

2025-27 Long Range Plan 2026 Update

Meeting #1

July 21, 2026



2025-27 Long Range Plan – 2026 Update

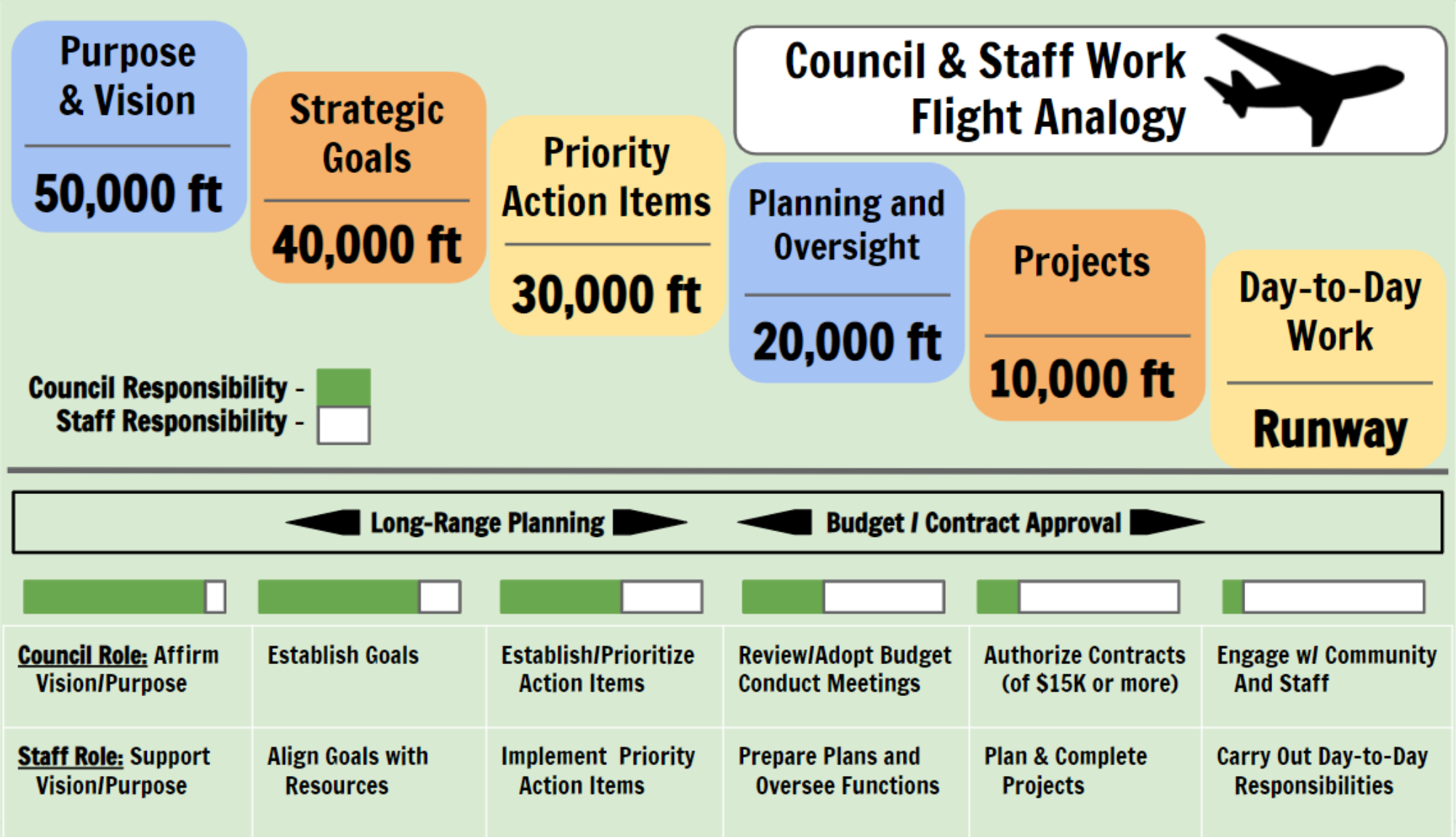
Strategic Plan Financial Plan



Long Range Plan

- Strategic Goals
- Key Trends and Issues
- Strategies and Solutions
- Priority Action Items

