

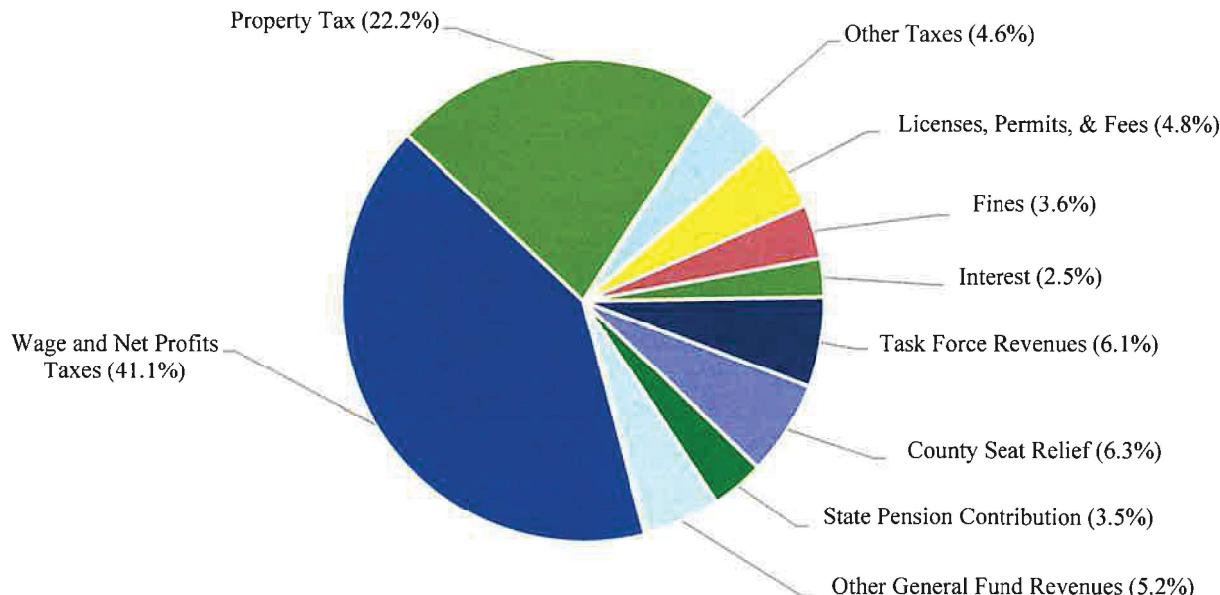
General Fund Revenues Fiscal Year 2026

General Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change FY'26-'25	Percent Change FY'26-'25
Wage and Net Profits Taxes	\$75,681,172	\$81,030,509	\$77,345,569	\$84,000,012	\$6,654,443	8.6%
Property Tax	44,789,172	45,653,504	46,379,877	45,373,913	(1,005,964)	-2.2%
Other Taxes	8,927,922	9,229,970	7,666,892	9,442,550	1,775,658	23.2%
Licenses, Permits, & Fees	5,304,705	7,692,115	6,836,751	9,891,119	3,054,368	44.7%
Fines	7,796,679	7,939,595	7,389,492	7,346,322	(43,170)	-0.6%
Interest	4,662,032	9,918,184	8,179,000	5,206,000	(2,973,000)	-36.3%
Other Revenues	11,038,061	10,054,096	10,568,397	10,380,146	(188,251)	-1.8%
Task Force Revenues	7,249,639	11,929,072	12,368,940	12,408,649	39,709	0.3%
County Seat Relief	12,423,803	12,662,664	12,357,549	12,943,173	585,624	4.7%
State Pension Contribution	8,787,399	7,609,202	6,843,847	7,220,492	376,645	5.5%
Port Debt Reimbursement	553,829	0	0	0	0	0.0%
CARES / ARPA	12,000,000	0	0	0	0	0.0%
Transfers In/(Out)	275,000	275,000	275,000	275,000	0	0.0%
Use of Fund Balance	0	0	0	0	0	0.0%
Total Revenues	\$199,489,413	\$203,993,911	\$196,211,314	\$204,487,376	\$8,276,062	4.2%

Total General Fund revenue (including transfers) is budgeted at **\$204,487,376**, a net increase of \$8.3 million, or 4.2%, above the FY 2025 budget. No ARPA revenue replacement or use of the Tax Stabilization Reserve is budgeted for FY 2026.

The net change by revenue category is discussed in detail below.

General Fund Revenues Fiscal Year 2026



General Fund Revenues Fiscal Year 2026

WAGE AND NET PROFITS TAXES

General Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Wage and Net Profits Taxes	\$75,681,172	\$81,030,509	\$77,345,569	\$84,000,012	\$6,654,443	8.6%

* Relative to FY 2025 budget.

Basis: Projected growth of local economy / wage inflation / corporate bonus compensation / refund losses

Critical Assumptions: Relative to the FY 2025 budget, Wage and Net Profits Taxes are expected to increase by \$6.7 million to a new total of \$84.0 million.

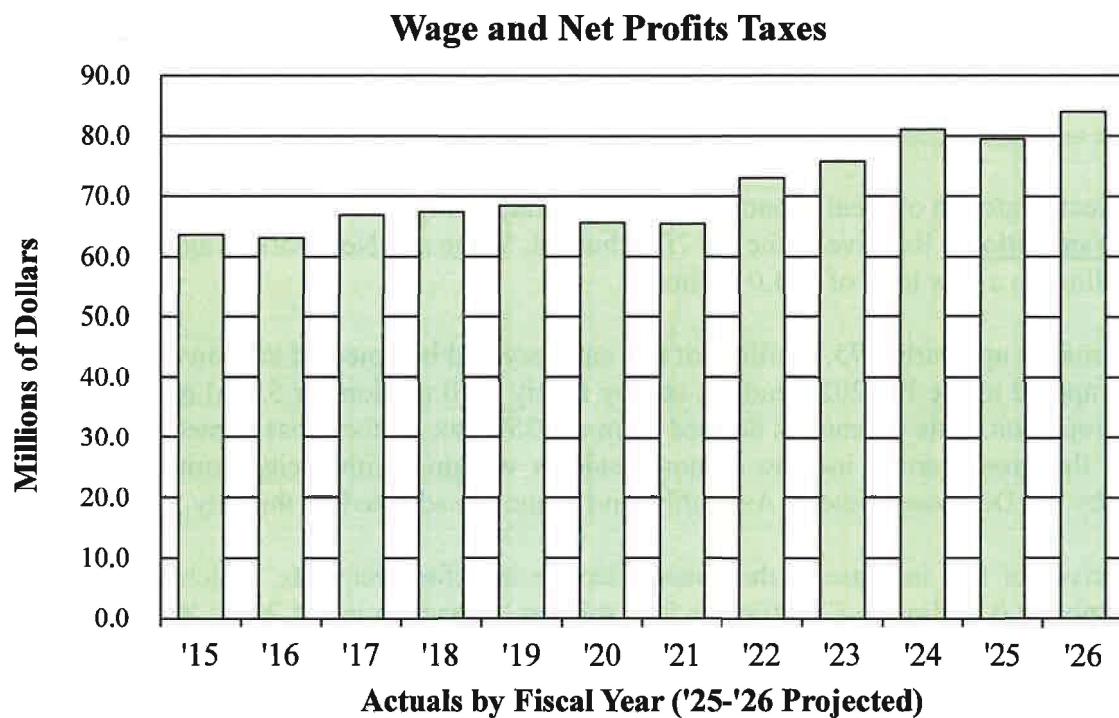
Wage Tax makes up nearly \$75.3 million of this category and is projected to grow by almost \$7.0 million (or 10.2%) compared to the FY 2025 budget, and by nearly \$4.0 million (or 5.6%) relative to the FY 2025 Q2 WEFAC projection. This revenue is derived from a 1.25% tax on the gross earned income of city residents, as well as the gross earned income of non-residents working within city limits. The Wage Tax rate is controlled by the Delaware General Assembly, and cannot be adjusted by the City.

A major driver of this increase is the overall decline in refund requests, which are currently trending to approximately \$2.0 million in FY 2025, or \$1.9 million lower than in FY 2024. We assume this lower level of refunds will continue into FY 2026. Additionally, increased employee compensation is expected to result in 4.5% growth in taxable wages, expanding Wage Tax revenues by nearly \$3.2 million. This matches the December 17, 2024, Delaware Economic and Financial Advisory Council (DEFAC) projection for Delaware salaries and wages growth. Finally, collection efforts are expected to yield \$2.0 million in audit collections, an increase of \$500,000 from the FY 2025 budget (and consistent with projected FY 2025 collections).

Net Profits revenue is derived from a 1.25% tax on the net profits of business partnerships, professional associations, and limited liability corporations. Like the Wage Tax, this rate is set by the Delaware General Assembly and is not controlled by the City. As the majority of Net Profits revenues are not booked until Q3, the FY 2024 audited actuals (excluding a one-time \$508,000 accounting adjustment) were used as the basis for the FY 2026 budget of \$8.7 million. This reflects a decrease of \$337,000 from the FY 2025 budget and is lower than the FY 2022 and FY 2023 actuals, which exceeded \$9.0 million.

**General Fund Revenues
Fiscal Year 2026**

WAGE AND NET PROFITS TAXES (Continued)



General Fund Revenues

Fiscal Year 2026

PROPERTY TAX

General Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Property Tax	\$44,789,172	\$45,653,504	\$46,379,877	\$45,373,913	(\$1,005,964)	-2.2%

* Relative to FY 2025 budget.

