City of Wilmington
Delaware

Proposed Budget Summary
FY 2023

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Mayor

Prepared by the
Office of Management and Budget

Fiscal Year 2023 • Proposed to City Council • March 17, 2022

City of Wilmington

FY 2023 Proposed Budget

Projected Revenues & Expenditures

	FY 2023 General Fund	FY 2023 Water/Sewer Fund	FY 2023 Total
Revenues	$171,627,310	$83,873,436	$255,500,746
Property Tax Increase (7.5%)	3,142,860	0	3,142,860
Water and Sewer Rate Increase (5.0%)	0	2,493,750	2,493,750
Expenditures	176,933,594	82,144,457	259,078,051
Surplus/(Deficit)	**($2,163,424)**	**$4,222,729**	**$2,059,305**
Transfer in from WPA	275,000	0	275,000
Net Surplus/(Deficit) before the use of ARPA Funds	**($1,888,424)**	**$4,222,729**	**$2,334,305**

Use of ARPA Funds	**$12,000,000**

Net Surplus/(Deficit) with ARPA Funds	**$10,111,576**

BUDGET HIGHLIGHTS

CITY OF WILMINGTON
FISCAL YEAR 2023

The General Fund

- The FY 2023 General Fund operating budget expenditures total **$176,933,594** – up $4,231,193 or 2.4% from FY 2022. To balance the budget, a 7.5% Property Tax increase is proposed, along with the use of federal ARPA revenue replacement funding.

- The budget contains a $2.34 million allowance to cover salary increases as dictated by union labor contracts and for a 2.0% cost-of-living-adjustment (COLA) salary increase for non-union employees. In addition, mandatory anniversary salary step increases for certain employees added just over $574,000 to the budget.

- Staffing decreased by a net total of 14.72 full-time equivalents (FTE), and includes changes made in the mid-FY 2022 budget amendment. Personnel actions, including changes in grades and shifts to split-funded positions, resulted in a total net decrease of $467,735.

  - The Mayor's Office decreased by 4.00 FTE, for a net savings of $378,604. A Constituent Services Officer, a Constituent Services Project Specialist, and a Constituent Services Representative were eliminated, along with the Mayor's Office Receptionist, for a savings of $390,310. The three Fiscal & Operations Analysts were upgraded from Grade S to Grade T in the non-union pay scale at a cost of $11,706.

  - The split-funded (75% General Fund - 25% CATV Fund) salary of the City Council Chief of Staff was increased for a total cost to the General Fund of $23,444.

  - In the Law Department, the Nuisance Property Administrator was upgraded from Grade O to Grade P in the non-union pay scale at a cost of $1,564.

  - The Finance Department decreased by a net 2.65 FTE. Two Parking Regulation Enforcement Officer positions were eliminated for a savings of $137,228. The Revenue Manager position (split-funded 35% General Fund and 65% Water/Sewer Fund) was eliminated, saving $47,391. The split-funded Senior Financial Officer position was changed from 80% General Fund and 20% Water/Sewer Fund to 50% General Fund and 50% Water/Sewer Fund, resulting in a $40,457 decrease to the General Fund. Lastly, the Delinquent Accounts Supervisor (funded 50% Water/Sewer Fund and 50% General Fund) was upgraded to a Delinquent Accounts Manager at a cost of $2,659.

  - The three Human Resource Administrator positions in the Human Resources Department were reclassified and moved from the Executive & Managerial pay scale (Level M-04) to the non-union pay scale of Grade T at a cost of $10,179.

  - Licenses and Inspections (L&I) decreased by 15.00 FTE. Fourteen positions were transferred to the Land Use & Planning Department (discussed in more detail below) for a reduction of $1,392,186. In addition, the position of Deputy Commissioner was deleted and the salary of the Commissioner was reduced, saving $139,986.

