NEWARK DELAWARE
Committed to Service Excellence

CITY OF NEWARK
2026 BUDGET OVERVIEW

August 18, 2025

Finance Department

2026 Budget Calendar

August 18	Budget Overview	Council Direction given for: City-wide Overview
August 25	Departmental Budgets – Legislative, Electric, Administrative	Council Direction
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2026 Budget At-a-Glance

Total Operating Revenue
$127.9M
+3.6% / $4.45M from 2025

Sources: taxes, fees, charges

Operating Expenses
$127.6M
+5.3% / $6.37M from 2025

Capital Improvements
$7.1M
+281.8% / $5.25M from 2025

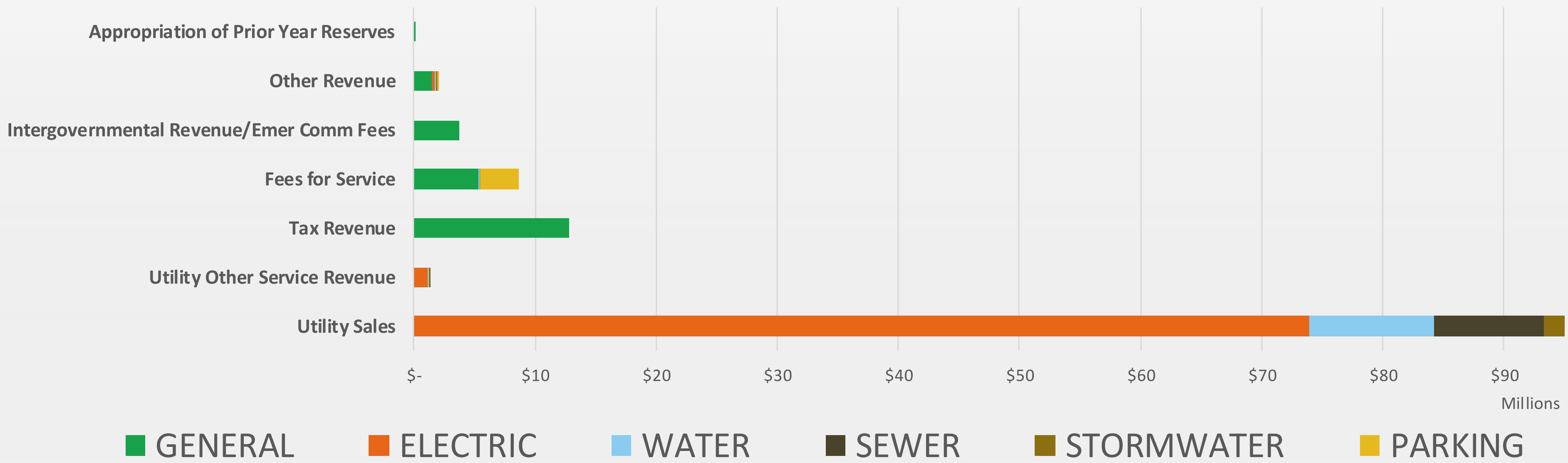
Total Expenditures
$134.7M

Total Surplus / (Shortfall)
($6.79M) deficit

2026 Revenue Overview

REVENUE	* as amended 2024 * BUDGET	* as amended 2025 * BUDGET	** as proposed 2026 ** BUDGET	% FROM 2025 BUDGET	$ FROM 2025 BUDGET
Utility Sales	$ 85,132,051	$ 93,063,248	$ 97,246,868	4.5%	$ 4,183,620
Real Estate and Other Taxes	12,018,125	12,592,813	12,807,262	1.7%	214,449
Fees for Service	12,975,824	13,112,486	11,992,222	-8.5%	(1,120,264)
Intergovernmental Revenue	2,041,777	1,929,592	3,799,747	96.9%	1,870,155
Other Revenue	2,661,381	2,756,100	1,907,100	-30.8%	(849,000)
Appropriation of Prior Year Reserves	34,670	-	153,700	0.0%	153,700
Total Operating Revenue	**$ 114,863,828**	**$ 123,454,239**	**$ 127,906,899**	**3.6%**	**$ 4,452,660**

Revenue by Fund/Type



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Key Revenue Assumptions/ Trends

- Building permit activity expected to decline by $600 K
- Utility usage flat but City's costs rising
- Parking demand is down in addition to loss of Lot 7 (Behind Starbucks)
- Real Estate transfer tax is trending lower
- No property tax rate increase assumed