Basis: Assessment rolls

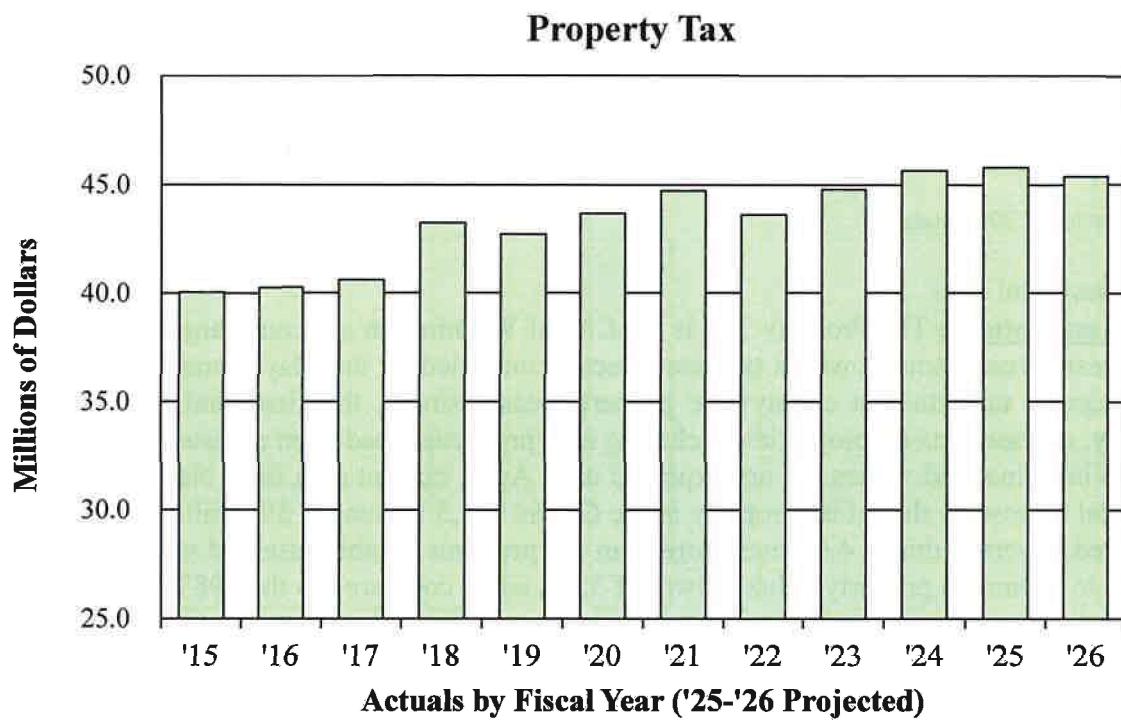
Critical Assumptions: The Property Tax is the City of Wilmington's second-largest revenue source, and the single largest revenue source with a tax rate directly controlled by the Mayor and City Council. New Castle County recently undertook a countywide property reassessment, the first total reassessment since 1983. (Previously, assessments on properties, including new properties, had been adjusted to, and reported in, 1983 dollars.) While finalized values are not expected until April, current data from New Castle County indicates that the total assessed value of all property in the City is \$13.3 billion, or \$9.9 billion after exempt properties are excluded. Overall, this is 4.6 times more than the previous taxable assessed value of \$2.1 billion, and is equivalent to an annual property value growth of 3.8% when compared to the 1983 base.

Commercial and residential properties, which collectively account for 86% of the total assessment, grew by a factor of 3.2 and 5.7, respectively. While no single cause accounts for the difference between commercial and residential growth rates, the ongoing decline in office space utilization, exacerbated by increased work-from-home following COVID, has resulted in significantly slower growth in commercial property values in recent years (and in many cases, declines in property values). As such, residential properties now make up a larger percentage of the total tax base (56.6%, up from 46.5% in the 1983 assessment) relative to commercial (29.2%, down from 42.4%).

Given these new assessments, the Administration has proposed a new tax rate of 4.5577 mills (or \$4.5577 per \$1,000 of assessed value), down from the previous rate of 21.15 mills. This new rate is sufficient to maintain the same *total* billed tax revenue as FY 2025, equal to \$45.3 million. (This is down from the FY 2025 *budgeted* revenue, as the tax levied in FY 2025 included additional unbudgeted exemptions; the loss for these exemptions has been included in the FY 2026 budget.) For the median homeowner with a new assessed value of \$210,300, this new rate is expected to result in a \$216 annual property tax increase (though individual homeowners may see their tax bill change by more or less than this, based on their new assessed value).

Beyond this new base revenue, the budget includes a reduction of \$250,000 for projected additional reassessment appeals, a \$28,000 reduction for the net effects of new and expiring tax incentives, and an additional \$25,000 from higher reassessments resulting from property improvements. The usual 2.0% allowance for bad debt further reduces revenue by \$899,000. Lastly, one-time revenue from Penalty and Interest is expected to be \$1.3 million, which is down \$198,000 from the FY 2025 budget, and consistent with historical trends.

General Fund Revenues
Fiscal Year 2026



General Fund Revenues Fiscal Year 2026

OTHER TAXES

General Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Other Taxes	\$8,927,922	\$9,229,970	\$7,666,892	\$9,442,550	\$1,775,658	23.2%

* Relative to FY 2025 budget.

Basis: Trend analysis / growth of local economy

Critical Assumptions: Other Taxes are projected to increase by nearly \$1.8 million in FY 2026 relative to the prior-year budget. This includes the following:

Franchise Fees consists of 2% of the gross revenues from Delmarva Power electricity sales in the City (as Delmarva is the sole electricity distributor). This is projected to be nearly \$901,000 in FY 2026, unchanged from the FY 2025 budget and FY 2024 actuals.

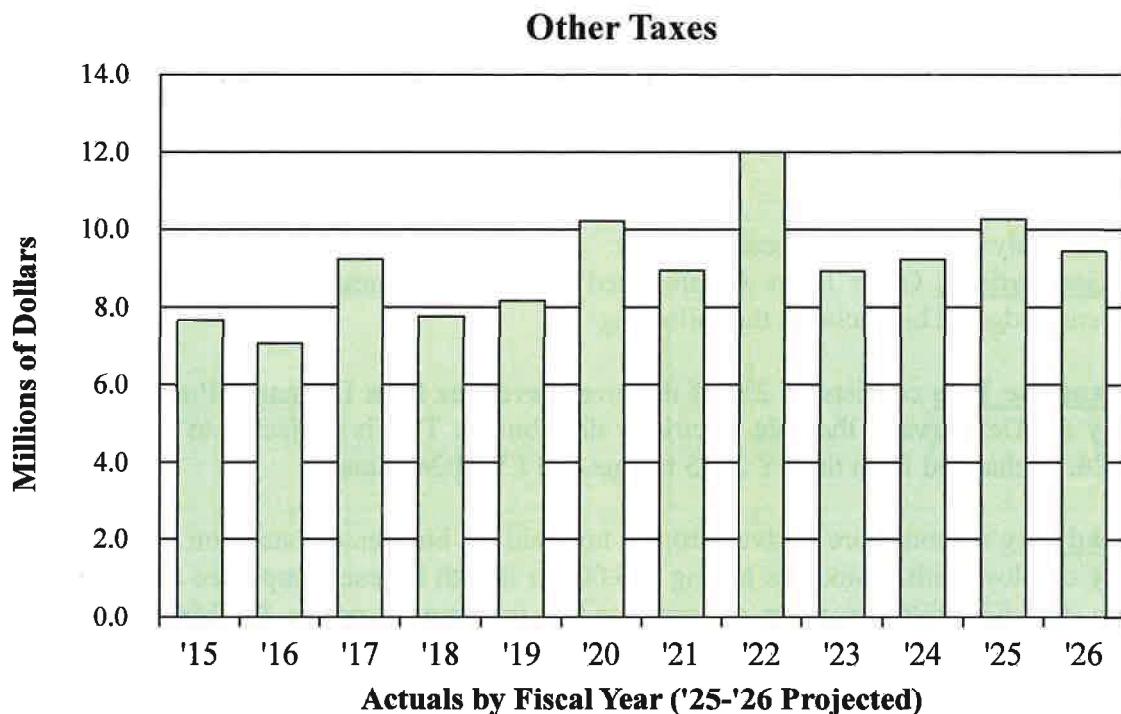
Head Tax revenues are derived from a tax paid by businesses based on the number of individuals they employ, with businesses paying \$15.00 per month for each employee above an exempted base of five. For FY 2026, revenues are projected to increase by nearly \$397,000, to a new total of \$3.0 million. This increase is largely the result of a major employer resuming head tax payments after several years of nonpayment, and is consistent with the Q2 WEFAC year-end projection (net of a \$1.4 million one-time payment for unpaid head taxes which occurred in FY 2025). Partially offsetting this increase, we assume that the head tax base will decline by 5.6%, following long-term trends.

Real Estate Transfer (Residential) revenues are derived from a 1.5% tax on the selling price of residential real estate sales in the city. Even as residential transfer revenue has declined from its peak in FY 2021 and FY 2022, it has remained larger than pre-COVID levels, with FY 2024 auditcd actuals of \$4.2 million, and FY 2025 trending to \$3.7 million or more. For FY 2026, revenues are projected to be \$3.8 million, an increase of nearly \$745,000 relative to the FY 2025 budget (and \$104,000 up from the Q2 WEFAC projection). This is based on a residential real estate transfer regression model, which includes modest housing price growth and declines in mortgage rates, net of a one standard deviation reduction.

Real Estate Transfer (Commercial) revenues are derived from a 1.5% tax on the selling price of non-residential real estate sales in the city. Commercial transfers remained strong throughout FY 2023 and FY 2024, and as of the beginning of Q3 FY 2025 are expected to equal prior actuals, reaching nearly \$1.7 million. For FY 2026, we have increased the budget to reflect this new baseline, projecting revenues of \$1.7 million, an increase of nearly \$634,000 relative to the FY 2025 budget.