The General Fund (continued)

- ❍ The Real Estate & Housing Department decreased by a net 0.50 FTE. The split-funded (50% General Fund and 50% Federal HUD Funds) GIS Technician I was eliminated for a savings of $33,527.

- ❍ In the Public Works Department, as part of a reorganization to bolster areas of need, especially regarding administrative tasks and management, three various vacant positions (split-funded 50% with the Water/Sewer Fund) were eliminated and three new administratively-focused positions (split-funded 50% with the Water/Sewer Fund) were created. In addition, a split-funded (25% General Fund and 75% Water/Sewer Fund) Administrative Assistant I was upgraded to an Administrative Assistant II. The total net cost of these changes was $10,997.

- ❍ The Parks & Recreation Department increased by 1.00 FTE. The position of Executive Director of WHACC was added at a cost of $107,815.

- ❍ The Police Department decreased by 9.57 FTE. Seven vacant patrol officer positions were eliminated, reducing the authorized strength to 312 and saving $618,121. Although 2.57 FTE were also shifted out of the General Fund to properly align the costs of what were partially grant-funded School Resource Officers (SRO), the absorption of one of the previously assigned SRO's City pension cost resulted in a $478,000 increase to the General Fund.

- The Department of Planning & Development has become the Department of Land Use and Planning. It was reorganized by transferring in those processes, employees, and budget accounts from the Department of Licenses & Inspections (L&I) related to permitting, plan reviews, and land development. Among other things, the proper integration of processes and employees will ensure a more efficient review and response to land development requests. Fourteen employees were transferred in from L&I; two existing positions in Planning & Development were deleted; and four new positions were created. In addition, the position of Deputy Commissioner in L&I was deleted. The net increase across both departments is just over $285,000 (Land Use & Planning - up $2.27 million and L&I - down $1.99 million).

- After decreasing last year because of the effects of the COVID-19 pandemic on routine doctor visits and non-emergency medical procedures, the City's cost for employee and retiree medical care and prescription drugs is projected to grow a combined 7.1%, tracking closely to the national average. For FY 2023, that translated into a nearly $1.4 million increase to the combined total of the Hospitalization and Pension Healthcare accounts.

- To meet the requirements of GASB pronouncement #24 (regarding on-behalf payments), annual funding received from the State of Delaware supporting the City's Police and Fire pension trust funds is booked as a pass-through in the General Fund. This means that the State funding is shown as a General Fund revenue source offset by an equal amount budgeted in the State Pension Contribution expenditure accounts in the Police and Fire departments. For FY 2023, the State grant was increased by $566,600, which in turn increased the State Pension Contribution account by the same amount.

The General Fund (continued)

- The Delaware Office of Pensions lowered the required percentage of payroll for the City's FY 2023 contribution to the State-sponsored Police and Fire pension plan. This resulted in a savings of over $1.4 million.

- In the changing business environment resulting from the COVID-19 pandemic, the Finance Department continues to seek the optimal mix of internal and external collection and audit efforts, especially regarding Wage Tax revenue. The Wage Tax Unit will be consolidating its external collections efforts to two firms, thereby reducing the expenses otherwise expected from a broader number of firms. As a result, Wage and Head Tax collection expenses were reduced by $198,000 or almost 30%.

- Temporary Agencies is up a net total of $215,500. There were three areas in the Finance Department that accounted for most of this increase. $120,000 was added in the Parking Enforcement Division for three staff workers. The budget for additional support for the collections and settlement processes in the Accounts Service Division increased by $39,000. And required accounting expertise and assistance, especially during the preparation of the Annual Financial Report, added $35,000 in the Accounting Division.

- Consultants increased a net $246,850, with the vast majority of the increase ($196,000) occurring in the Information Technologies Department for improvement in the utilization of software to upgrade and better coordinate internal business processes and departmental customer service. One area of particular importance was to provide funding for the development of Land Use permitting software.