2025-27 Long Range Plan – 2026 Update



2025-27 Long Range Plan – 2026 Update

July 21

- Introduction
- Goals
- General Fund
- Property Tax Levy
- Health Fund
- OPEB

August 4

- Facilities
- Capital Projects
- Water Fund

August 8

- Priority Actions



Key Messages

The Rate Increases for HRST and Hotel Tax are Generating Additional Revenue as Planned

The General Fund Continues to be Sustainable

The Property Tax Levy Will Increase Moderately to Pay for Public Safety Pension Contributions

Maintaining a Sustainable Health Fund Will Require Increasing Revenues to Cover Cost Increases

The Other Post-Employment Benefit Trust is Performing Well

Capital Fund Will Pay for Planned Streetscapes and ATP Improvements Over the Next 5 Years

A Facilities Maintenance Plan has been Developed Based on the Facilities Condition Assessment

In the FY27 Budget, An Additional Staff Member will be Requested to Assist with Lead Service Line Replacements over the next 11 Years

If Funds are Available, the Following Identified Needs Should be Considered:

- Additional funding for public safety pension contributions
- Contributions to the Health Fund
- Begin saving money for the planned replacement of Fire Station 3



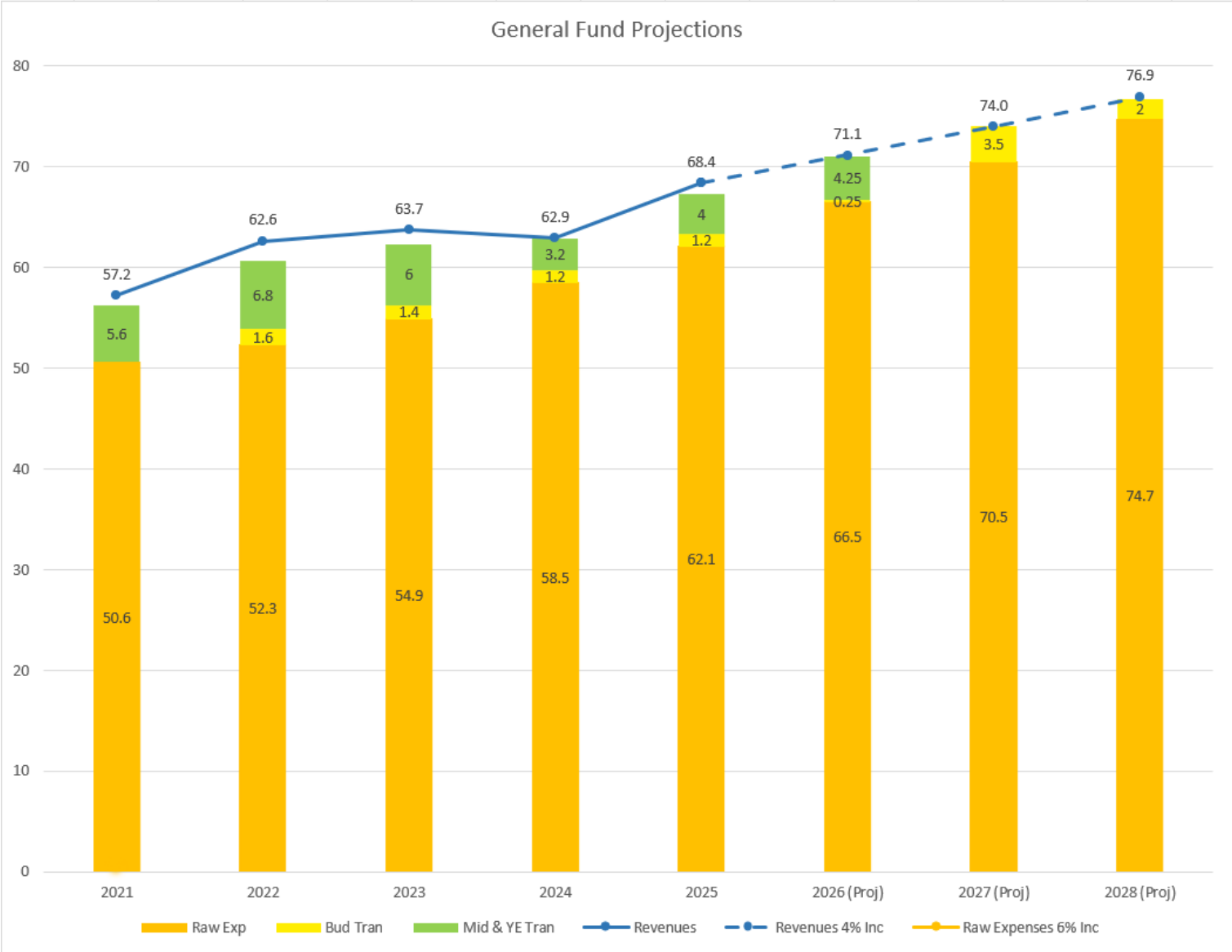
2025-27 Long Range Plan – 2026 Update

Strategic Goals

- Steward of Financial, Environmental, and Neighborhood Sustainability
- Exceptional Municipal Services
- Top Quality Infrastructure
- Strong, Diverse Local Economy
- A Safe and Welcoming Community
- A Beautiful Community
- Continual Innovation



