



# 2026 Proposed Budget Overview

**CITY COUNCIL COMMITTEE PRESENTATION**

OCTOBER 6, 2025

# 2026 Budget Highlights

## General Fund

- No proposed real estate tax or earned income tax increases.
- ARPA funding has ended
- Earned Income Tax revenues continue to grow as projected.
- Increased expenses in pension, medical costs, salary increases for bargaining units
- 10.5 positions + fully staffed police department

## Solid Waste and Recycling Fund

- No proposed increases in fees
- Hauling and Tipping Fees continue to increase

## Water Fund

- No City rate increases proposed
- PUC Rate Case was submitted September 30, so customers outside of the City will see a rate increase
- 2 new positions proposed

## Sewer Fund

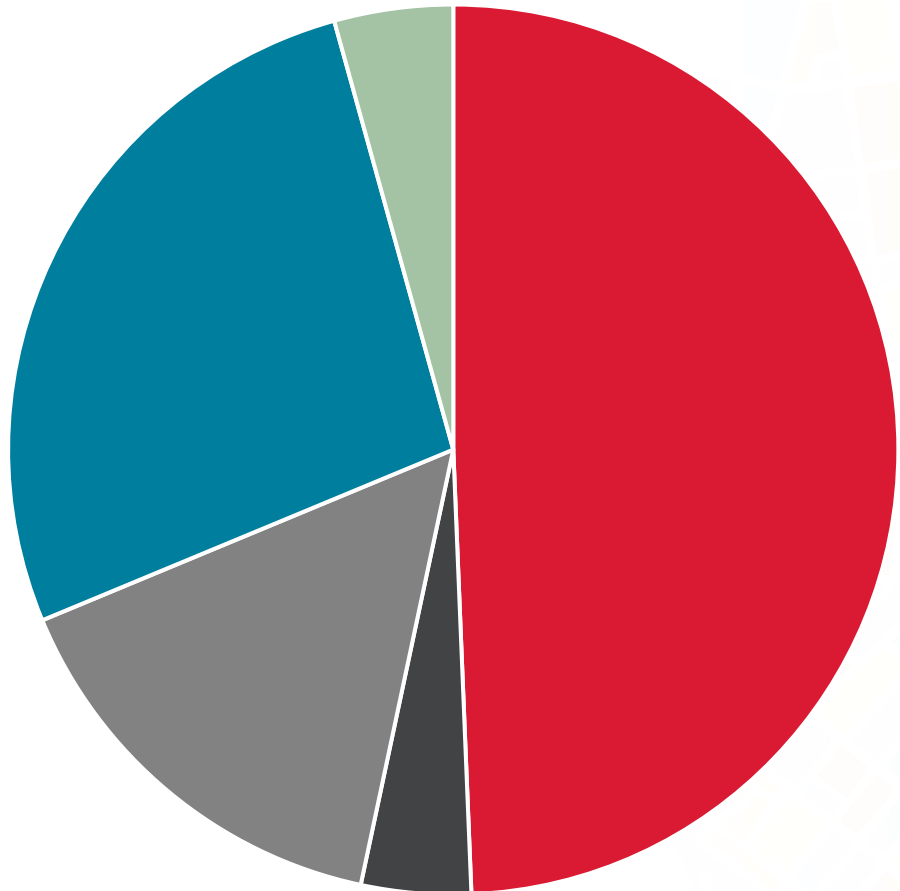
- No proposed increases in fees.
- 2 new positions proposed