**General Fund Revenues
Fiscal Year 2026**

OTHER TAXES (Continued)



General Fund Revenues Fiscal Year 2026

LICENSES, PERMITS, AND FEES

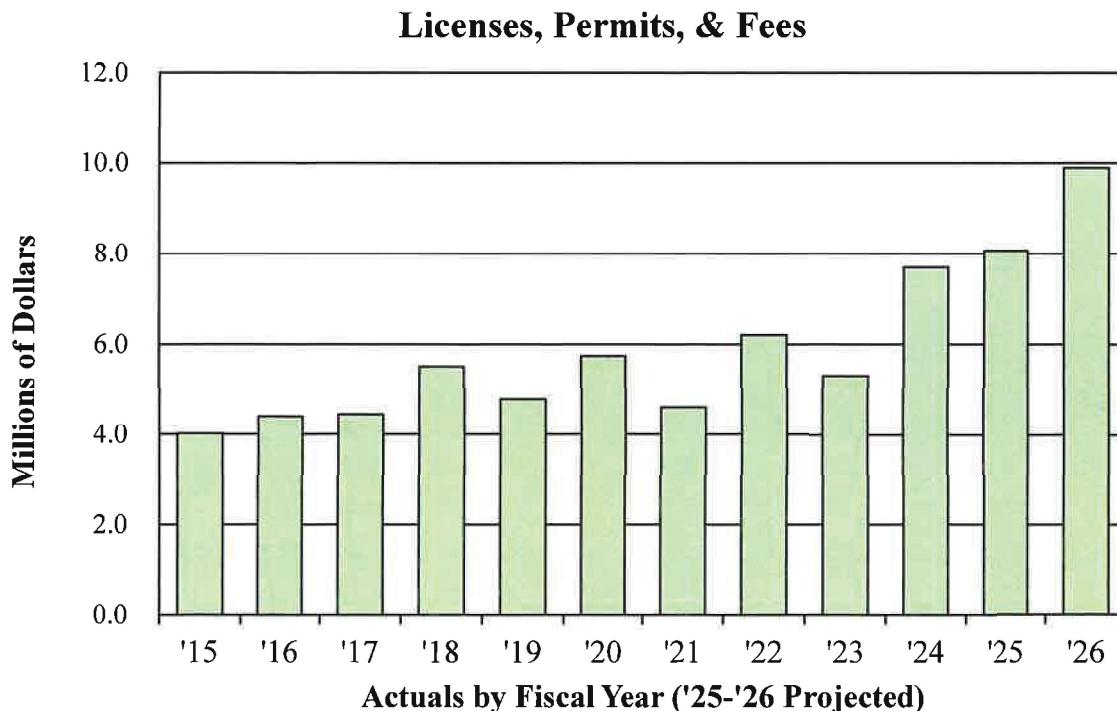
General Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Licenses, Permits, & Fees	\$5,304,705	\$7,692,115	\$6,836,751	\$9,891,119	\$3,054,368	44.7%

* Relative to FY 2025 budget.

Basis: Trend analysis / growth of local economy

Critical Assumptions: In total, Licenses, Permits, & Fees revenues are up \$3.1 million compared to the FY 2025 budget. Business License revenues (derived from licenses obtained by businesses wishing to operate in the city) are projected to be \$3.2 million, which is unchanged from FY 2025, and is inclusive of the business license fee revisions that took effect in FY 2024. Permits revenues are projected to be up nearly \$465,000 relative to last year's budget, driven by strong building and demolition permits. This is \$694,000 down from the Q2 FY 2025 WEFAC year-end projection, reflecting a return to historically average levels. Similarly, fees revenues (sourced from a variety of charges, including parking meter fees and utility street cut fees) are projected to rise \$78,000 relative to the FY 2025 budget, which is unchanged from the Q2 FY 2025 WEFAC year-end projection. This increase is mainly due to Property Maintenance fees, Fire Inspection fees, and Cut Fees, which are all trending slightly higher than budget.

Finally, with the Wilmington Fire Department taking EMS operations (previously provided by Trinity Health) in-house, the City will begin billing for EMS services. Assuming utilization similar to that seen by Trinity Health, the City could eventually receive annual EMS medical insurance fee revenues of between \$3.0 to \$4.0 million. However, as the billings for Medicare, Medicaid, and commercial insurance may be delayed by several months while the City engages in the process of becoming certified to bill each of these payers, we have conservatively estimated FY 2026 revenue of \$2.5 million.



General Fund Revenues Fiscal Year 2026

FINES

General Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Fines	\$7,796,679	\$7,939,595	\$7,389,492	\$7,346,322	(\$43,170)	-0.6%

* Relative to FY 2025 budget.

Basis: Trend analysis

Critical Assumptions: Fines are projected to total \$7.3 million, which is \$43,000 down from the FY 2025 budget. This consists of the following:

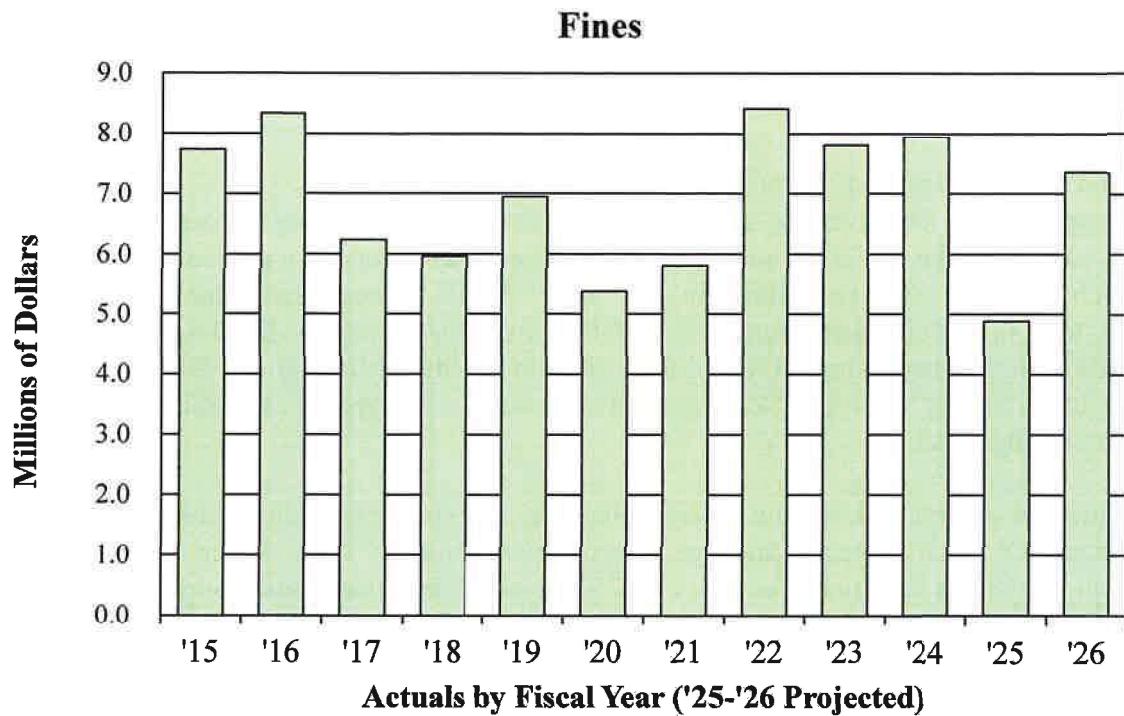
Criminal / Instant Ticket revenues are composed of State Criminal Fines remittances and the L&I Instant Ticketing Program (which involves L&I inspectors issuing tickets for violations of the City's sanitation codes). Criminal Fines are budgeted to increase by \$18,000, based on Q2 FY 2025 WEFAC projections. Similarly, Instant Ticket revenues are projected to increase by nearly \$3,000, also consistent with WEFAC projections.

Red Light revenues are derived from the City's Red Light Camera Safety Program, which issues citations to drivers who fail to stop at red lights in the city. In total, revenues are projected to be \$4.2 million, which is down \$325,000 from the FY 2025 budget, but up \$2.4 million from the Q2 FY 2025 WEFAC projection. Revenues during Q2 FY 2025 are more than 70% down relative to prior years, the result of a larger-than-normal number of cameras being offline during the first half of FY 2025. While these camera outages are expected to be resolved by the second half of FY 2025, losses from tickets not being issued will continue into the next several years, as roughly half of tickets are paid a year or more after being issued. For FY 2026, this is projected to result in a collections loss of \$325,000.

Parking revenues are derived from fines from parking violations and booting fees, and are projected to be nearly \$2.7 million, up \$261,000 from the FY 2025 budget. This is equal to the Q2 FY 2025 WEFAC year-end projection, as parking revenues are trending somewhat better than expected following the parking fine revisions introduced during FY 2025.

General Fund Revenues Fiscal Year 2026

FINES (Continued)



General Fund Revenues Fiscal Year 2026

INTEREST

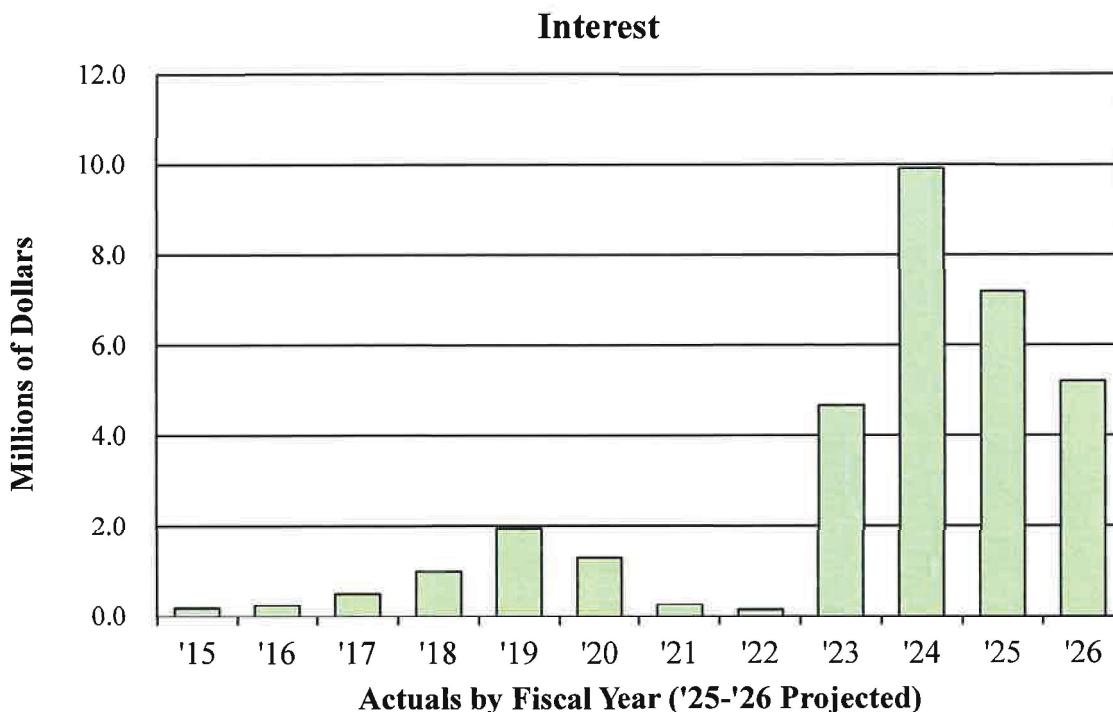
General Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Interest	\$4,662,032	\$9,918,184	\$8,179,000	\$5,206,000	(\$2,973,000)	-36.3%

* Relative to FY 2025 budget.