- The Wearing Apparel and Safety Supplies character increased sharply by 38.0% (adding over $262,000 to the budget), and was attributable to a number of diverse items in the Fire and Police Departments. With State grant funding no longer available, the $91,000 cost of protective gear for a Fire rookie class had to be absorbed by the City. The same is true of the $50,000 cost for the replacement of a Police bomb suit that had been purchased with grant funds. Other notable items in Police that attributed to the cost increase include tasers (up $52,000), body armor (up $30,000), and the cost of uniforms and equipment for the police cadet program ($25,000).

- With the toll the COVID-19 pandemic has taken on the City's small businesses and hospitality sectors in mind, a $160,000 increase in matching funding support was provided to the "It's Time" campaign through the Mayor's Office Advertising account. The "It's Time" campaign, funded largely through business contributions, is an economic development-based effort to support business development in Wilmington, with a special emphasis on small businesses. The campaign promotes and markets the City regionally and nationally as an excellent place to live, work, raise families, and have fun. "It's Time" is the only existing effort that continually showcases Wilmington's pride and diversity.

BUDGET HIGHLIGHTS
CITY OF WILMINGTON
FISCAL YEAR 2023

The General Fund (continued)

- The Motor Vehicle Costs account increased by almost $230,000, driven largely by the expansion of specialized equipment in the Police Department.

- Total Debt Service decreased a net $910,500. Ongoing reconciliation by the City's auditors of the prorated debt service savings from the November 2020 bond refinancing has resulted in a change to the debt service schedules.

- There is a proposed 7.5% increase to the tax rate that is projected to result in additional annual revenue of $3.14 million. The median assessment homeowner will pay an additional $52.20 annually ($4.35 more per month).

BUDGET HIGHLIGHTS
CITY OF WILMINGTON
FISCAL YEAR 2023

The Water/Sewer Fund

- The FY 2023 Water/Sewer Fund operating budget expenditures total **$82,144,457** – up $2,576,882 or 3.2% from FY 2022. The FY 2023 Budget continues to support the high-priority initiatives essential to achieving financially self-sustaining and environmentally-sound water, sewer, and stormwater utilities. These include an accelerated Combined Sewer Overflow (CSO) mitigation effort, and finished water filtration and supply improvements that exceed EPA standards, contributing to the stability of northern Delaware's water supply, especially in times of drought.

- The budget contains a $146,100 allowance to cover salary increases as dictated by union labor contracts and for a 2.0% cost-of-living-adjustment (COLA) salary increase for non-union employees. In addition, mandatory anniversary salary step increases for certain employees added about $86,500 to the budget.

- Staffing decreased by a net total of 1.35 FTE. Personnel actions, including changes in grades and shifts to split-funded positions, resulted in a total net decrease of $94,909.

    - The Finance Department decreased by a net 0.35 FTE. The Revenue Manager position (split-funded 65% Water/Sewer Fund and 35% General Fund) was eliminated, saving $88,013. The split-funded Senior Financial Officer position was changed from 20% Water/Sewer Fund and 80% General Fund to 50% Water/Sewer Fund and 50% General Fund, resulting in a $40,457 increase to the Water/Sewer Fund. Lastly, the Delinquent Accounts Supervisor (funded 50% Water/Sewer Fund and 50% General Fund) was upgraded to a Delinquent Accounts Manager at a cost of $2,659.

    - In the Public Works Department, as part of a reorganization to bolster areas of need, six various vacant positions (three of which were split-funded 50% with the General Fund) were eliminated and five positions (three of which are split-funded 50% with the General Fund) were added for a savings of $67,307. In addition, a split-funded (75% Water/Sewer Fund and 25% General Fund) Administrative Assistant I was upgraded to an Administrative Assistant II; a GIS Technician II was upgraded to a GIS Analyst II; and all eight Plant Operator IIIs were upgraded from Grade H to Grade J in the Local 320 union pay scale. The effect of the above listed upgrades was an increase in cost of $17,293.