## Stormwater Fund

- No stormwater fee increase proposed
- 1 new position proposed

# 2026 Combined Operating Budgets

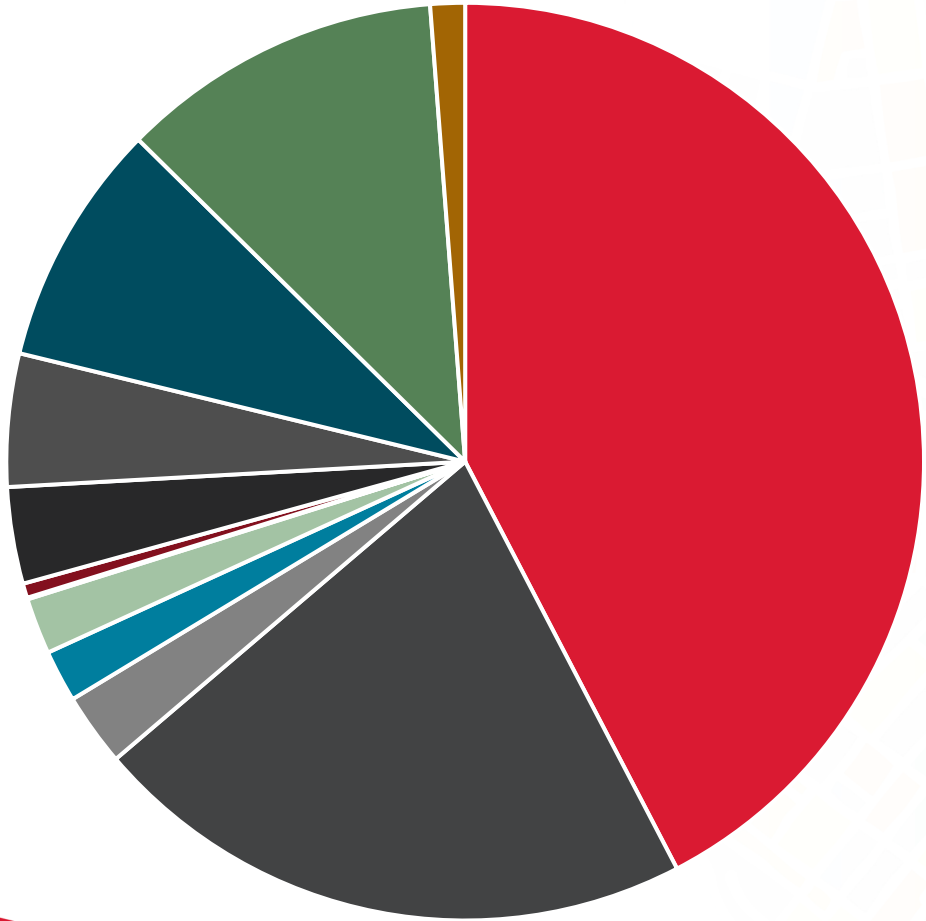
\$159,665,042



- General Fund (\$81,739,847, 52%)
- Water Fund (\$38,819,625, 24%)
- Sewer Fund (\$25,496,289, 16%)
- Solid Waste and Recycling Fund (\$7,001,321, 4%)
- Stormwater Management Fund (\$6,607,960, 4%)