Basis: Trend analysis / interest rate projections / bond issuance

Critical Assumptions: By investing in CDs and interest-bearing checking accounts, the City earns interest on its cash balances. The FY 2025 budget of \$8.2 million was based on a projected average interest rate of 4.3%, which assumed rate reductions in FY 2025. While interest rates have largely matched these projections, total investible cash balances have fallen, from an average of \$180.6 million in Q1 FY 2025 to \$152.8 million at the beginning of Q3. Major drivers of this reduction are the \$10.0 million incentive payment to Incyte, along with significant upfront cash outlays required for capital projects financed through the State Revolving Fund.

Based on interest estimates from the Federal Reserve, rates are expected to decline further in FY 2026, resulting in an FY 2026 projected average rate of approximately 3.3%. When combined with additional reductions to the City's fund balances in FY 2025 (the net effect of operating surpluses offset by additional capital spending and expected transfers out), total FY 2026 interest earnings are projected to be \$5.2 million. This is nearly \$3.0 million down from the FY 2025 budget, and almost \$2.0 million down from the Q2 FY 2025 WEFAC year-end projection.



General Fund Revenues Fiscal Year 2026

OTHER REVENUES

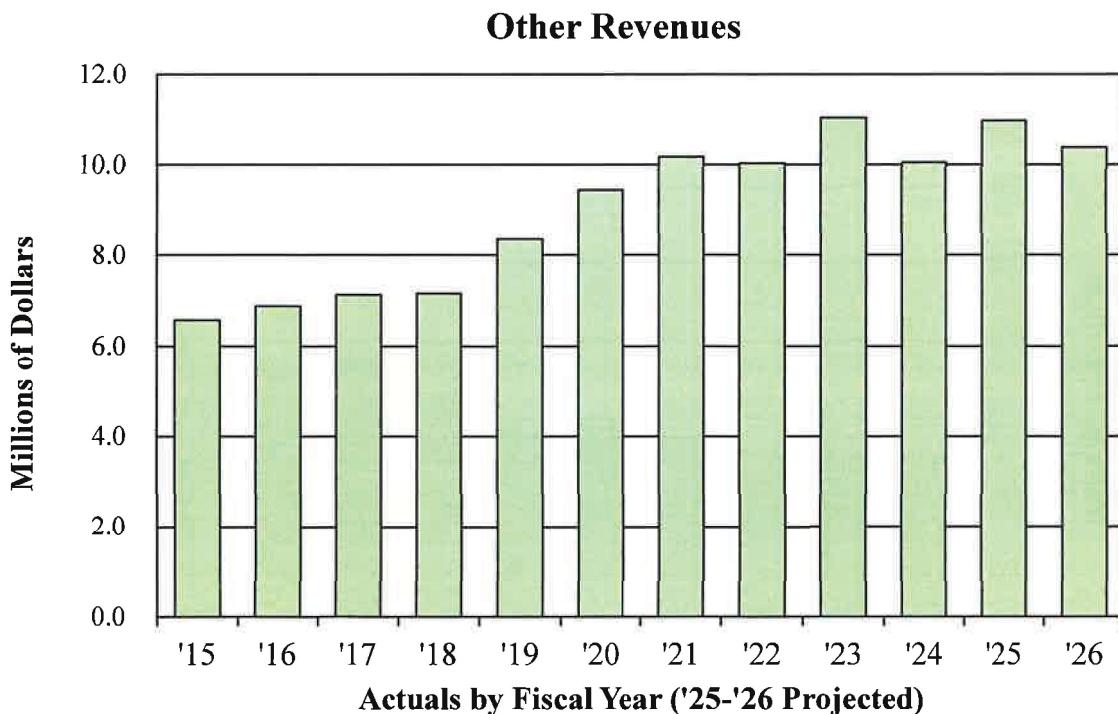
General Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Other Revenues	\$11,038,061	\$10,054,096	\$10,568,397	\$10,380,146	(\$188,251)	-1.8%

* Relative to FY 2025 budget.

Basis: Trend analysis / contracts

Critical Assumptions: Other Revenues is comprised of Rentals, General Government Charges, Indirect Costs, and other miscellaneous revenues. In total, this category is projected to be down a net \$188,000 from the FY 2025 budget. Rentals and Concessions are projected to remain flat, while General Government Charges (which includes a variety of fees and charges, such as vacant property registrations) are projected to increase by \$407,000 relative to the FY 2025 budget. This improvement is primarily driven by stronger-than-expected Vacant Property Registrations, which are currently trending to \$920,000 in FY 2025 (an increase of \$483,000 from the FY 2025 budget, and roughly consistent with the FY 2024 actual of \$953,000).

Finally, Indirect Costs, which are charges to the Water/Sewer Fund reimbursing costs incurred by the General Fund in support of the water, sewer, and stormwater utilities, are budgeted to decline by \$596,000 relative to FY 2025. For FY 2026, Black & Veatch performed a City-wide indirect cost allocation study in order develop an updated cost allocation model. After meeting with each department and reviewing their operations, Black & Veatch determined the total cost of General Fund supporting services to be nearly \$8.2 million, down from the FY 2025 budget of nearly \$9.1 million. This revision is reflected as both a reduction in General Fund revenue and a commensurate reduction Water/Sewer Fund expenses.



General Fund Revenues Fiscal Year 2026

TASK FORCE REVENUES

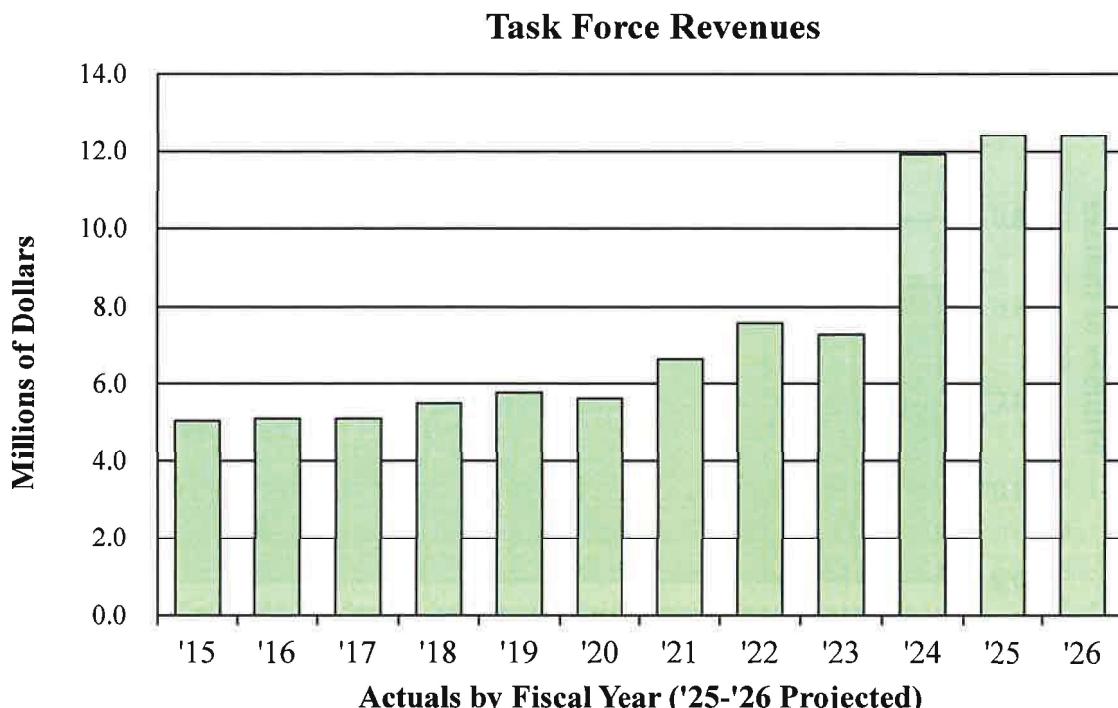
General Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Task Force Revenues	\$7,249,639	\$11,929,072	\$12,368,940	\$12,408,649	\$39,709	0.3%

* Relative to FY 2025 budget.

Basis: Estimates from State of Delaware / trend analysis / State agreements

Critical Assumptions: Task Force Revenues are the revenue sources that were created as a result of the Governor's Task Force, which took effect in FY 2004. As a result, each county seat in the state (which includes Wilmington, as the county seat of New Castle County) receives the revenue derived from the State filing fee for corporations and limited liability companies (LLC). The State also passed enabling legislation that allowed the City to create a 2% Lodging Tax and a 2% Natural Gas Franchise Fee on gross sales of natural gas in the City.