- The Contracted Maintenance Services account increased $960,400. Almost all of the increase is in the contract fee to Jacobs to operate and maintain the City's sewage treatment plant and help manage the City's renewable energy bio-solids facility.

- The Repairs to Sewer Lines account in the Sewer Maintenance Division rose by $400,000 to cover expanded inspection and repair of flood points, and the higher costs of emergency pipe replacement and repairs.

The Water/Sewer Fund (continued)

- A total of $209,000 was added to cover a wide-ranging list of items in the Engineering accounts of the Water System, Sewer Maintenance and Wastewater Treatment Plant Divisions. This includes additional support for the City's renewable energy bio-solids facility, technical assistance and guidance regarding EPA local limit requirements, and project management of the sewer collection system.

- 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 increase by $251,033, reflecting the recent revisions to the cost allocation model based on new usage surveys.

- Legal fees were increased 40% (from $500,000 to $700,000) to cover arbitration and legal proceedings against New Castle County (wastewater treatment contract), the Army Corps of Engineers (unpaid stormwater bills), and Honeywell (breach of contract regarding the renewable energy bio-solids facility).

- Since the low point during the height of the COVID-19 pandemic last year, the price of dozens of chemicals has risen by more than 100%. Some of the affected chemicals are used by the City for water treatment at the Porter and Brandywine filter plants. In addition, new types of speciality chemicals are needed for the cleaning of the membranes at the Brandywine Plant. As a result, Bulk Chemicals increased by $175,000.

- The Finance Department added $110,000 in the Miscellaneous Charges - N.O.C. account to expand staffing for the Wilmington 311 Call Center. Wilmington 311 is a customer service portal that offers residents the ability to request a service, report a problem or direct a question to City government officials.

- Total Debt Service decreased a net $566,576. Ongoing reconciliation by the City's auditors of the prorated debt service savings from the November 2020 bond refinancing has resulted in a change to the debt service schedules.

- There was a 5.0% increase to water and sewer rates. The projected fiscal impact of the rate changes is an increase of $2.49 million in revenue to the Water/Sewer Fund in FY 2023. The typical residential customer in the City using 4,000 gallons of water per month will see an increase of $2.82 to their monthly bill. There was no increase to stormwater rates.

Summary of Combined Statement of Revenues
Fiscal Year 2023

Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change FY'23-'22	Percent Change FY'23-'22
General Fund						
Taxes	$119,550,903	$119,118,378	$120,445,778	$125,977,627	$5,531,849	4.6%
Permits, Fees, and Fines	11,127,337	10,412,428	12,898,806	12,049,727	(849,079)	-6.6%
Task Force Revenues	5,624,656	6,622,225	5,990,845	7,423,147	1,432,302	23.9%
County Seat Relief	11,640,434	12,441,554	11,520,686	12,470,162	949,476	8.2%
State Pension Contribution	5,785,466	6,352,065	5,785,466	6,352,065	566,599	9.8%
Other	13,194,948	19,949,632	9,615,727	22,497,442	12,881,715	134.0%
Transfers In	275,000	275,000	275,000	275,000	0	0.0%
General Fund Total	**$167,198,744**	**$175,171,282**	**$166,532,308**	**$187,045,170**	**$20,512,862**	**12.3%**
Water/Sewer Fund						
Water/Sewer Fees	$55,086,654	$62,826,157	$60,873,830	$64,739,186	$3,865,356	6.3%
NCC Sewer Services	22,489,162	19,622,109	21,173,439	21,056,000	(117,439)	-0.6%
Other	1,247,796	1,011,702	1,087,000	572,000	(515,000)	-47.4%
Water/Sewer Fund Total	**$78,823,612**	**$83,459,968**	**$83,134,269**	**$86,367,186**	**$3,232,917**	**3.9%**
Special Funds						
Grants	$8,702,593	$11,567,959	$7,808,843	$7,448,571	($360,272)	-4.6%
Other	6,133,300	6,493,856	6,880,961	7,105,540	224,579	3.3%
Special Funds Total	**$14,835,893**	**$18,061,815**	**$14,689,804**	**$14,554,111**	**($135,693)**	**-0.9%**
Total Revenues						
All Funds Total	**$260,858,249**	**$276,693,065**	**$264,356,381**	**$287,966,467**	**$23,610,086**	**8.9%**