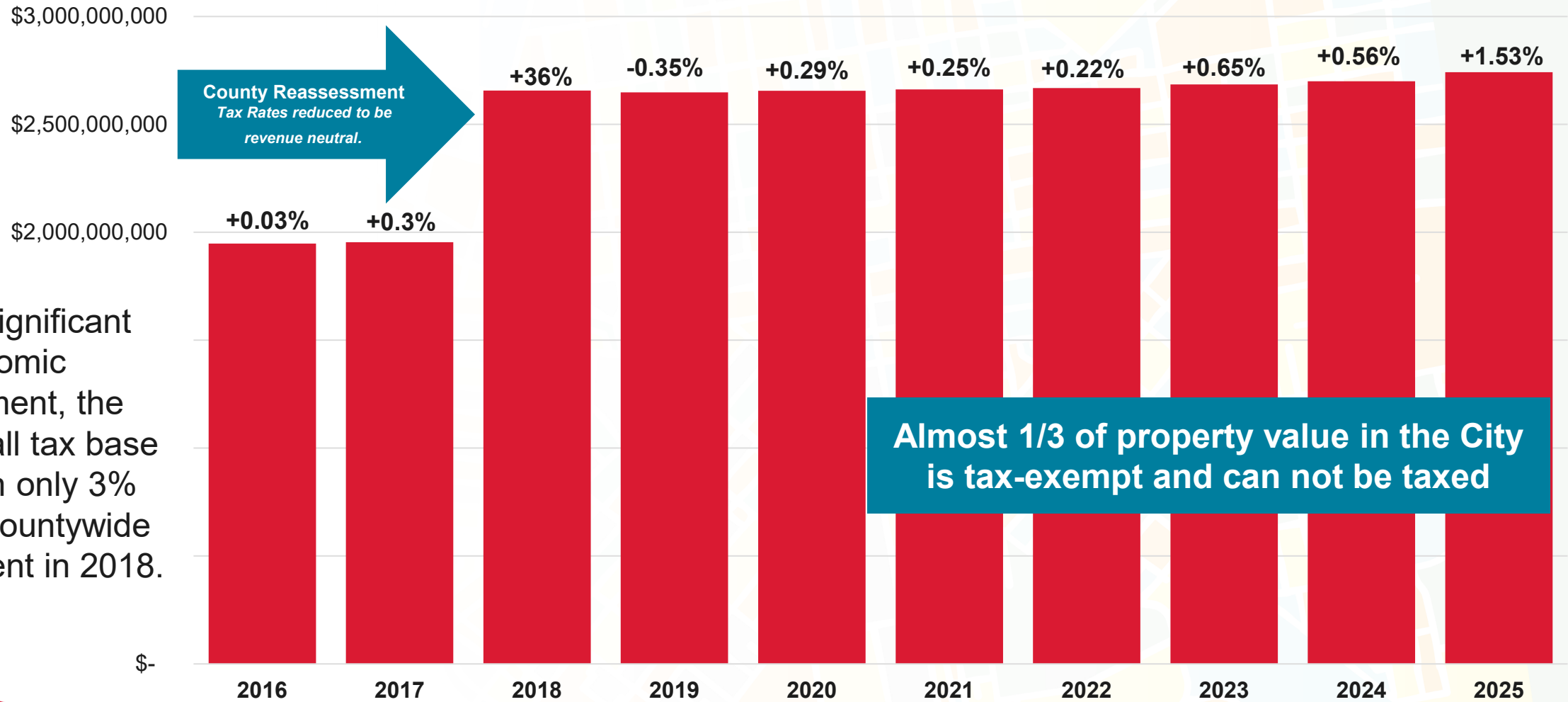
# 2026 General Fund Revenues

\$81,920,292



- Property Tax (\$34,701,838, 42%)
- Earned Income Tax (\$17,543,571, 21%)
- Other Revenue (\$9,335,957, 11%)
- Public Works Revenues (\$7,032,536, 9%)
- Health, Housing & Codes Revenues (\$3,835,000, 5%)
- Public Safety Revenues (\$2,787,996, 3%)
- Payment in Lieu of Taxes (\$2,100,000, 3%)
- Local Services Tax (\$1,620,661, 2%)
- Real Estate Transfer Tax (\$1,500,000, 2%)
- Use of Fund Balance Reserves (\$1,000,000, 1%)
- Regulatory Revenues (\$417,416, <1%)
- Other Taxes (\$45,318, <1%)