Operating Expense Overview

OPERATING EXPENSES	* as amended 2024 * BUDGET	* as amended 2025 * BUDGET	** as proposed 2026 ** BUDGET	% FROM 2025 BUDGET	$ FROM 2025 BUDGET
Personnel Services	$ 41,434,426	$ 44,587,197	$ 46,968,854	5.3%	$ 2,381,657
Utility Purchases	44,678,500	50,533,363	53,713,684	6.3%	3,180,321
Materials and Supplies	3,040,423	3,096,135	3,280,179	5.9%	184,044
Contractual Services	13,525,172	14,564,353	15,086,816	3.6%	522,463
Equipment Depreciation	2,110,952	2,069,775	2,237,446	8.1%	167,671
Debt Service	4,939,941	4,822,498	4,731,307	-1.9%	(91,191)
Other Expenses	1,533,653	1,541,275	1,565,345	1.6%	24,070
TOTAL OPERATING EXPENDITURES	**$ 111,263,067**	**$ 121,214,596**	**$ 127,583,631**	**5.3%**	**$ 6,369,035**

$100.7 M (78.8%) of 2026 Budget is comprised of personnel costs and utility purchases

- Personnel costs (Payroll, retirement plans, OPEB, healthcare): $47 M/36.8%
- Utility expenses (Electric – DEMEC/Sewer – New Castle County): $53.7 M/42%

Total Operating expenses are estimated to be $6.4 M (5.3%) over 2025

Citywide Cost Drivers in 2026

Personnel:

- Union contractual cost of living adjustments (COLA's) and annual merit increases
- Health insurance premium increase - 7%
- Pension/OPEB Contribution increases based on increased wages and eliminating 401(a)

Other:

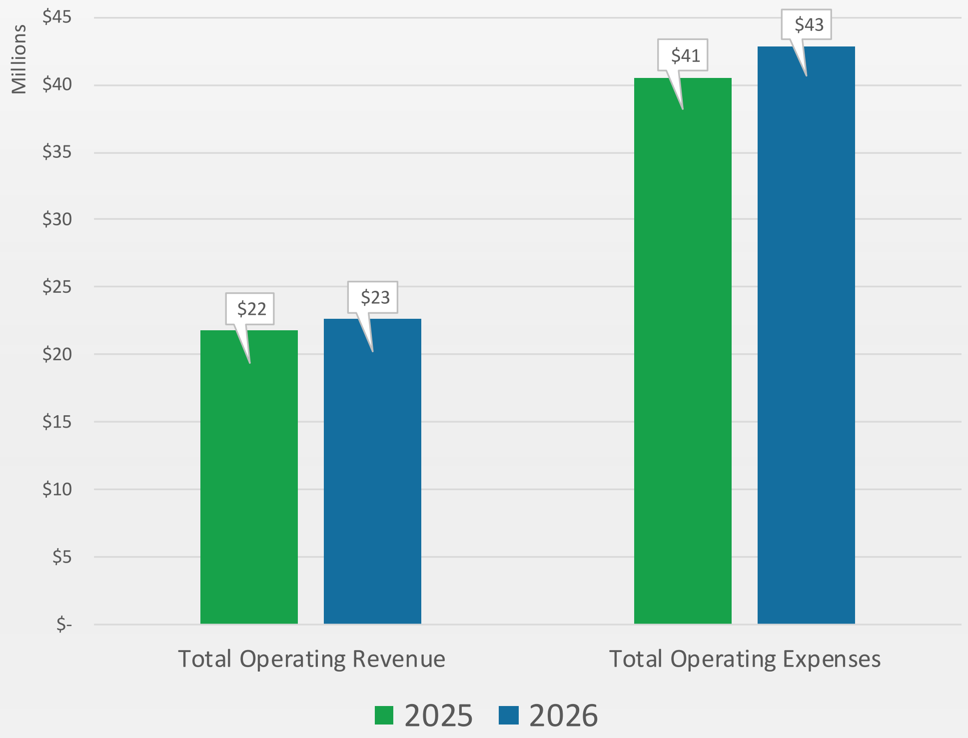
- Workers Compensation Insurance premium increase
- DEMEC Electric wholesale rate increase
- IT costs
- Supply increases due to inflation

2025/2026 Revenue vs. Expense – General Fund

GENERAL FUND	2025
Revenue/Other Funding Sources	
Tax Revenue	12,412,500
Fees for Service	6,178,507
Intergovernmental Revenue/Emer	1,315,406
Other Revenue	1,879,700
Appropriation of Prior Year Reser	-
Total Operating Revenue	$ 21,786,113
Expenditures	
Personnel Services	$ 31,817,144
Materials and Supplies	1,011,748
Contractual Services	8,196,156
Equipment Depreciation	1,358,830
Other Expenses	878,450
Inter-Dept Charges	(2,715,837)
Total Operating Expenses	$ 40,546,491
Net Transfers	-
Net Current Surplus/(Deficit)	(18,760,378)

GENERAL FUND	2026
Revenue/Other Funding Sources	
Tax Revenue	12,807,262
Fees for Service	5,394,500
Intergovernmental Revenue/Emer Comm F	3,183,208
Other Revenue	1,251,500
Appropriation of Prior Year Reserves	-
Total Operating Revenue	$ 22,636,470
Expenditures	
Personnel Services	$ 33,675,362
Materials and Supplies	1,148,229
Contractual Services	8,688,229
Equipment Depreciation	1,433,533
Other Expenses	870,400
Inter-Dept Charges	(2,976,682)
Total Operating Expenses	$ 42,839,071
Net Transfers	-
Net Current Surplus/(Deficit)	(20,202,601)