In total, Task Force Revenues are projected to be \$12.4 million, which is up nearly \$40,000 from the FY 2025 budget. The largest Task Force revenues, Corporate Filing Tax and the LLC Filing Tax, are projected to increase by \$51,000 and \$135,000 respectively, though remain flat relative to the Q2 FY 2025 WEFAC projection. This is inclusive of the amended courthouse municipality fees associated with these taxes, which the State increased from \$20 to \$40, effective August 1, 2023. Similarly, Lodging Tax is projected to increase by \$47,000 relative to budget, based on historical trends. These increases are largely offset by the projected \$193,000 decrease in Natural Gas Tax, which is consistent with Q2 FY 2025 WEFAC projected revenues.



General Fund Revenues Fiscal Year 2026

COUNTY SEAT RELIEF PACKAGE

General Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
County Seat Relief	\$12,423,803	\$12,662,664	\$12,357,549	\$12,943,173	\$585,624	4.7%

* Relative to FY 2025 budget.

Basis: Estimates from State of Delaware / trend analysis

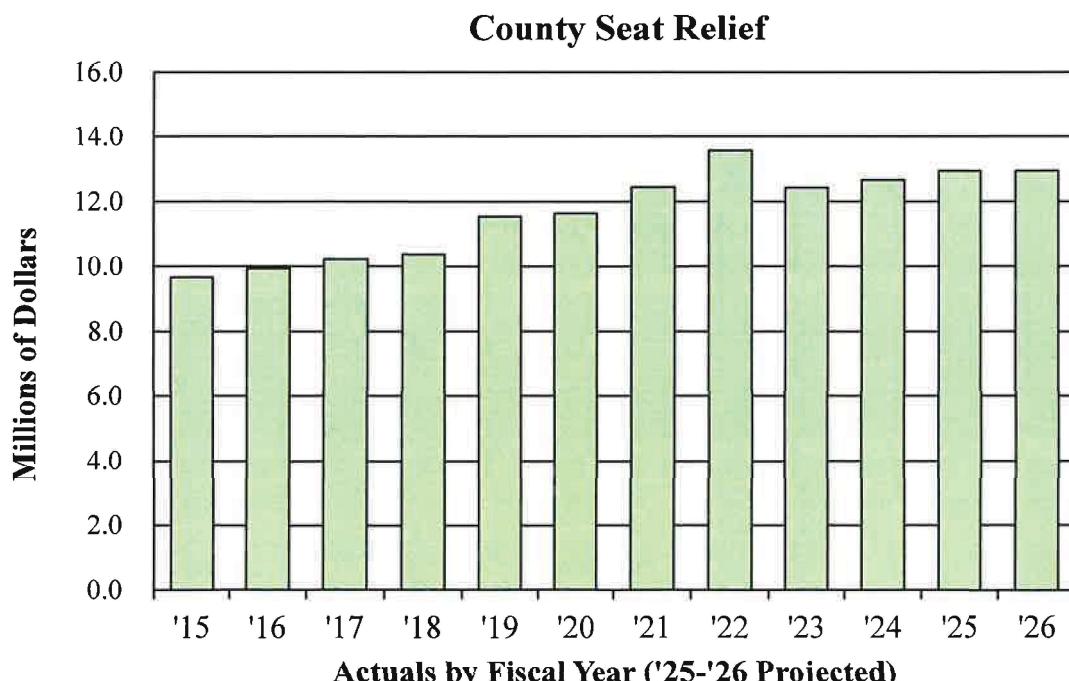
Critical Assumptions: The County Seat Relief Package is a bundle of escalating revenue enhancements, first received by the City in FY 2007. These revenues built upon the Governor's Task Force and were intended to provide further diversification to support the three county seats in the State of Delaware. The FY 2026 projection totals a combined \$12.9 million, up nearly \$586,000 from the FY 2025 budget. Three of the component revenues are passthroughs of State and County corporate filing fees:

Statutory Trust Filing Fees, which are capped at \$1.0 million, and unchanged from prior years.

New Castle County Corporate Filing Fees are projected to be up \$151,000 relative to the FY 2025 budget but remain flat relative to Q2 FY 2025 WEFAC, consistent with DEFAC projections.

Uniform Commercial Code (UCC) Filing Fees are projected to increase by \$451,000 relative to the FY 2025 budget but remain flat relative to Q2 FY 2025 WEFAC, also consistent with DEFAC projections.

The final component is a **Payment in Lieu of Taxes (PILOT)** on what would usually be tax-exempt, State-owned properties in the City. For FY 2026, the PILOT is budgeted to be \$3.3 million, which is equal to the PILOT payment the City received in FY 2025, but a slight decrease from the FY 2025 budget.



General Fund Revenues Fiscal Year 2026

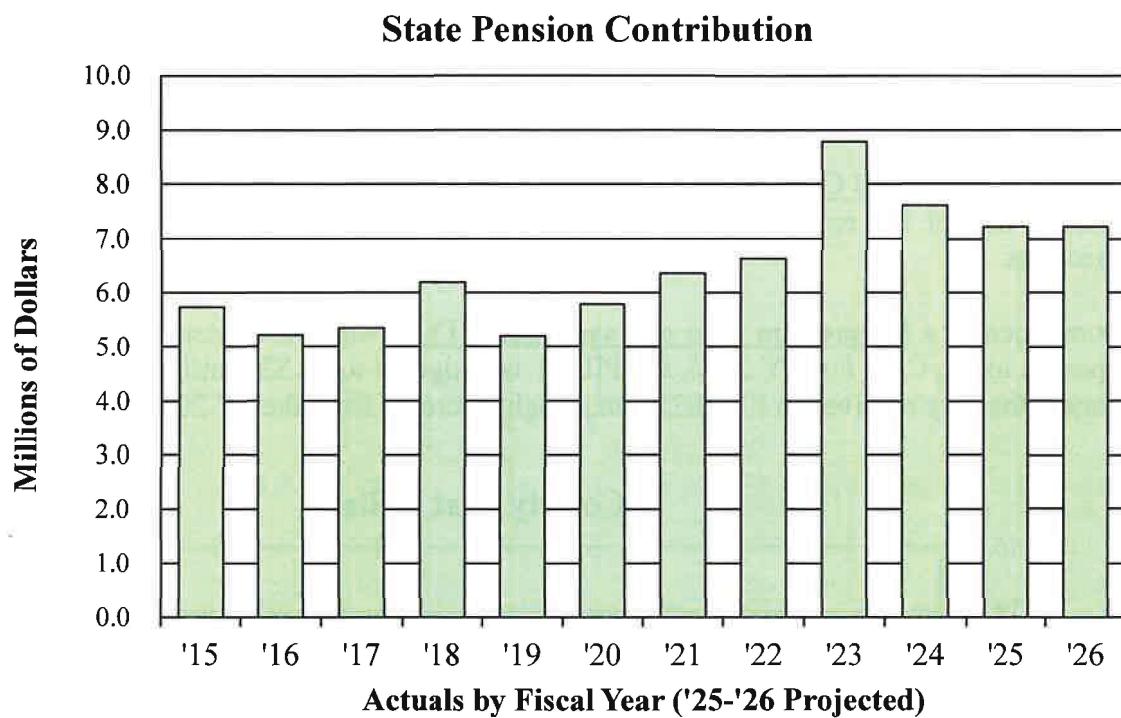
STATE PENSION CONTRIBUTION

General Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
State Pension Contribution	\$8,787,399	\$7,609,202	\$6,843,847	\$7,220,492	\$376,645	5.5%

* Relative to FY 2025 budget.

Basis: Estimates from State of Delaware

Critical Assumptions: The State Pension Contribution is a pass-through grant from the State of Delaware that is offset against an equal amount appropriated for pension contribution expenses in the Fire and Police Departments. In June 2024, the State passed legislation simplifying the calculation and administration of the grant amount, which is projected to result in FY 2026 revenues of \$7.2 million. This is \$377,000 up from the FY 2025 budget and equal to the Q2 FY 2025 WEFAC projection.



General Fund Revenues

Fiscal Year 2026

STATE PORT DEBT REIMBURSEMENT

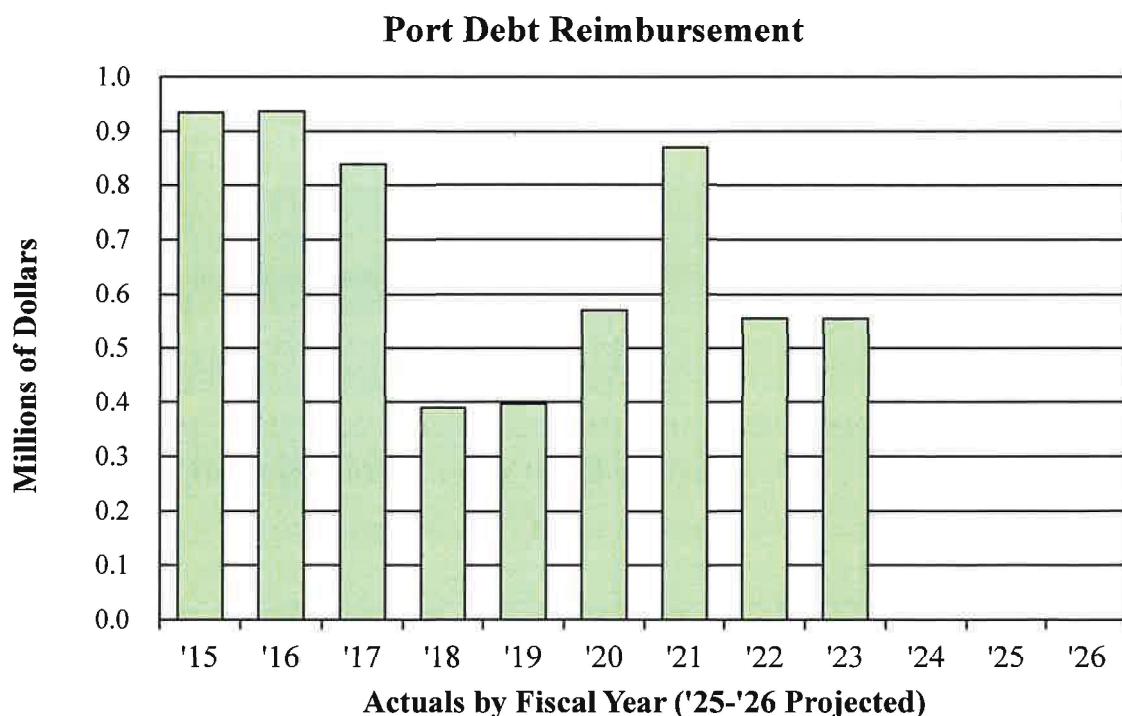
General Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Port Debt Reimbursement	\$553,829	\$0	\$0	\$0	\$0	0.0%

* Relative to FY 2025 budget.