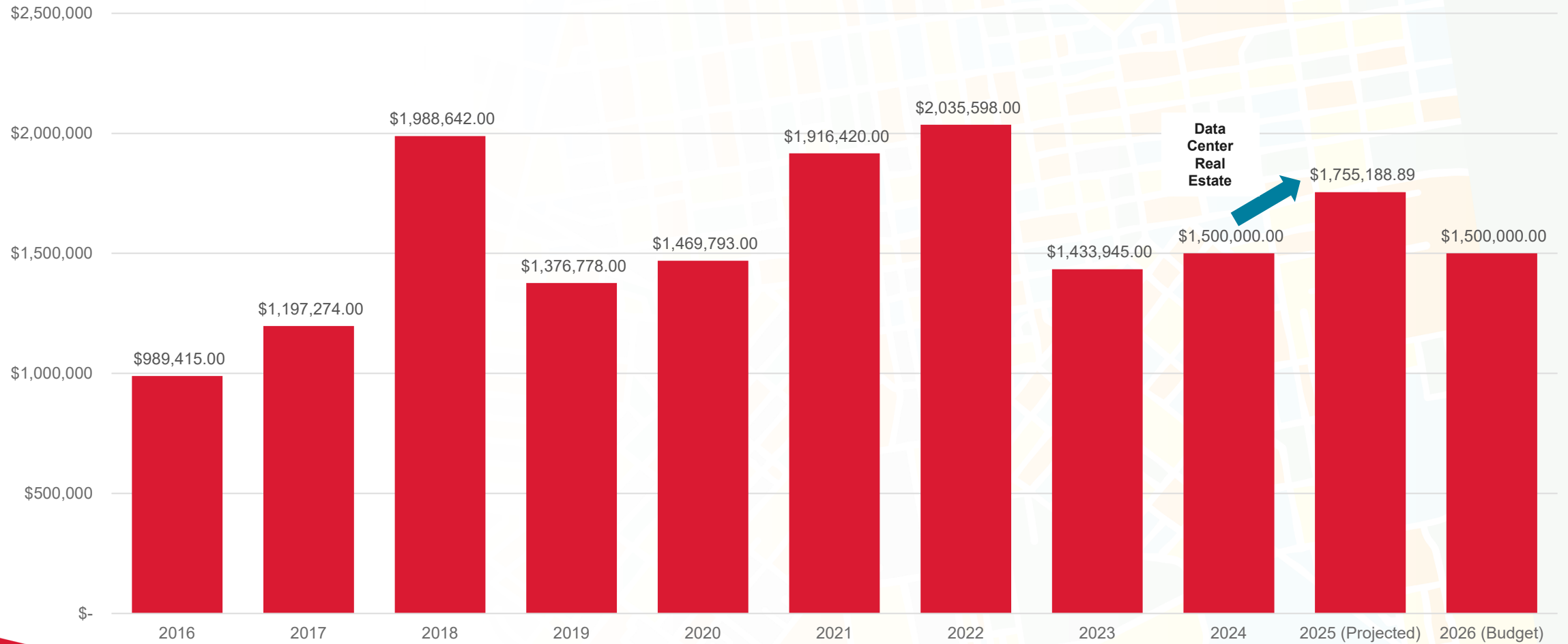
# Total Assessed Value of Real Estate



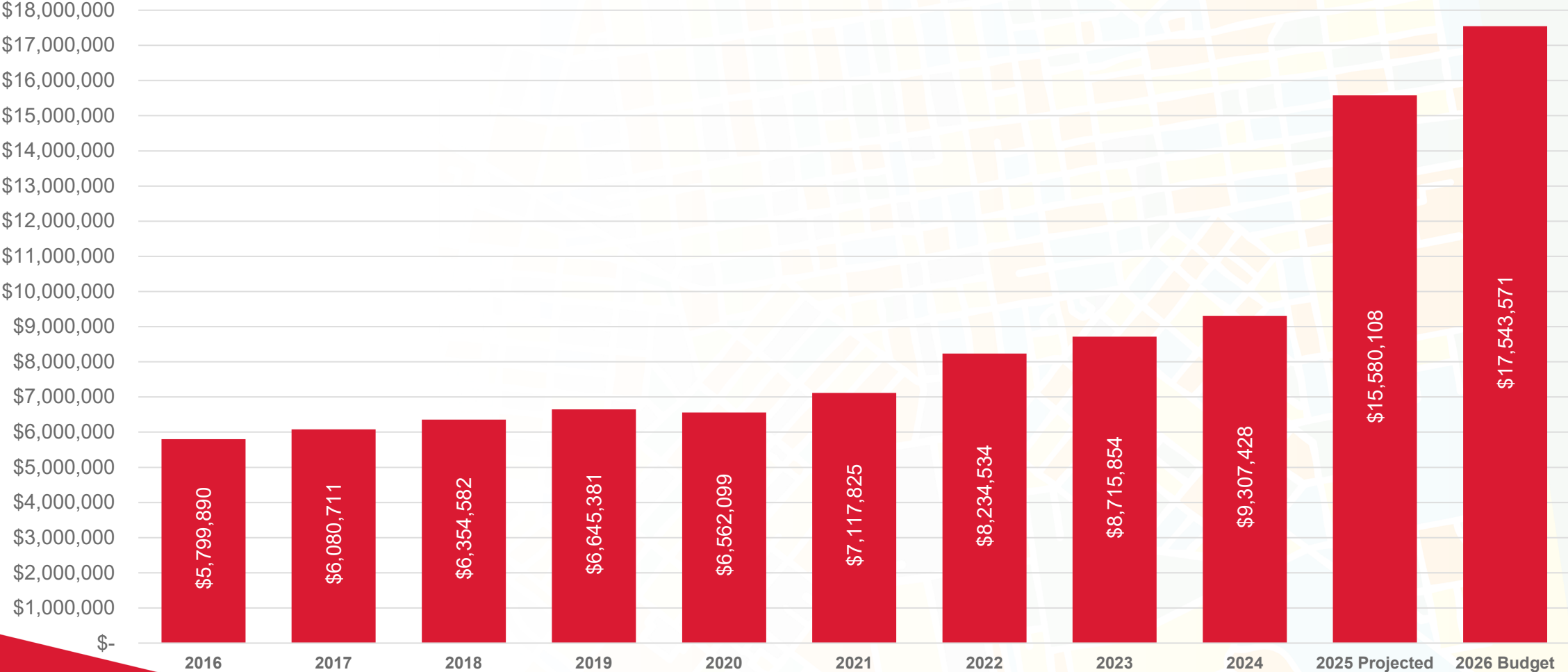
Despite significant economic development, the City's overall tax base has grown only 3% since the countywide reassessment in 2018.