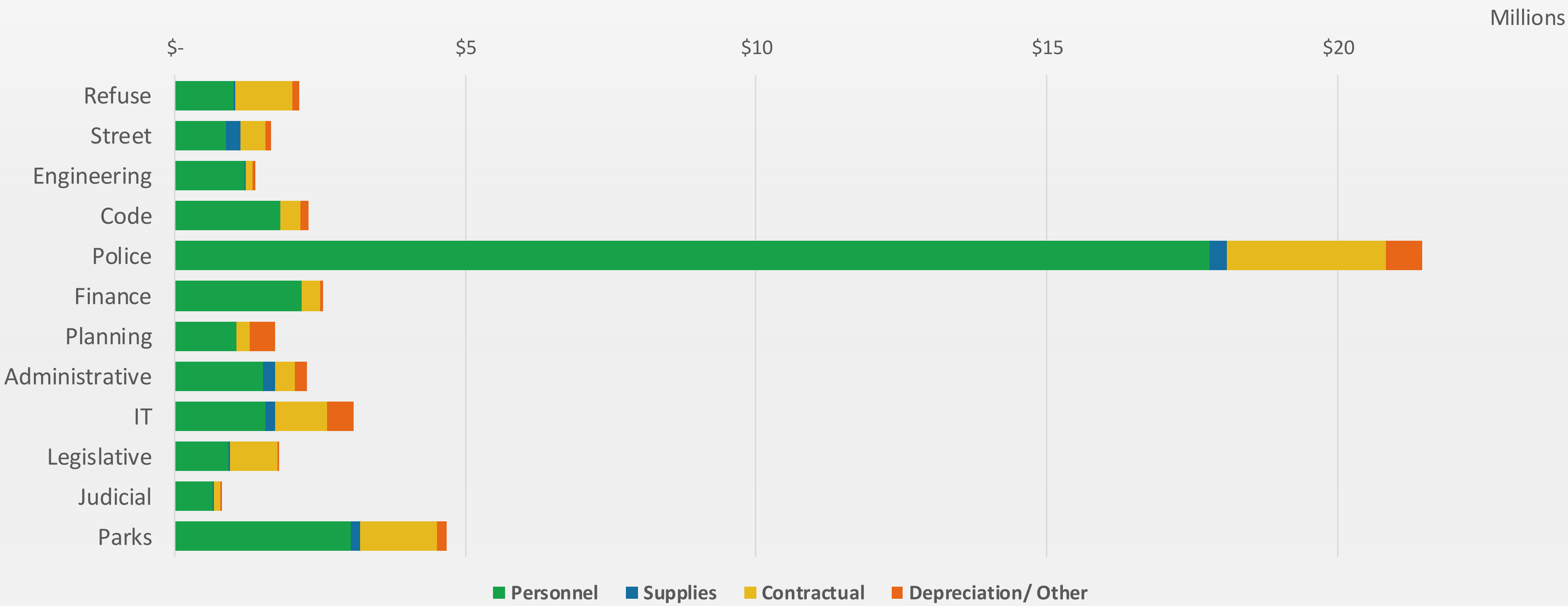
Revenue vs. Expense – General Fund



General Fund by the numbers

- General Fund revenue = $22.6 M out of $127.9 M total = **17.7%**
- General Fund expense = $42.8 M out of $127.6 M total = **33.5%**
- **General Fund shortfall = $20.2 M**
- **78%** of total workforce
- **45%** of General Fund employees are in the Police department
- Police department = **$23.1 M** = **54%**
- Remaining 12 divisions represent **46%** of expense

General Fund by Division and Expense Type



General Fund by Division

- **POLICE = $23.1 M**
- Parks & Recreation $5 M
- IT = $25 K
- Finance = $456 K
- Code Enforcement = $2.5 M
- Administrative/ Records = $1.8 M
- Refuse = $2.3 M
- Legislative (City Secretary) = $1.6 M
- Planning = $1.8 M
- Street = $2.1 M
- Engineering = $1.4 M
- Judicial (Aldermans Court) = $854 K