General Fund Sustainability

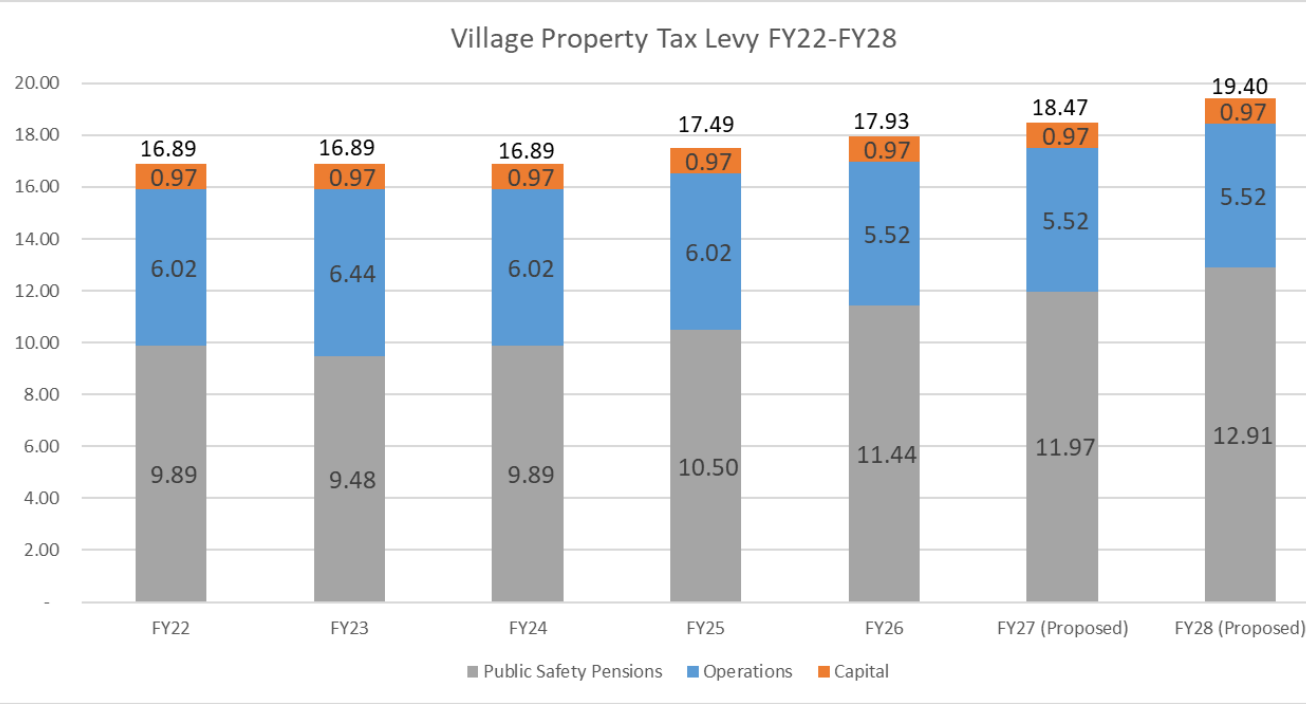
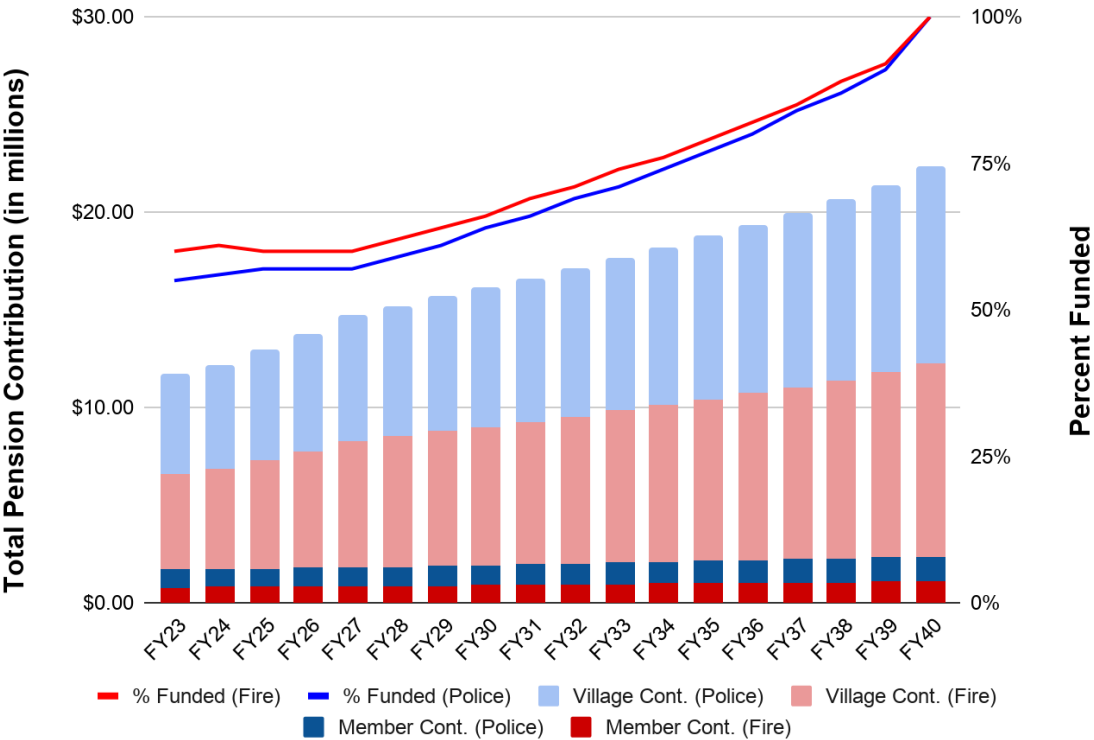


Strategies & Solutions

- Continue to manage expenses within budgeted amounts and maintain the fund balance at the recommended level of 38% of annual expenses
- Continue to prepare balanced, sustainable annual budgets
- Continue to strategically transfer money from the GF to fund identified needs such as public safety pensions, facilities, and health expenses
 - If revenues continue to exceed expenses, increase the budgeted transfer of expenses to proactively address identified needs in other funds
 - If revenues fall short of expenses, consider reducing the budgeted transfers to other funds
- Make the required contributions to the Public Safety Pension funds using dedicated revenue from the property tax levy
- Use alternative revenue sources to fund operations to avoid or minimize increases in the levy for operations