Almost 1/3 of property value in the City is tax-exempt and can not be taxed

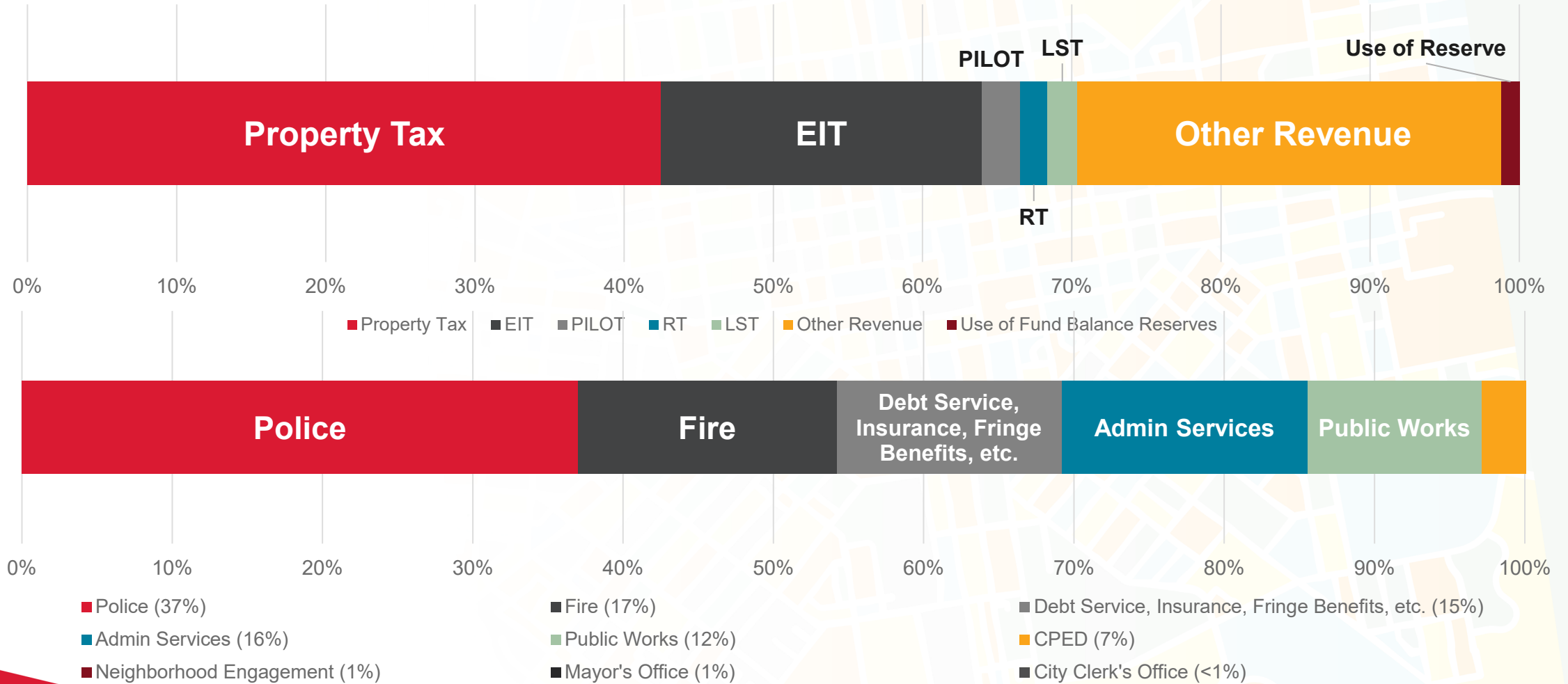
# Real Estate Transfer Tax Revenue



# Earned Income Tax

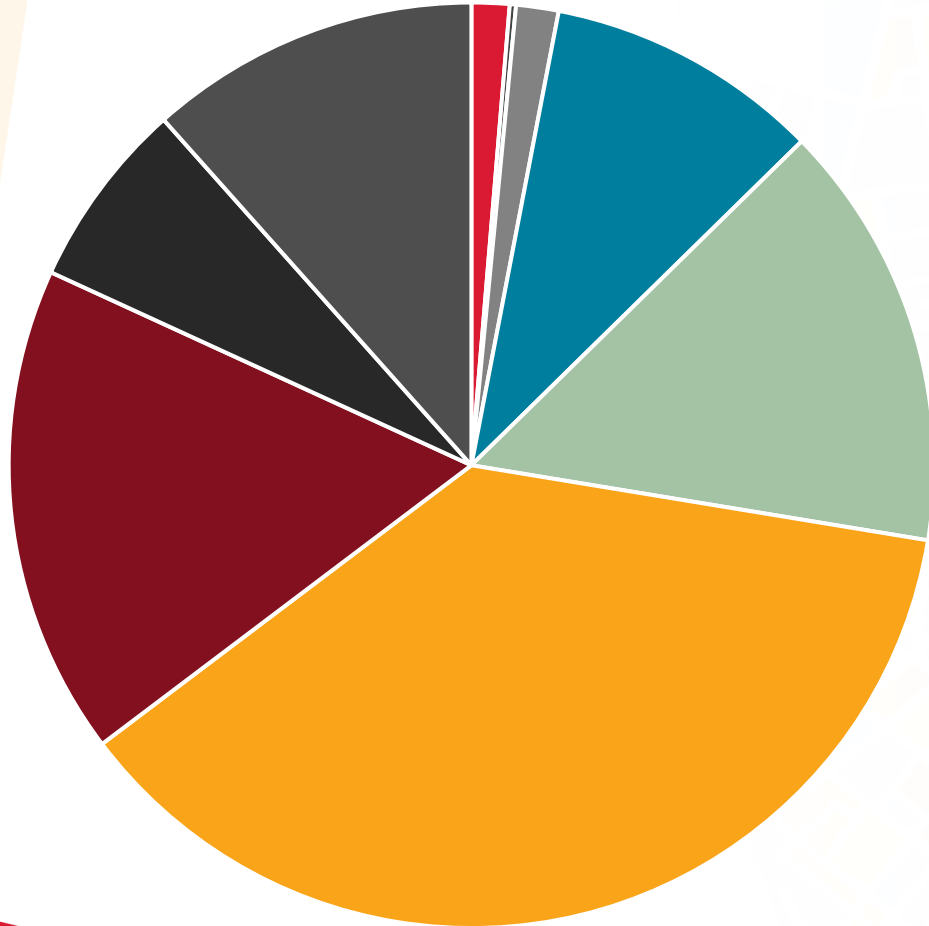


# 2026 Budget Revenue vs Expenses



# 2026 General Fund Expenses

\$81,739,847



- Police Bureau (\$30,338,592, 37%)
- Fire Bureau (\$14,008,789, 17%)
- Supporting Expenses (\$12,212,629, 15%)
- Public Works (\$9,466,614, 12%)