Summary of Combined Statement of Expenditures
Fiscal Year 2023

Expenditures	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change FY'23-'22	Percent Change FY'23-'22
General Fund						
Personal Services	$109,141,267	$110,402,315	$112,617,645	$116,508,285	$3,890,640	3.5%
Materials, Supplies, & Equip.	40,186,564	38,669,544	43,635,474	44,875,426	1,239,952	2.8%
Debt Service	14,193,373	11,926,222	15,506,487	14,596,018	(910,469)	-5.9%
Other	265,050	261,210	942,795	953,865	11,070	1.2%
General Fund Total	**$163,786,254**	**$161,259,291**	**$172,702,401**	**$176,933,594**	**$4,231,193**	**2.4%**
Water/Sewer Fund						
Personal Services	$11,451,631	$10,832,655	$11,986,334	$12,324,512	$338,178	2.8%
Materials, Supplies, & Equip.	52,664,934	51,741,126	51,733,136	54,538,416	2,805,280	5.4%
Debt Service	5,748,799	5,841,152	6,351,099	5,784,523	(566,576)	-8.9%
Other	9,497,006	10,424,403	9,497,006	9,497,006	0	0.0%
Water/Sewer Fund Total	**$79,362,370**	**$78,839,336**	**$79,567,575**	**$82,144,457**	**$2,576,882**	**3.2%**
Special Funds						
Personal Services	$4,660,718	$4,544,699	$3,869,922	$3,512,845	($357,077)	-9.2%
Materials, Supplies, & Equip.	3,729,155	6,100,874	3,616,408	3,686,614	70,206	1.9%
Debt Service	109,059	73,605	33,234	36,659	3,425	10.3%
Other	6,449,739	7,527,884	7,053,426	7,303,426	250,000	3.5%
Special Funds Total	**$14,948,671**	**$18,247,062**	**$14,572,990**	**$14,539,544**	**($33,446)**	**-0.2%**
Total Expenditures						
All Funds Total	**$258,097,295**	**$258,345,689**	**$266,842,966**	**$273,617,595**	**$6,774,629**	**2.5%**

Income / (Loss)	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change FY'23-'22
General Fund	$3,412,490	$13,911,991	($6,170,093)	$10,111,576	$16,281,669
Water/Sewer Fund	(538,758)	4,620,632	3,566,694	4,222,729	656,035
Special Funds	(112,778)	(185,247)	116,814	14,567	(102,247)
Total Income / (Loss)	**$2,760,954**	**$18,347,376**	**($2,486,585)**	**$14,348,872**	**$16,835,457**

1. Income / (Loss) before use of reserves or prior year surpluses.
2. The General Fund FY 2022 budget was balanced with the use of $6,170,093 from the Tax Stabilization Reserve.