Property Tax Levy & Public Safety Pensions

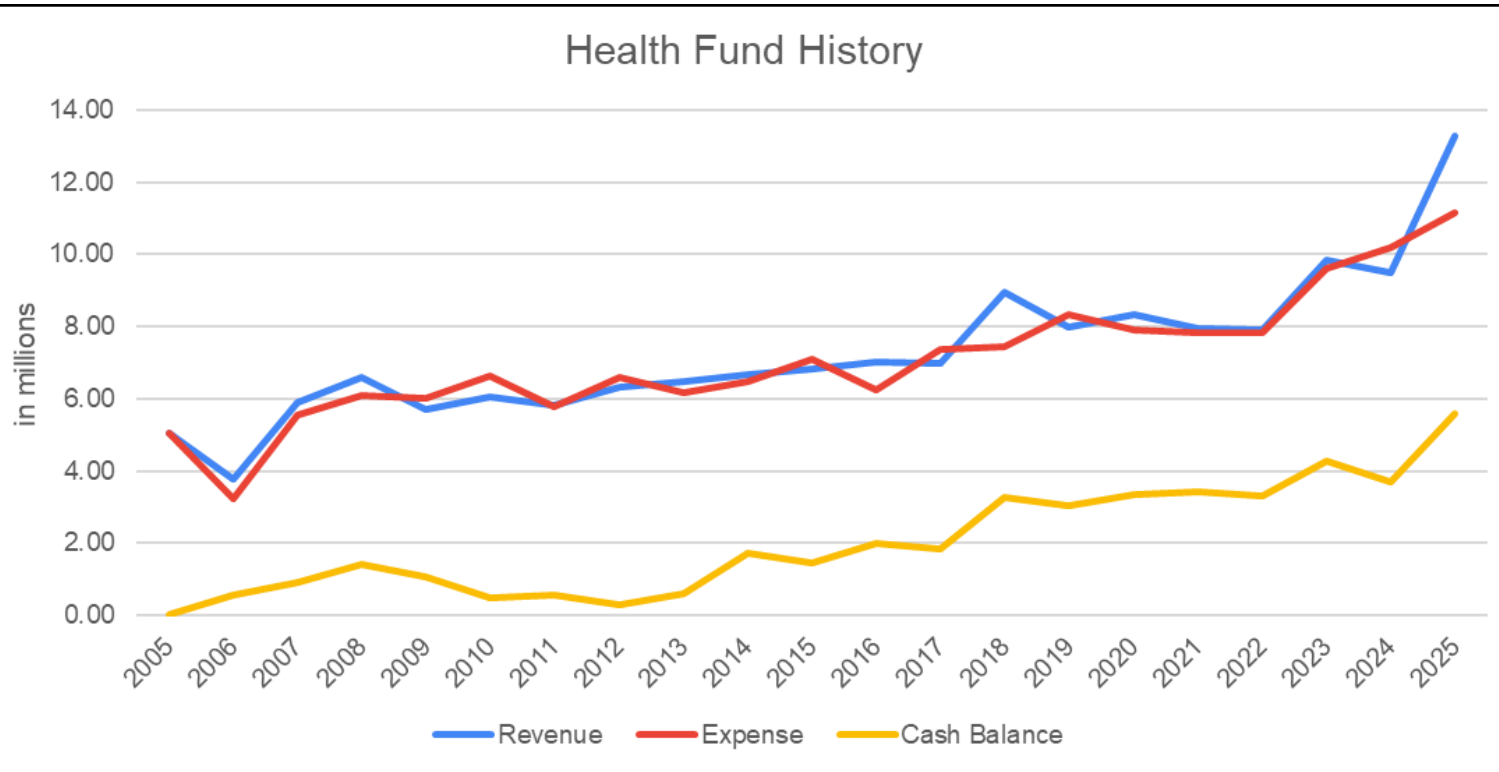


Strategies & Solutions

- Make the required contributions to the Pension Funds using property tax revenue through 2040
- Use alternative revenue sources to fund operations to avoid / minimize increases in the levy for operations
- In 2027, use the remaining Pension Stabilization Assignment balance of \$472,346 to make a one-time additional payment to the Public Safety Pension Funds to reduce future contributions
- Consider making contributions in excess of the required contributions to reduce future pension expenses, if financial conditions in the General Fund allow



Health Fund Sustainability



Strategies & Solutions

- Continue to manage the Health Fund in a financially sustainable manner, focusing on the long-term viability, monitoring the cash balance as well as annual revenues and expenses
- Over the next few years, take steps to achieve balanced annual budgets:
 - Consider increasing all Health Fund revenue sources
 - Control costs by continuing to educate employees on healthcare consumerism and utilization, such as advocating for early cancer screenings and pharmaceutical alternatives for expensive and specialty drugs
 - Consider incorporating plan design changes and technological advancements to assist with controlling health plan costs
- Partner with the Village's health insurance consultants and vendors to monitor changing healthcare industry trends
- Continue to fund the OPEB trust to achieve 100% funding by 2034

OPEB Trust

Key Benefits

OPEB FAQ

What does the acronym "OPEB" refer to?
The OPEB acronym refers to Other Post Employment Benefits.

What OPEB benefits apply to the Village?

