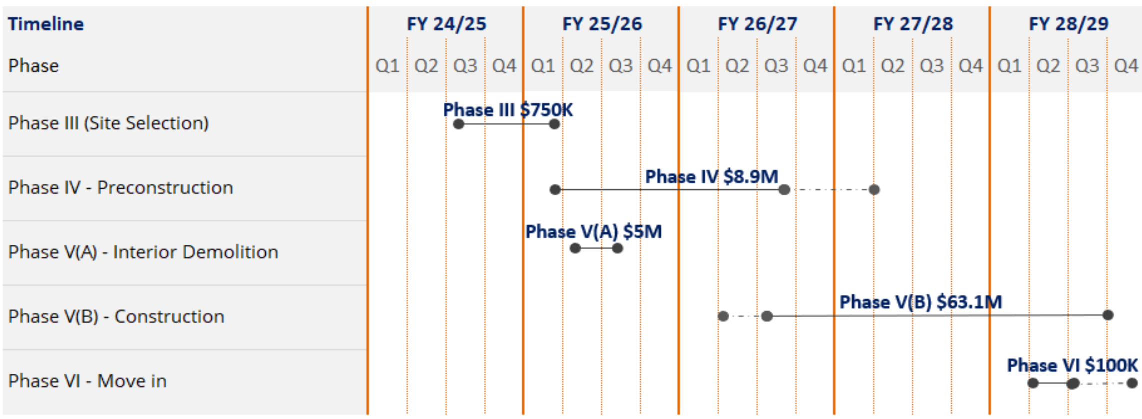
Project No. 2

PARKING GARAGE	Budget	
TMLIRP Contribution*	$	10,000,000
City Contribution		TBD
Total Project Costs		**TBD**

*This assumes a partial contribution based on TMLIRP's projected garage usage.

Project Scope:

1. Shared parking garage with ground floor retail.
2. TMLIRP's contribution only towards parking spaces to support the TMC.



Texas Municipal League Intergovernmental Risk Pool
Salary Schedule
Effective December 1, 2026

A	Monthly	$3,653.66	$4,871.55	$6,089.44
	Annual	$43,843.97	$58,458.64	$73,073.28
B	Monthly	$3,836.35	$5,115.13	$6,393.91
	Annual	$46,036.18	$61,381.56	$76,726.95
C	Monthly	$4,028.17	$5,370.89	$6,713.61
	Annual	$48,337.99	$64,450.65	$80,563.29
D	Monthly	$4,229.57	$5,639.43	$7,049.29
	Annual	$50,754.87	$67,673.17	$84,591.46
E	Monthly	$4,441.05	$5,921.40	$7,401.75
	Annual	$53,292.62	$71,056.84	$88,821.04
F	Monthly	$4,663.10	$6,217.47	$7,771.84
	Annual	$55,957.25	$74,609.68	$93,262.10
G	Monthly	$4,896.26	$6,528.35	$8,160.43
	Annual	$58,755.11	$78,340.15	$97,925.19
H	Monthly	$5,141.07	$6,854.76	$8,568.46
	Annual	$61,692.87	$82,257.15	$102,821.46
I	Monthly	$5,398.13	$7,197.50	$8,996.88
	Annual	$64,777.50	$86,370.02	$107,962.52
J	Monthly	$5,937.94	$7,917.25	$9,896.56
	Annual	$71,255.28	$95,007.04	$118,758.77
K	Monthly	$6,531.73	$8,708.98	$10,886.22
	Annual	$78,380.80	$104,507.73	$130,634.66
L	Monthly	$7,184.91	$9,579.88	$11,974.84
	Annual	$86,218.88	$114,958.50	$143,698.12
M	Monthly	$7,903.40	$10,537.86	$13,172.33
	Annual	$94,840.77	$126,454.35	$158,067.92
N	Monthly	$8,693.74	$11,591.65	$14,489.56
	Annual	$104,324.85	$139,099.78	$173,874.71
O	Monthly	$9,563.11	$12,750.81	$15,938.52
	Annual	$114,757.33	$153,009.75	$191,262.20
P	Monthly	$10,519.42	$14,025.89	$17,532.37
	Annual	$126,233.06	$168,310.73	$210,388.43
Q	Monthly	$12,097.33	$16,129.78	$20,162.22
	Annual	$145,168.00	$193,557.33	$241,946.67
R	Monthly	$13,911.93	$18,549.25	$23,186.56
	Annual	$166,943.21	$222,590.94	$278,238.68
S	Monthly	$15,998.72	$21,331.63	$26,664.54
	Annual	$191,984.69	$255,979.57	$319,974.48
T	Monthly	$18,398.53	$24,531.38	$30,664.22
	Annual	$220,782.40	$294,376.52	$367,970.65
U	Monthly	$19,747.76	$28,211.08	$36,674.41
	Annual	$236,973.09	$338,533.00	$440,092.89
V	Monthly	$21,087.79	$32,442.75	$43,797.71
	Annual	$253,053.42	$389,312.95	$525,572.47
Z	Monthly	$23,358.78	$38,931.30	$54,503.81
	Annual	$280,305.31	$467,175.54	$654,045.75

Texas Municipal League
Intergovernmental Risk Pool
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P.O. Box 149194 • Austin, Texas 78714-9194
(512) 491-2300 • www.tmlirp.org