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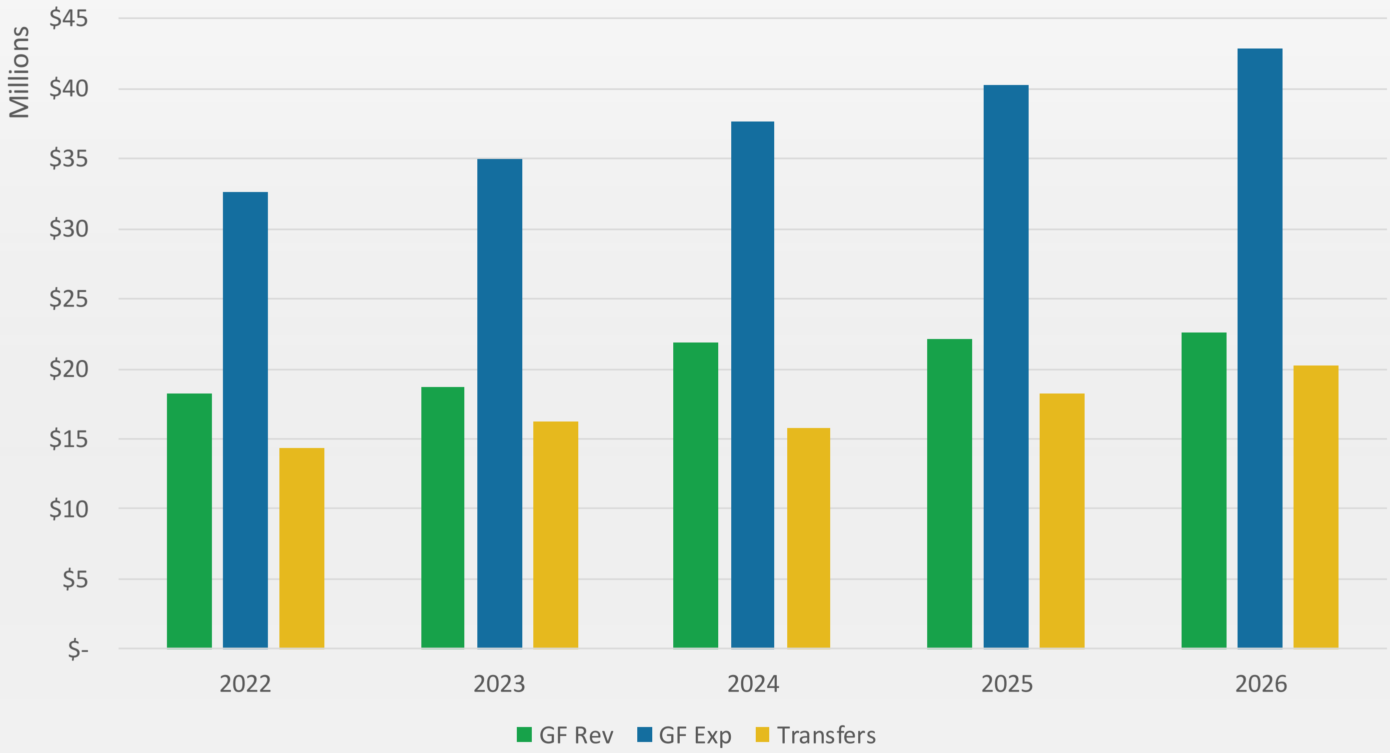
General Fund Revenue, Expense, and Transfers