- Administrative Services (\$7,868,784, 10%)
- Community Planning & Economic Development (\$5,370,689, 7%)
- Neighborhood Engagement (\$1,212,774, 2%)
- Executive (\$1,082,089, 1%)
- Legislative/Financial (\$178,887, <1%)

# General Fund Expense Budget Comparison

## 2025 Adopted Budget vs. 2026 Proposed Budget

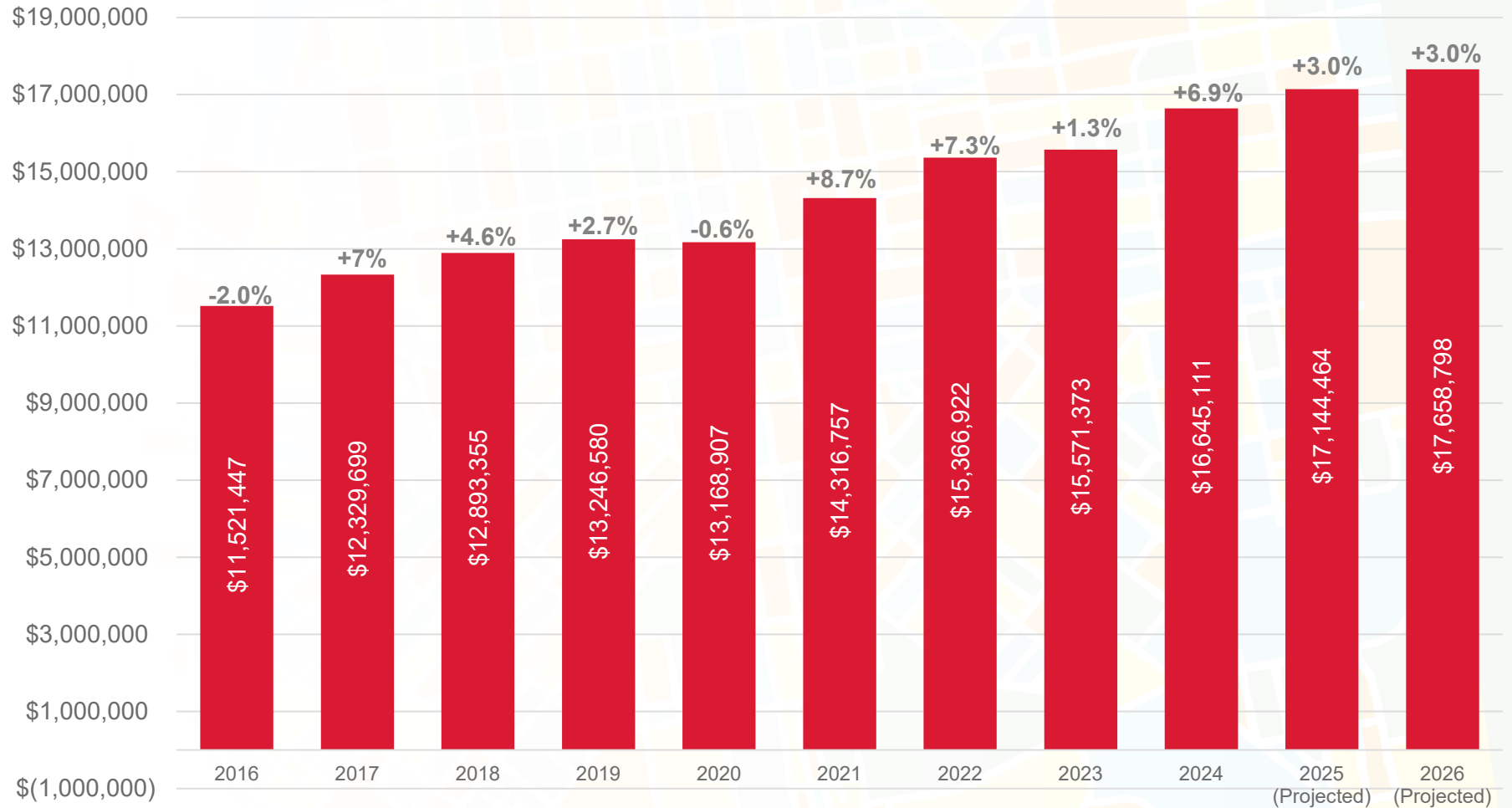


# City Medical Claims Costs – All Funds

City medical expenses continue to increase at an average rate of 4.5% a year.