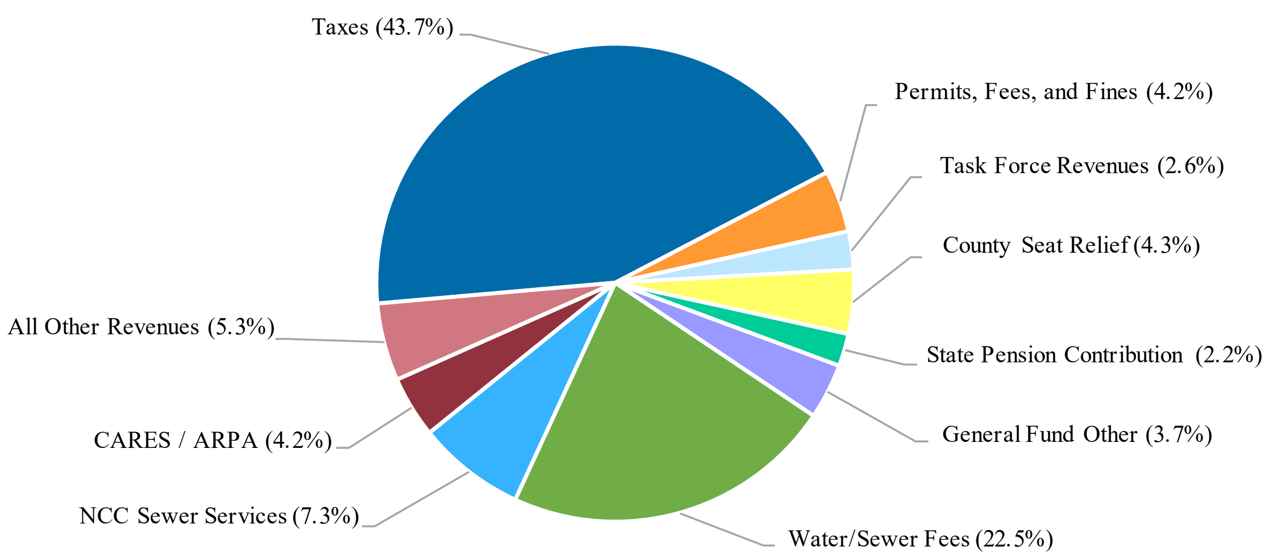
Summary of All Funds Combined
Fiscal Year 2023

All Funds Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change FY'23-'22	Percent Change FY'23-'22
Taxes	$119,550,903	$119,118,378	$120,445,778	$125,977,627	$5,531,849	4.6%
Permits, Fees, and Fines	11,127,337	10,412,428	12,898,806	12,049,727	(849,079)	-6.6%
Task Force Revenues	5,624,656	6,622,225	5,990,845	7,423,147	1,432,302	23.9%
County Seat Relief	11,640,434	12,441,554	11,520,686	12,470,162	949,476	8.2%
State Pension Contribution	5,785,466	6,352,065	5,785,466	6,352,065	566,599	9.8%
General Fund Other	11,597,079	11,570,732	9,890,727	10,772,442	881,715	8.9%
Use of Fund Balance*	0	0	6,170,093	0	(6,170,093)	-100.0%
Water/Sewer Fees	55,086,654	62,826,157	60,873,830	64,739,186	3,865,356	6.3%
NCC Sewer Services	22,489,162	19,622,109	21,173,439	21,056,000	(117,439)	-0.6%
Water/Sewer Other	1,063,099	711,702	1,087,000	572,000	(515,000)	-47.4%
CARES / ARPA	2,057,566	8,953,900	0	12,000,000	12,000,000	N/A
Special Funds Grants	8,702,593	11,567,959	7,808,843	7,448,571	(360,272)	-4.6%
Special Funds Other	6,133,300	6,493,856	6,880,961	7,105,540	224,579	3.3%
Total Revenues	**$260,858,249**	**$276,693,065**	**$270,526,474**	**$287,966,467**	**$17,439,993**	**6.4%**

* Includes use of General Fund Tax Stabilization Reserve.

Taxes includes Wage Tax, Property Tax, and Other Taxes. State Transfers includes Task Force Revenues, County Seat Relief, and State Pension Contribution. General Fund Other includes Interest, Other Revenues, Port Debt Reimbursement, Transfer In/Out, and Use of Fund Balance. Water/Sewer Fees includes Water/Sewer User Fees and Stormwater Billings. Water/Sewer Other includes Rentals/Misc. and Solar Panels.