Basis: Debt schedules

Critical Assumptions: The State Port Debt Reimbursement is related to the 1996 sale of the Port from the City to the State. Per the sale agreement, the outstanding Port debt remained as a liability on the City's books. In 2018, the State entered into a long-term Port lease agreement with Gulftainer, and subsequently provided the City with full payment for the outstanding debt. The City amortized these funds, and continued to book offsetting Port Debt Reimbursement revenue.

In FY 2020, the City refinanced the outstanding bonds, which are scheduled to be paid down in FY 2032. However, the reimbursement continued as originally scheduled, with the final payment booked in FY 2023 (when the associated debt was originally expected to be fully repaid). As these payments are now complete, there is no budgeted revenue in FY 2026.



General Fund Revenues Fiscal Year 2026

TRANSFERS AND USE OF FUND BALANCE

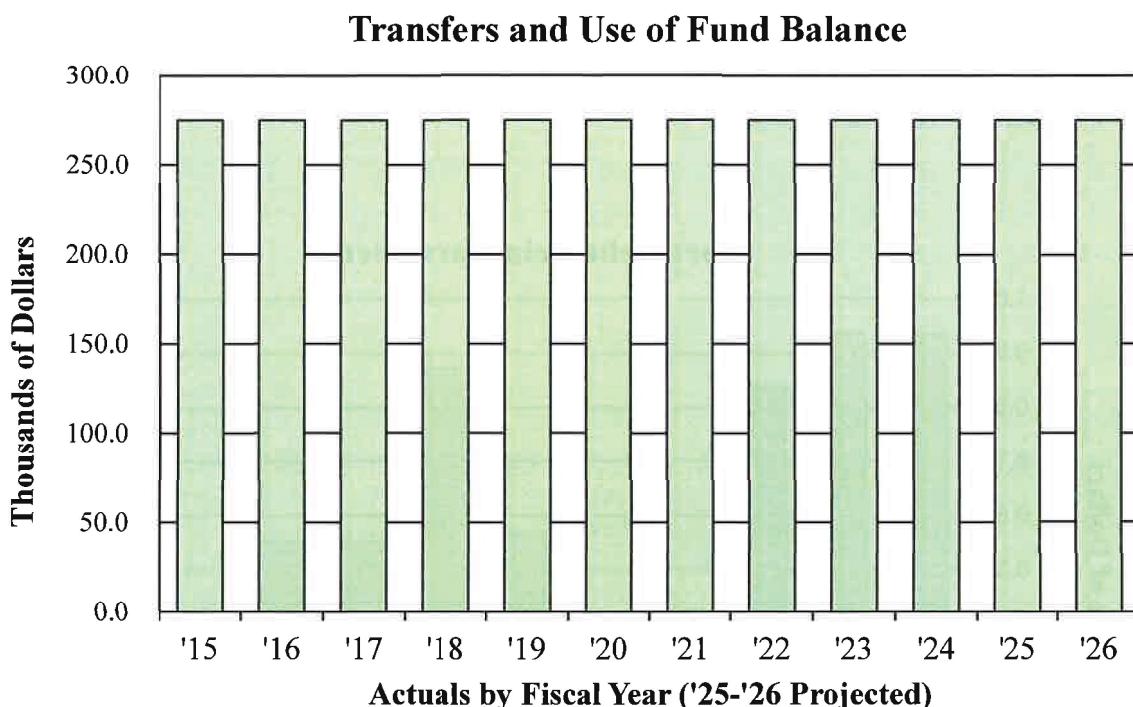
General Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Transfers and Use of Fund Balance	\$275,000	\$275,000	\$275,000	\$275,000	\$0	0.0%

* Relative to FY 2025 budget.

Basis: Authorized transfers from other funds / budgeted expenditures minus projected revenues

Critical Assumptions: As revenues are sufficient to cover total General Fund expenditures, no Tax Stabilization Reserve funds are necessary to balance the budget.

The projection also includes the usual \$275,000 transfer from the Wilmington Parking Authority (WPA).



Special Funds Revenues

Fiscal Year 2026

Special Funds Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change FY'26-'25	Percent Change FY'26-'25
Municipal Street Aid	\$1,213,597	\$1,740,684	\$1,197,977	\$1,170,154	(\$27,823)	-2.3%
CDBG	916,674	1,888,414	2,199,153	2,199,153	0	0.0%
Comcast Franchise	948,127	827,386	901,850	779,513	(122,337)	-13.6%
Emergency Shelter	62,616	63,286	197,226	197,226	0	0.0%
Workforce Investment	110,248	570,702	279,984	874,583	594,599	212.4%
Parks Assistance	1,182,044	1,331,094	1,255,129	1,283,478	28,349	2.3%
Parks Trust Fund	115,139	116,476	116,636	118,292	1,656	1.4%
SALLE / Other Grants	2,438,996	2,477,281	916,682	651,906	(264,776)	-28.9%
Pension Administration	5,623,526	5,863,453	6,529,999	6,816,576	286,577	4.4%
Home Partnership	649,401	587,402	570,211	570,211	0	0.0%
HOPWA	710,055	743,122	951,239	951,239	0	0.0%
Miscellaneous Grants	453,719	671,684	283,810	347,299	63,489	22.4%
Total Revenues	\$14,424,142	\$16,880,984	\$15,399,896	\$15,959,630	\$559,734	3.6%

Special Funds Revenues consist of supplemental revenues derived from non-taxation sources such as Federal and State grants and endowments, as well as the City's Comcast franchise fee. For FY 2026, total Special Funds revenue is budgeted to be **\$15,959,630**, a net increase of \$559,734, or 3.6%, above the FY 2025 budget.

MUNICIPAL STREET AID

Special Funds Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Municipal Street Aid	\$1,213,597	\$1,740,684	\$1,197,977	\$1,170,154	(\$27,823)	-2.3%

Basis: State of Delaware grant award letter

Critical Assumption: This grant is used to offset electricity costs for street lighting and is anticipated to decrease by nearly \$28,000 compared to the FY 2025 level.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Special Funds Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
CDBG	\$916,674	\$1,888,414	\$2,199,153	\$2,199,153	\$0	0.0%

Basis: Estimate from Federal Government (HUD)

Critical Assumption: The Federal Community Development Block Grant (CDBG) Program supports community development activities to build stronger and more resilient communities. Funding is budgeted to remain unchanged compared to the FY 2025 award.

* Relative to FY 2025 budget.

Special Funds Revenues Fiscal Year 2026

COMCAST FRANCHISE FEES

Special Funds Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Comcast Franchise	\$948,127	\$827,386	\$901,850	\$779,513	(\$122,337)	-13.6%

Basis: Trend analysis and growth of local economy

Critical Assumption: Comcast Franchise Fees revenue consists of 5.0% of gross revenues from cable television service sales in the City. In Wilmington, Comcast is currently the only provider of cable TV service. Beginning in FY 2014, Franchise Fees were budgeted as a special revenue fund, the result of City Council transferring the Comcast franchise revenue into the CATV Fund. For FY 2026, revenues are expected to decrease by \$122,000, reflecting the ongoing decline in cable subscribers, and consistent with projected FY 2025 revenues.

EMERGENCY SHELTER GRANTS (ESG)

Special Funds Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Emergency Shelter	\$62,616	\$63,286	\$197,226	\$197,226	\$0	0.0%

Basis: Estimate from Federal Government (HUD)

Critical Assumption: This ESG program is intended to assist in the operation and rehabilitation of emergency and transitional shelters. It is expected to remain flat in FY 2026.

WORKFORCE INVESTMENT BOARD GRANT

Special Funds Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Workforce Investment	\$110,248	\$570,702	\$279,984	\$874,583	\$594,599	212.4%

Basis: Estimate from State of Delaware

Critical Assumption: The Workforce Investment Board Grant provides funding for the City's Youth Career Development Program. Revenue increases in FY 2026 reflect growth seen in FY 2025 and prior years.

PARKS ASSISTANCE

Special Funds Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Parks Assistance	\$1,182,044	\$1,331,094	\$1,255,129	\$1,283,478	\$28,349	2.3%

Basis: Estimate from Federal Government

Critical Assumption: These funds are used for the Summer and Evening Food Programs. Funding is currently projected to increase by \$28,000 compared to the FY 2025 budget.

* Relative to FY 2025 budget.

Special Funds Revenues Fiscal Year 2026

PARKS TRUST FUND

Special Funds Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Parks Trust Fund	\$115,139	\$116,476	\$116,636	\$118,292	\$1,656	1.4%

Basis: Trust Administrator / trust guidelines

Critical Assumption: Revenues are derived from a private trust and are based on qualified parks expenditures.

STATE AID TO LOCAL LAW ENFORCEMENT (SALLE) / OTHER LAW ENFORCEMENT GRANTS

Special Funds Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
SALLE / Other Grants	\$2,438,996	\$2,477,281	\$916,682	\$651,906	(\$264,776)	-28.9%

Basis: State of Delaware and U.S. Department of Justice awards based on committee recommendations / contractual payments for School Resource Officers (SROs)

Critical Assumption: These grants are expected to decrease by almost \$265,000 relative to the FY 2025 budget, largely due to two Patrol Officer positions no longer being funded by Bethel Villa.