For the Village, OPEB consists only of health care benefits for retirees, which include paid healthcare premiums for Public Safety Employee Benefits Act members, paid retiree health premiums for those retired before 2009, and a portion of the premiums contributed to the Village's self-funded health fund on behalf of active employees.

Will OPEB benefits ever be eliminated?

No, per state statute, all employers must offer health care insurance to their retirees; these benefits will always exist, and they will increase as healthcare costs increase.

Will the OPEB liability ever be eliminated?

No. The OPEB liability will be present as long as the Village establishes the same premium amounts to all employees, regardless of age, rather than charging higher premiums to employees over a certain age.

What is the OPEB total liability?

The OPEB total liability is the total cost of all future retiree healthcare benefits that have already been earned by employees. This liability is determined annually by an actuary.

What is the unfunded OPEB liability?

The unfunded OPEB liability is the portion of the OPEB total liability that the Village does not have money specifically designated for.

What is the funded OPEB liability?

The funded OPEB liability is the amount the Village has already set aside in savings or investments to help pay for the OPEB total liability. The money in the OPEB trust represents the funded OPEB liability.

What is the relationship between the OPEB total liability, funded liability, and unfunded liability?
The OPEB unfunded liability is the difference between the total OPEB liability and the funded OPEB liability. The goal is to reduce the unfunded amount by increasing the funded amount over time.