2025/2026 Revenue vs. Expense – Enterprise Funds

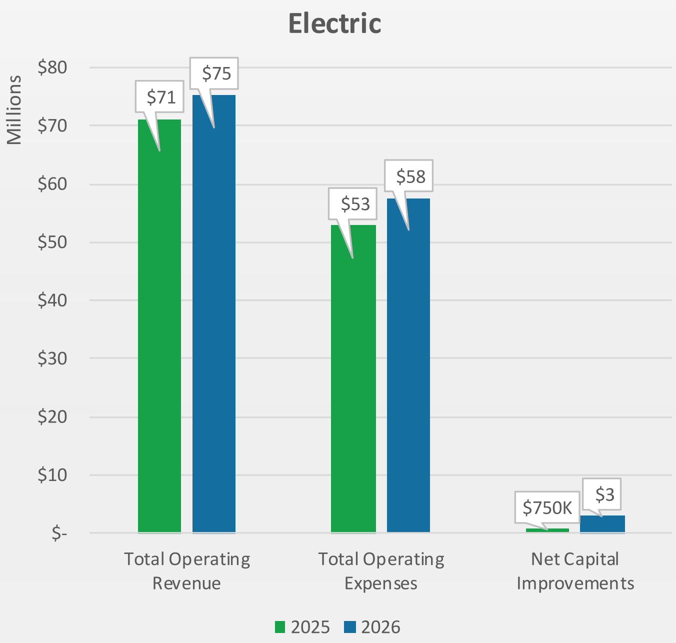
2025

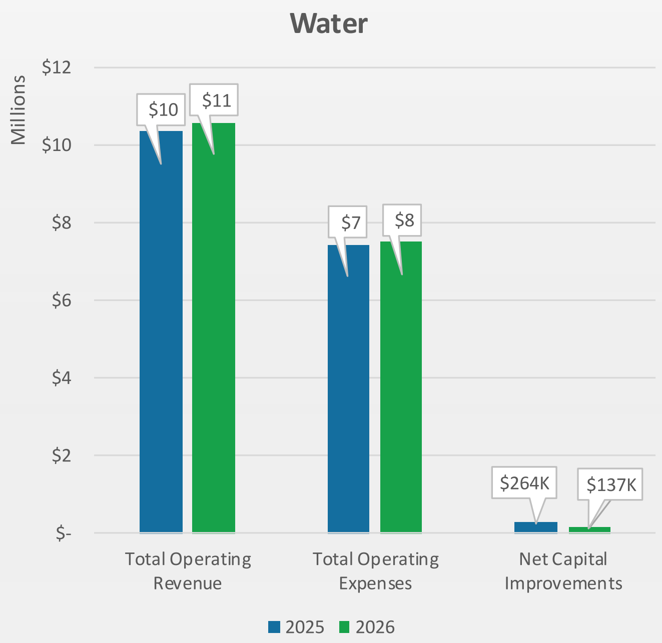
	ELECTRIC	WATER	SEWER	STORMWATER	PARKING
Total Operating Revenue	$ 71,213,750	$ 10,363,500	$ 9,566,550	$ 2,650,000	$ 3,362,000
Total Operating Expenses	$ 52,883,625	$ 7,450,413	$ 7,978,329	$ 2,455,753	$ 2,932,327
Net Capital Improvements	$ 727,380	$ 263,509	$ 390,840	$ 181,007	$ 133,847
Net Current Surplus/(Deficit)	17,602,745	2,649,578	1,197,381	13,240	295,826

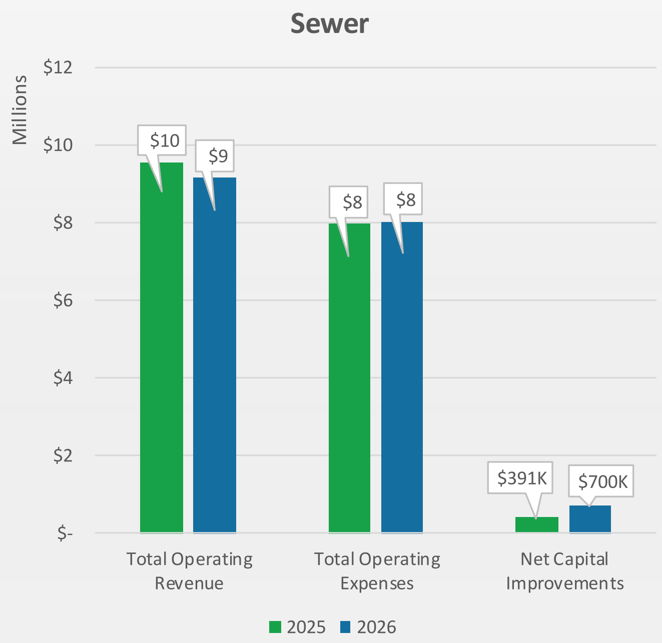
2026

	ELECTRIC	WATER	SEWER	STORMWATER	PARKING
Total Operating Revenue	$ 75,315,000	$ 10,597,540	$ 9,167,878	$ 2,728,050	$ 3,140,175
Total Operating Expenses	$ 57,582,407	$ 7,515,840	$ 8,041,057	$ 2,377,902	$ 2,941,376
Net Capital Improvements	$ 2,984,268	$ 137,001	$ 700,000	$ 50,000	$ 133,728
Net Current Surplus/(Deficit)	14,748,325	2,944,699	426,821	300,148	65,071