PENSION ADMINISTRATION

Special Funds Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Pension Administration	\$5,623,526	\$5,863,453	\$6,529,999	\$6,816,576	\$286,577	4.4%

Basis: Estimates from Pension Coordinator

Critical Assumption: Funding represents amounts equal to the expected administrative costs of the various pension plans of the City, along with the medical costs incurred for eligible retirees, and is derived from the income of the pooled pension assets.

HOME PARTNERSHIP FUND

Special Funds Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Home Partnership	\$649,401	\$587,402	\$570,211	\$570,211	\$0	0.0%

Basis: Estimate from Federal Government (HUD)

Critical Assumption: The Home Partnership Program is awarded through HUD and is expected to remain level in FY 2026.

* Relative to FY 2025 budget.

Special Funds Revenues Fiscal Year 2026

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS GRANT (HOPWA)

Special Funds Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
HOPWA	\$710,055	\$743,122	\$951,239	\$951,239	\$0	0.0%

Basis: Estimate from Federal Government (HUD)

Critical Assumption: The Housing Opportunities for Persons With AIDS is a Federal program dedicated to the housing needs of people living with HIV/AIDS and their families. The budget is expected to remain level in FY 2026.

MISCELLANEOUS GRANTS

Special Funds Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Miscellaneous Grants	\$453,719	\$671,684	\$283,810	\$347,299	\$63,489	22.4%

Basis: State of Delaware award letters

Critical Assumption: Miscellaneous Grants consists of the combined total of two grants: the Emergency Management Performance Grant (\$149,299 in FY 2026) and the State Fire Grant (\$198,000 in FY 2026). For FY 2024, this also included \$43,305 in ARPA funding; however, no ARPA revenues are budgeted in FY 2025 or beyond.

* Relative to FY 2025 budget.

Water / Sewer Fund Revenues Fiscal Year 2026

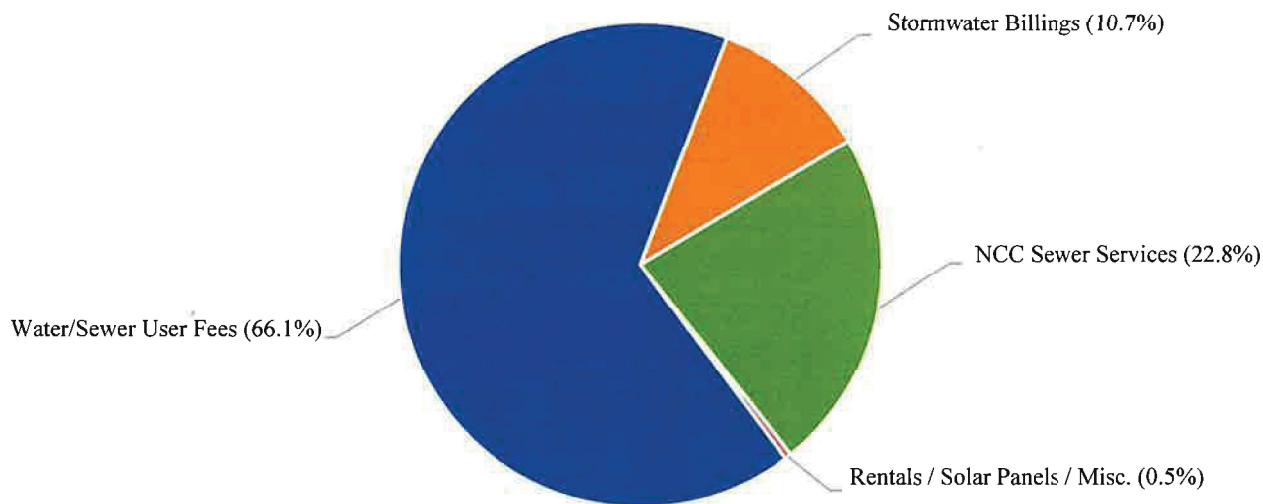
WATER / SEWER FUND

Water / Sewer Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change FY'26-'25	Percent Change FY'26-'25
Water/Sewer User Fees	\$58,225,815	\$66,935,408	\$64,772,000	\$66,476,968	\$1,704,968	2.6%
Stormwater Billings	9,647,533	3,035,387	10,070,000	10,763,185	693,185	6.9%
NCC Sewer Services	22,616,476	18,841,058	22,749,000	22,911,000	162,000	0.7%
Rentals/Miscellaneous	529,654	514,635	439,000	453,000	14,000	3.2%
Solar Panel Revenues	9,246	0	37,000	0	(37,000)	-100.0%
Total Revenues	\$91,028,724	\$89,326,488	\$98,067,000	\$100,604,153	\$2,537,153	2.6%

Total Water / Sewer Fund revenue is budgeted to be **\$100,604,153**, an increase of \$2.5 million, or 2.6%, above the FY 2025 budget.

The net change by revenue category is discussed in detail below.

Water/Sewer Fund Revenues Fiscal Year 2026



Water / Sewer Fund Revenues Fiscal Year 2026

WATER/SEWER USER FEES

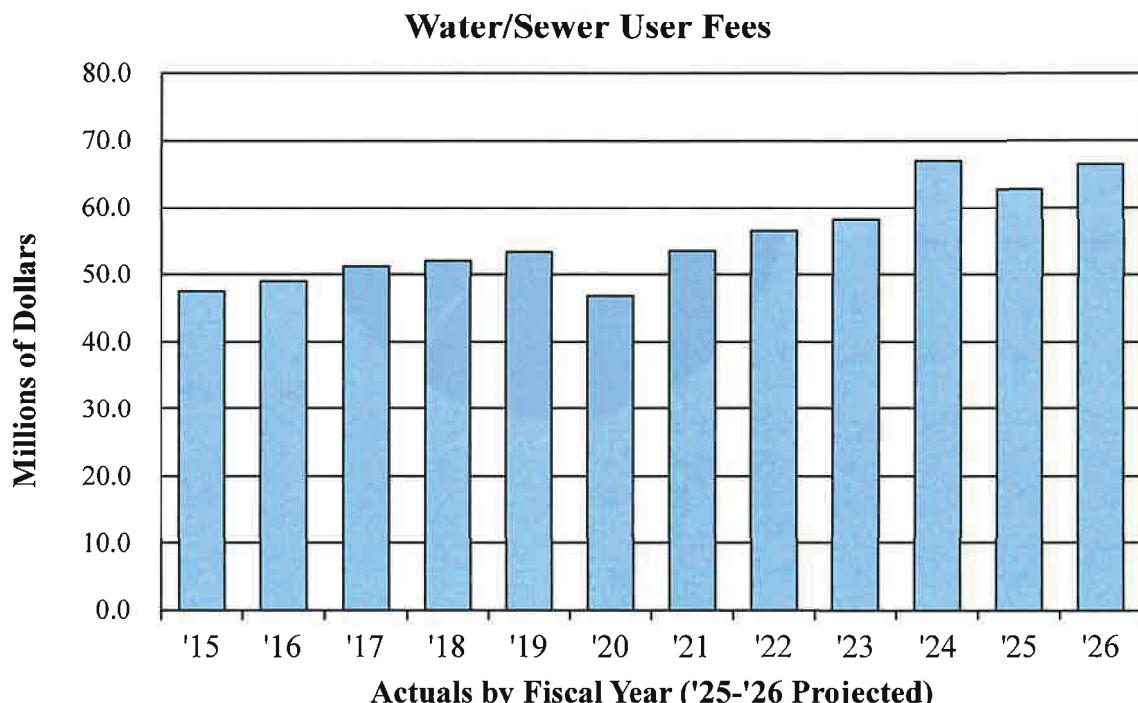
Water / Sewer Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Water/Sewer User Fees	\$58,225,815	\$66,935,408	\$64,772,000	\$66,476,968	\$1,704,968	2.6%

* Relative to FY 2025 budget.

Basis: Trend analysis / management initiatives

Critical Assumptions: Water/Sewer User Fees are the direct charges to customers for Inside-City water and sewer services, as well as Outside-City water services. For FY 2026, Water/Sewer Fees are projected to total \$66.5 million, an increase of \$1.7 million from the FY 2025 budget. Per Black & Veatch estimates, FY 2025 base revenues will be \$62.0 million, down \$332,000 from the FY 2024 budgeted base, which is inclusive of the effects of a 5.8% rate increase included in FY 2025, net of overall consumption decreases. Added to this base is the projected impact of a 6.5% FY 2026 rate increase on Inside City water, Inside City sewer, and Outside City Water charges. Combined, these rate increases yield \$3.8 million in additional revenue, net of bad debt. For the typical Inside City residential customer using 4,000 gallons per month, this is an increase of \$4.33 per month.

In addition, special sewer fees are projected to provide nearly \$2.3 million (down \$420,000 from FY 2025), and penalty and interest will provide nearly \$1.9 million (unchanged from FY 2025). Finally, the projection includes a \$1.9 million offset for bad debt, up \$38,000 from the FY 2025 budget. There is no change in the bad debt rate of 3.0%, which is consistent with historical actuals.



Actuals in FY 2024 reflect a one-time accounting adjustment for uncollectable Army Corps of Engineers stormwater billings; this nets against reductions in the Stormwater Billings group.