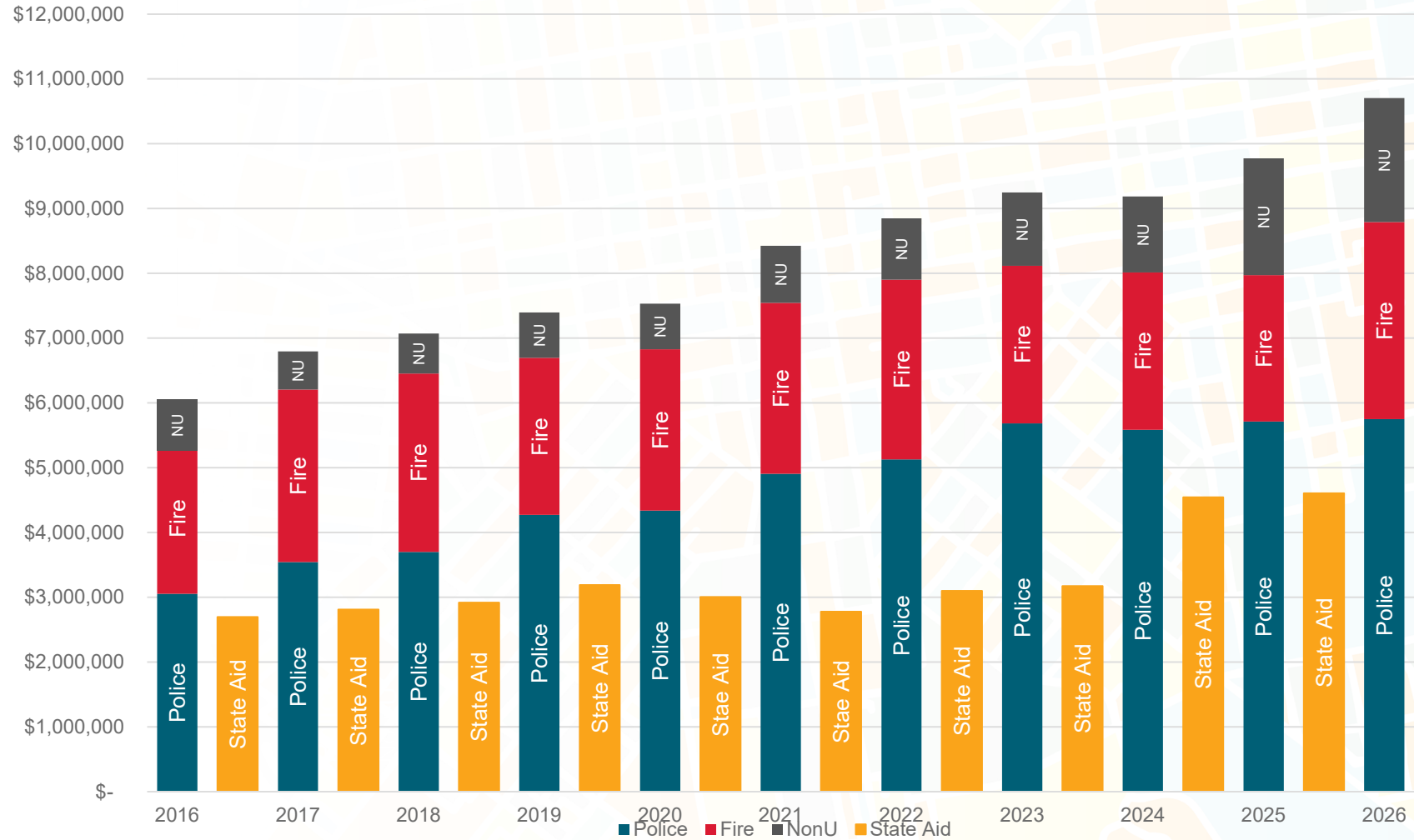
**AND**

City medical expenses have increased by nearly \$5.6 million from 2016 to 2025 (projected).