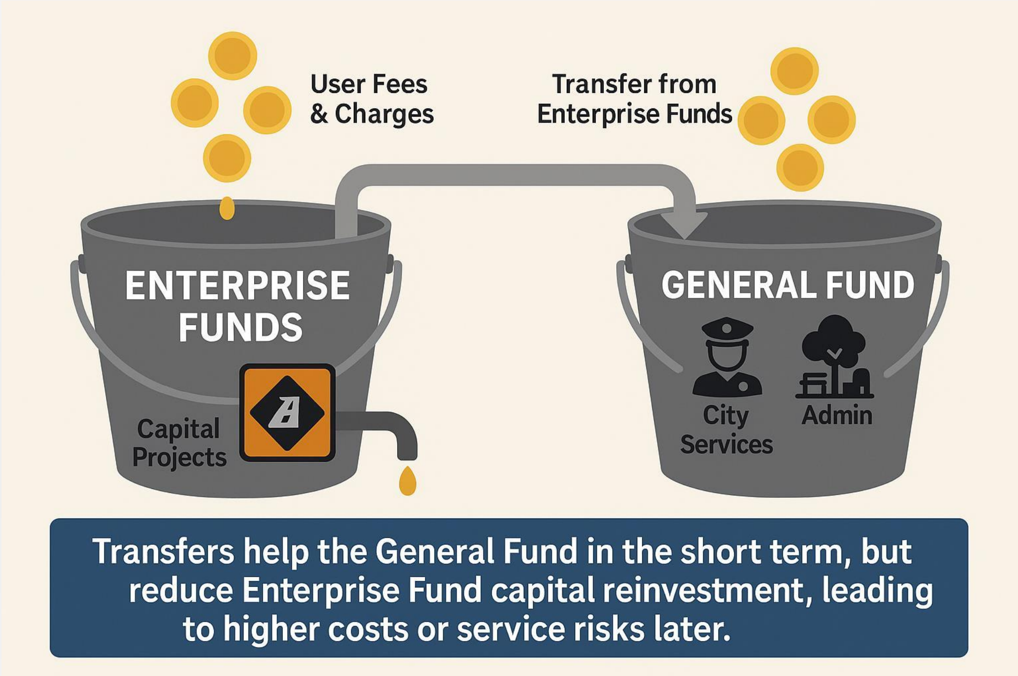
Revenue vs. Expense – Enterprise Funds



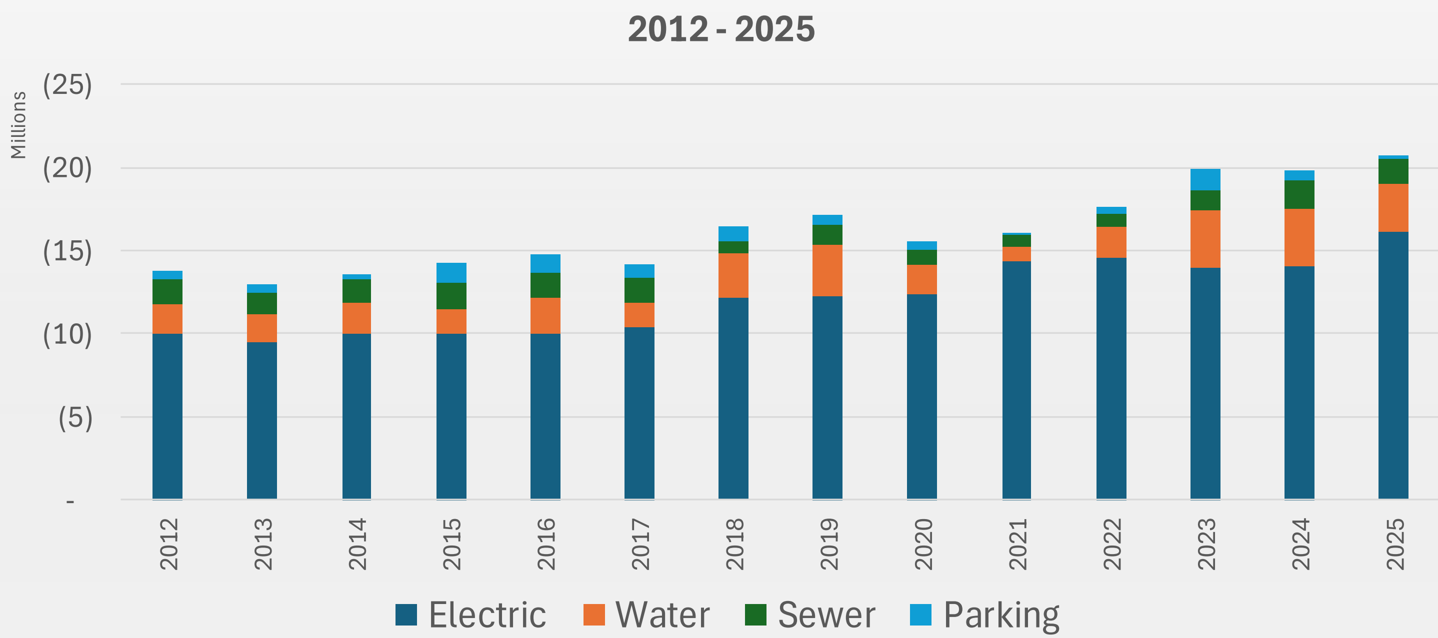