Water / Sewer Fund Revenues Fiscal Year 2026

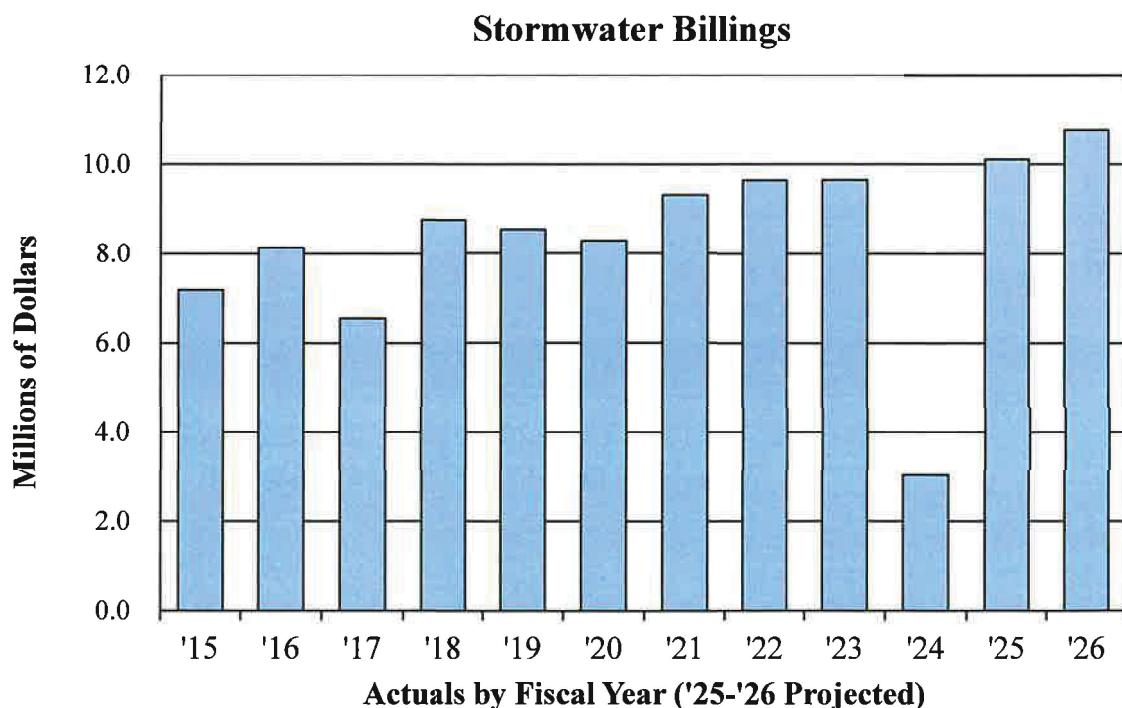
STORMWATER BILLINGS

Water / Sewer Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Stormwater Billings	\$9,647,533	\$3,035,387	\$10,070,000	\$10,763,185	\$693,185	6.9%

* Relative to FY 2025 budget.

Basis: Trend analysis / management initiatives

Critical Assumptions: Stormwater Billings are the revenues derived from the Stormwater Property Fee, which is charged to all property owners in the City. The fee is not based on a consumption factor, but rather on the size of the property and the characteristics of associated land and buildings as they relate to the generation of stormwater runoff. Base Stormwater Billings for FY 2026 are nearly \$10.8 million and are \$377,000 up from the FY 2025 budget base revenues. Added to this base revenue is the impact of a 6.0% rate increase, which is projected to yield \$543,000 in additional revenue, net of bad debt. For the typical City residential customer this is an increase of \$0.33 per month. Finally, the reduction for bad debt is expected to increase by \$256,000, to a new total of \$567,000, reflecting an increase in the bad debt rate from 3% to 5%.



Actuals in FY 2024 reflect a one-time accounting adjustment for uncollectable Army Corps of Engineers billings; this nets against increases in the Direct User Fees group.

Water / Sewer Fund Revenues Fiscal Year 2026

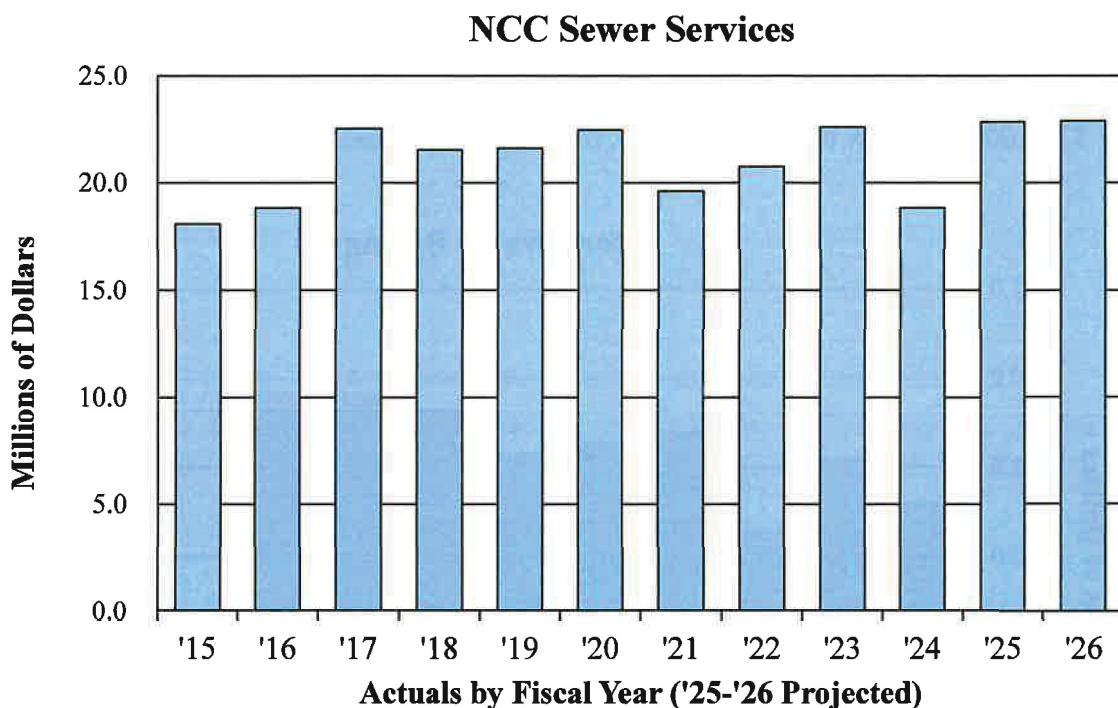
NEW CASTLE COUNTY SEWER SERVICES

Water / Sewer Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
NCC Sewer Services	\$22,616,476	\$18,841,058	\$22,749,000	\$22,911,000	\$162,000	0.7%

* Relative to FY 2025 budget.

Basis: Contract with New Castle County

Critical Assumptions: New Castle County Sewer is the revenue associated with the City's treatment of sewage from New Castle County. Based on Black & Veatch's analysis of the contract between the City and County, FY 2026 revenues are expected to be \$22.9 million, up \$162,000 from the FY 2025 budget.



Water / Sewer Fund Revenues Fiscal Year 2026

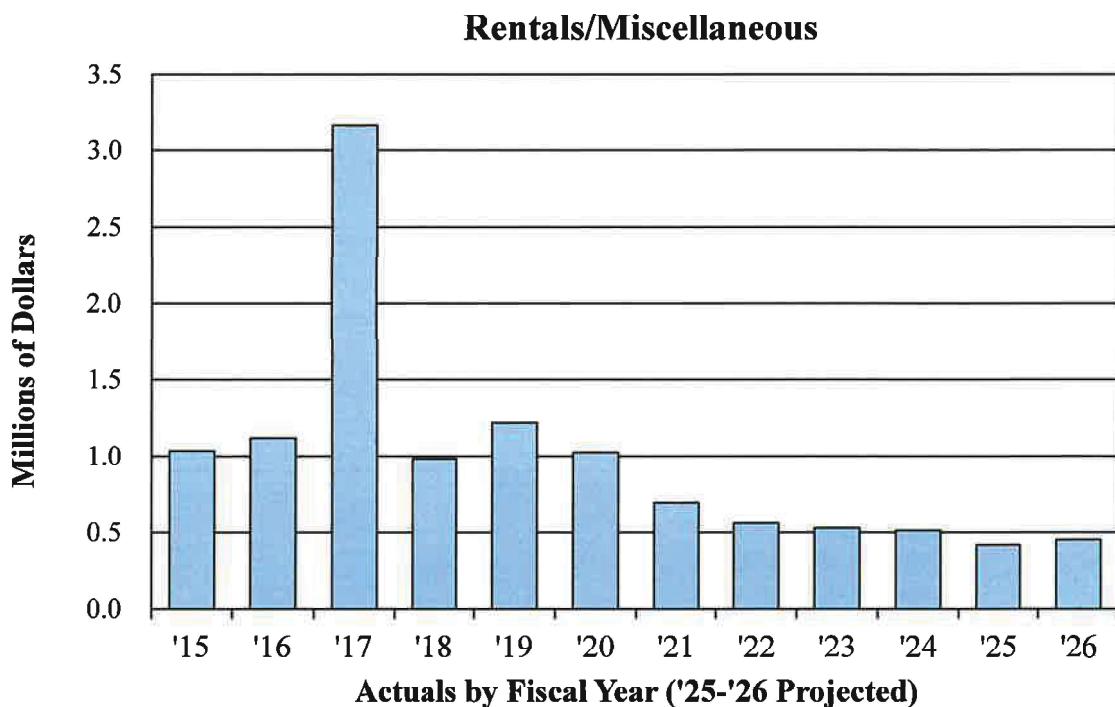
RENTALS / MISCELLANEOUS

Water / Sewer Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Rentals/Miscellaneous	\$529,654	\$514,635	\$439,000	\$453,000	\$14,000	3.2%

* Relative to FY 2025 budget.

Basis: Leases / contracts

Critical Assumptions: Rentals / Miscellaneous revenues are the fees charged to telecommunication companies that rent space on the City's water tanks for antennae and transmitters. FY 2026 is budgeted to be up \$14,000 from the FY 2025 budget.



Actuals in FY 2017 reflect the one-time \$2.2 million EPA fine of the International Petroleum Corporation for Clean Water Act violations.

Water / Sewer Fund Revenues Fiscal Year 2026

SOLAR PANEL REVENUE

Water / Sewer Fund Revenues	Actual FY 2023	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Dollar Change*	Percent Change*
Solar Panel Revenues	\$9,246	\$0	\$37,000	\$0	(\$37,000)	-100.0%

* Relative to FY 2025 budget.

Basis: Leases / contracts

Critical Assumptions: Solar Panel Revenue is derived from the sale of Solar Renewable Energy Credits (SRECs) earned by the solar arrays located at various municipal sites, most notably the Porter Filter Plant. Revenues for FY 2026 are projected to be zero, as the City no longer receives income from this source.