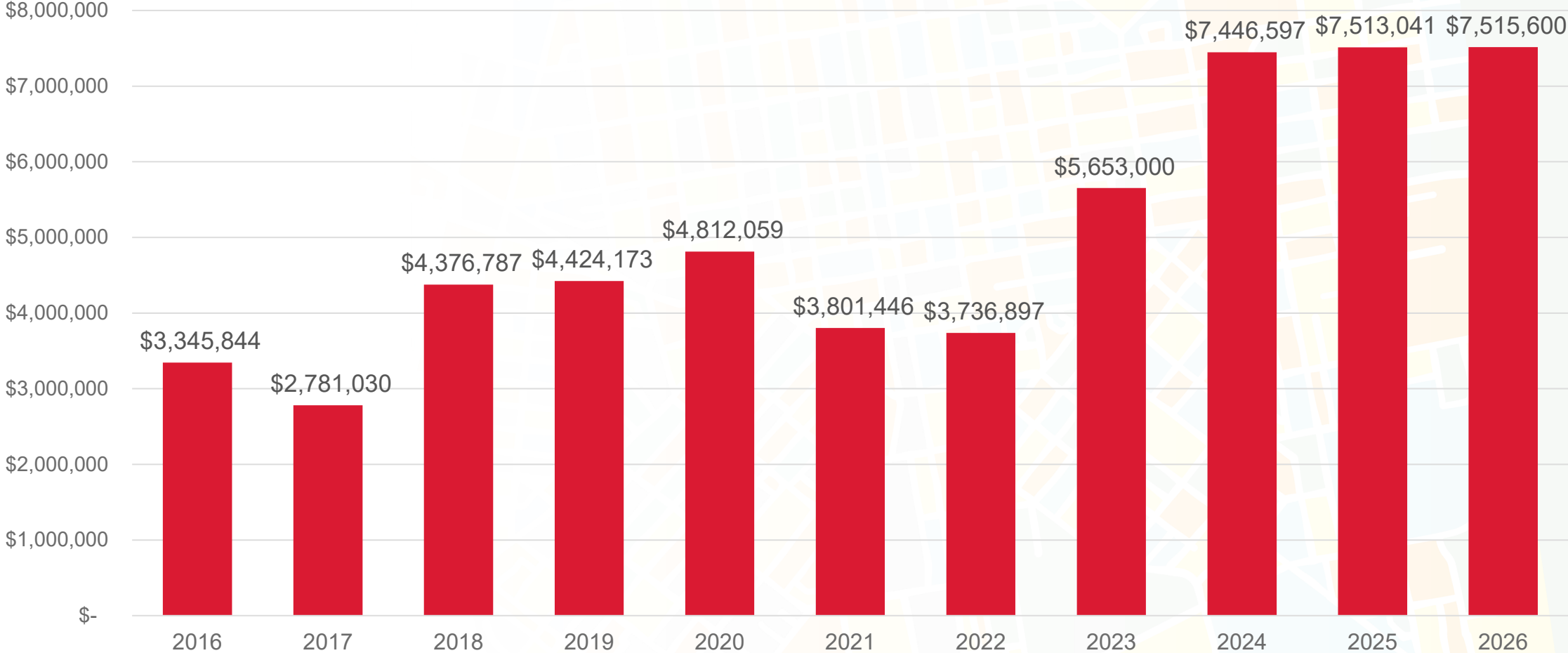


# General Fund Pension Obligations vs. PA State Aid

General Fund pension obligations have increased by \$4.8 million since 2016, while State Pension Aid has only increased by \$1.9 million.



# General Fund Debt Service



# 10 Year Projections



	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>Revenue</b>	\$79.6M	\$81.7M	\$83M	\$84.5M	\$85.9M	\$87.5M	\$89M	\$90.7M	\$92.4M	\$94.2M	\$92M	\$97.4M
<b>Expenses</b>	\$74.9M	\$81.7M	\$83.9M	\$86.0M	\$88.2M	\$89.3M	\$91.6M	\$94.0M	\$96.5M	\$99M	\$92.5M	\$101.1M
<b>Surplus (Deficit)</b>	\$4.8M	(\$49K)	(\$823K)	(\$1.5M)	(\$2.3M)	(\$1.9M)	(\$2.6M)	(\$3.4M)	(\$4.1M)	(\$4.9M)	(\$3.0M)	(\$3.7M)
<b>Fund Balance</b>	\$16.6M	\$16.6M	\$15.7M	\$14.1M	\$11.9M	\$10.0M	\$7.4M	\$4.0M	(\$110K)	(\$5.0M)	(\$3.1M)	(\$8.7M)
<b>Fund Balance % of Operating</b>	22.1%	20.2%	19.0%	16.5%	13.5%	11.2%	8.0%	4.3%	-0.1%	-5.0%	-3.2%	-8.6%

# Budget Schedule

- October 7, 2025 – Draft budget posted and available for review
  - Budget Questions and Comments can be posted on Engage Lancaster
- October 21, 2025 – First Budget Hearing. Department Overviews by:
  - Administrative Services
  - Community Planning and Economic Development
  - Fire Bureau
  - Police Bureau
- November 18, 2025 – Second Budget Hearing. Department Overviews by:
  - Mayor’s Office, Solicitor’s Office and Elected Officials
  - Neighborhood Engagement
  - Public Works
  - Utility Funds
- November 25, 2025 – First Reading of Budget Ordinances
- December 1, 2025 – Engage Lancaster Questions close and receive responses
- December 9, 2025 – Second Reading of Budget Ordinances



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