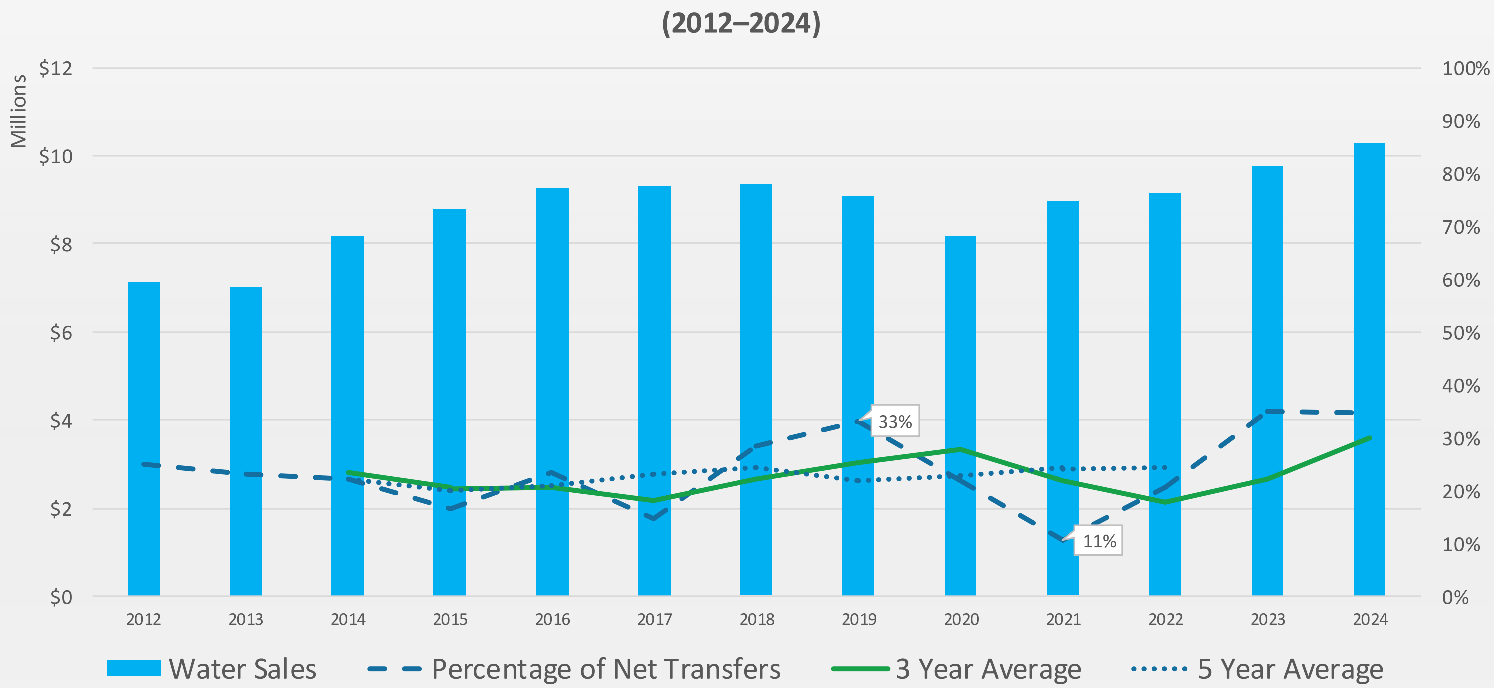
Governmental Funds supported by Utility and Parking Transfers