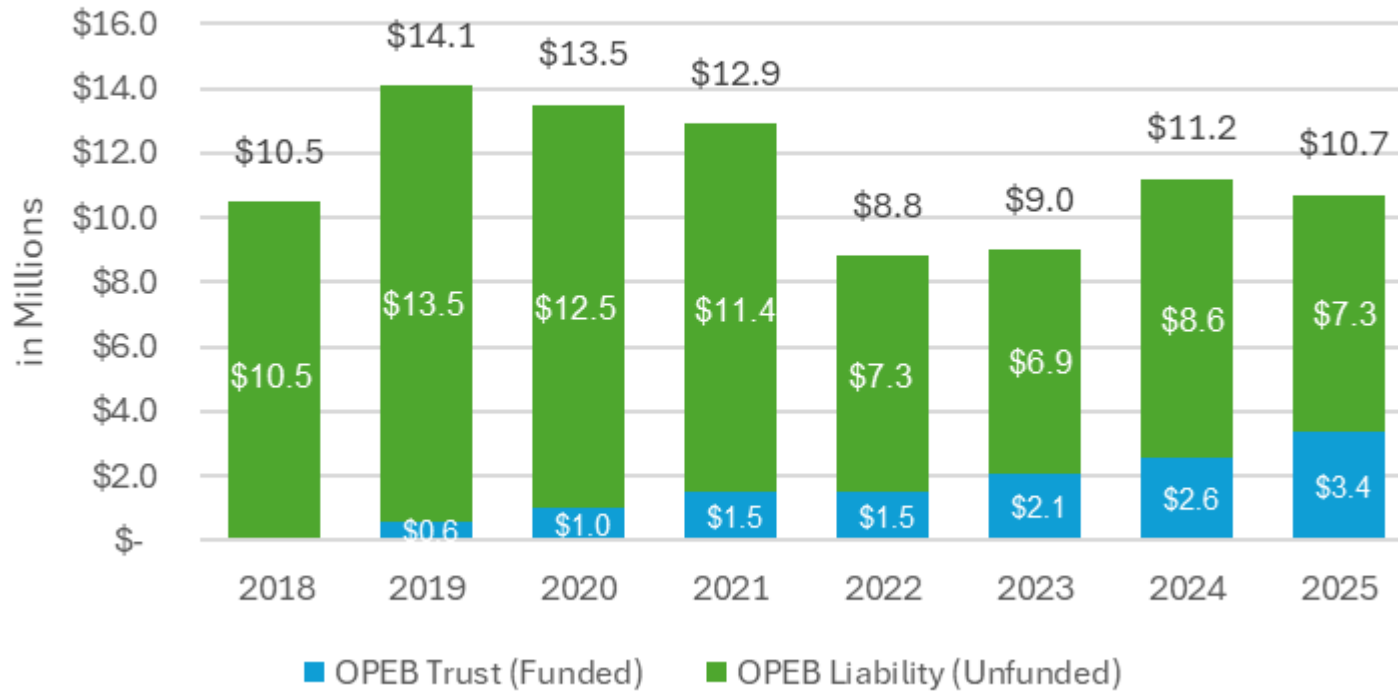
What are the key benefits of an OPEB trust?

- **Reduced Long-Term Costs:** Investing funds allows returns to help cover obligations, reducing the overall cost compared to a pay-as-you-go approach.
- **Financial Stability & Liability Reduction:** Establishing an irrevocable trust demonstrates financial responsibility, which can improve credit ratings and reduce Net OPEB Liability on financial statements.
- **Intergenerational Equity:** Ensures current taxpayers pay for the benefits earned by employees today, rather than pushing costs to future generations.
- **Asset Protection:** Trust assets are legally protected from the creditors of the employer.
- **Higher Investment Returns:** Unlike general funds, trust assets can be invested with a long-term horizon (similar to pensions), yielding higher returns.

- **Reduced Long-Term Costs:** Investing funds allows returns to help cover obligations, reducing the overall cost compared to a pay-as-you-go approach.
- **Financial Stability & Liability Reduction:** Establishing an irrevocable trust demonstrates financial responsibility, which can improve credit ratings and reduce Net OPEB Liability on financial statements.
- **Intergenerational Equity:** Ensures current taxpayers pay for the benefits earned by employees today, rather than pushing costs to future generations.
- **Asset Protection:** Trust assets are legally protected from the creditors of the employer.
- **Higher Investment Returns:** Unlike general funds, trust assets can be invested with a long-term horizon (similar to pensions), yielding higher returns

OPEB Trust

OPEB Total Liability



Strategies & Solutions

- Continue to contribute at least \$300,000 annually to the OPEB trust.
- Once the 80% funding threshold is reached (expected by 2035)
 - Transition to making annual contributions based directly on an actuarially determined calculation
 - Start using funds from the trust to pay for a portion of retiree healthcare benefits, based on an actuarially determined amount

2025-27 Long Range Plan 2026 Update

Meeting #1

July 21, 2026