General Fund Transfers by Enterprise Fund



Water Sales vs Net Transfer Percentage



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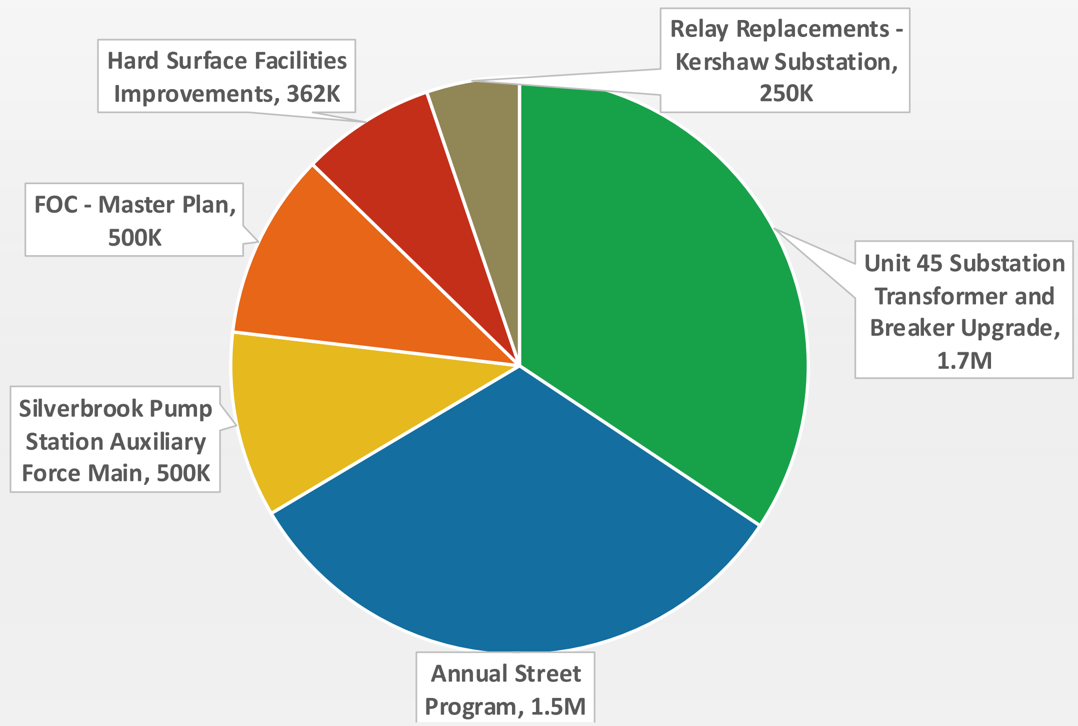
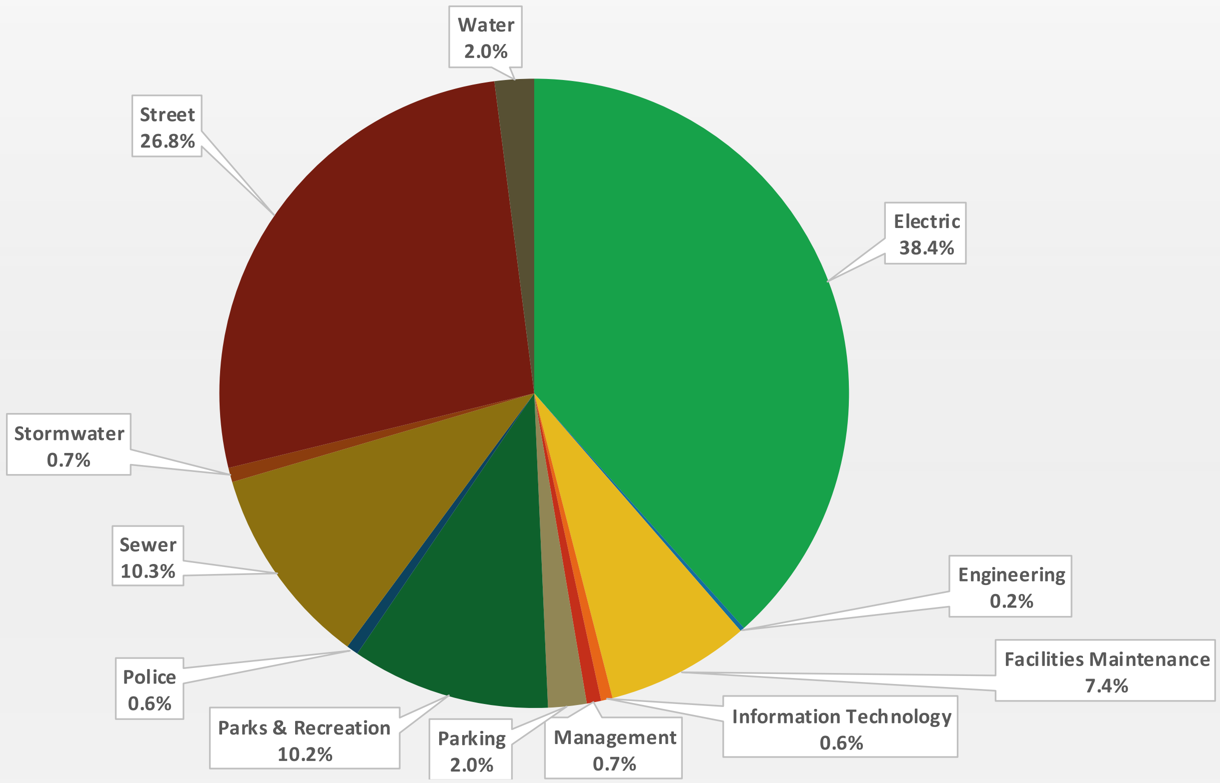
Capital Improvements Overview

CAPITAL IMPROVEMENTS	* as amended 2024 * BUDGET	* as amended 2025 * BUDGET	** as proposed 2026 ** BUDGET	% FROM 2025 BUDGET	$ FROM 2025 BUDGET
Gross Capital Improvements	$ 31,983,081	$ 27,984,398	$ 54,500,662	94.8%	$ 26,516,264
Less: Use of Reserves	(3,284,516)	(2,134,706)	(1,591,408)	-25.5%	543,298
Equipment Replacement	(100,984)	(437,280)	(384,804)	-12.0%	52,476
Grants	(4,816,794)	(2,012,194)	(1,577,336)	-21.6%	434,858
Bond Issues	-	-	-	0.0%	-
State Revolving Loans	(6,977,032)	(7,938,609)	(27,650,000)	248.3%	(19,711,391)
American Rescue Plan Act	(5,111,899)	-	-	0.0%	-
Other Sources	(8,521,334)	(13,597,414)	(16,180,000)	19.0%	(2,582,586)
Net Capital Improvements	**$ 3,170,522**	**$ 1,864,195**	**$ 7,117,114**	**281.8%**	**$ 5,252,919**

FY2026 Capital Improvement Plan: Top Priorities



FY2026 Capital Improvement Plan by Division



2026 Policy Considerations for Council

- Utility rates
- Property tax rate
- Defer capital projects that can be safely deferred
- New revenue ordinances – trash, charge for printed utility bills, increase fees
- Consider options to retain revenue in water and sewer utilities for capital expenses
- Phase in water rate increases anticipated for PFAS treatment costs

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Council Questions and Input