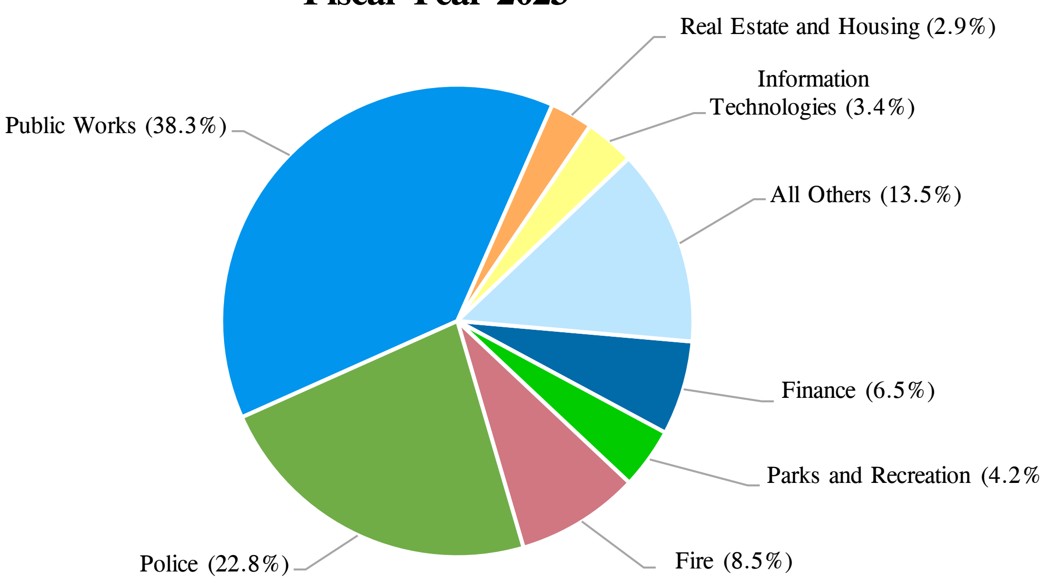
All Funds Revenues
Fiscal Year 2023



Summary of All Funds Combined
Fiscal Year 2023

All Funds Expenditures	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change FY'23-'22	Percent Change FY'23-'22
Mayor's Office	$9,902,259	$8,739,136	$7,210,351	$6,823,364	($386,987)	-5.4%
City Council	2,925,260	2,873,094	2,710,623	2,857,031	146,408	5.4%
Treasurer	5,471,157	5,911,355	6,222,796	6,440,536	217,740	3.5%
Land Use and Planning	1,537,036	1,451,752	1,485,069	3,764,506	2,279,437	153.5%
Audit	892,390	948,234	932,814	990,200	57,386	6.2%
Law	2,571,511	2,352,462	2,536,273	2,628,829	92,556	3.6%
Finance	15,823,978	16,168,089	17,347,954	17,654,801	306,847	1.8%
Human Resources	1,589,168	1,566,203	2,301,745	2,340,811	39,066	1.7%
Licenses and Inspections	5,227,602	4,748,072	5,678,653	3,688,775	(1,989,878)	-35.0%
Parks and Recreation	9,584,494	11,594,893	10,938,571	11,393,164	454,593	4.2%
Fire	22,984,011	22,919,981	22,936,941	23,168,158	231,217	1.0%
Police	60,835,682	59,838,322	60,326,725	62,508,205	2,181,480	3.6%
Public Works	98,702,234	96,915,221	101,240,237	104,742,446	3,502,209	3.5%
Real Estate and Housing	5,615,581	7,315,223	9,697,426	7,980,264	(1,717,162)	-17.7%
Commerce (Port Debt)	720,226	127,918	154,941	277,071	122,130	78.8%
Information Technologies	7,929,240	8,523,668	8,664,381	9,335,368	670,987	7.7%
State Pension Contrib.	5,785,466	6,352,066	5,785,466	6,352,066	566,600	9.8%
Contingent Reserves	0	0	672,000	672,000	0	0.0%
Total Expenditures	**$258,097,295**	**$258,345,689**	**$266,842,966**	**$273,617,595**	**$6,774,629**	**2.5%**

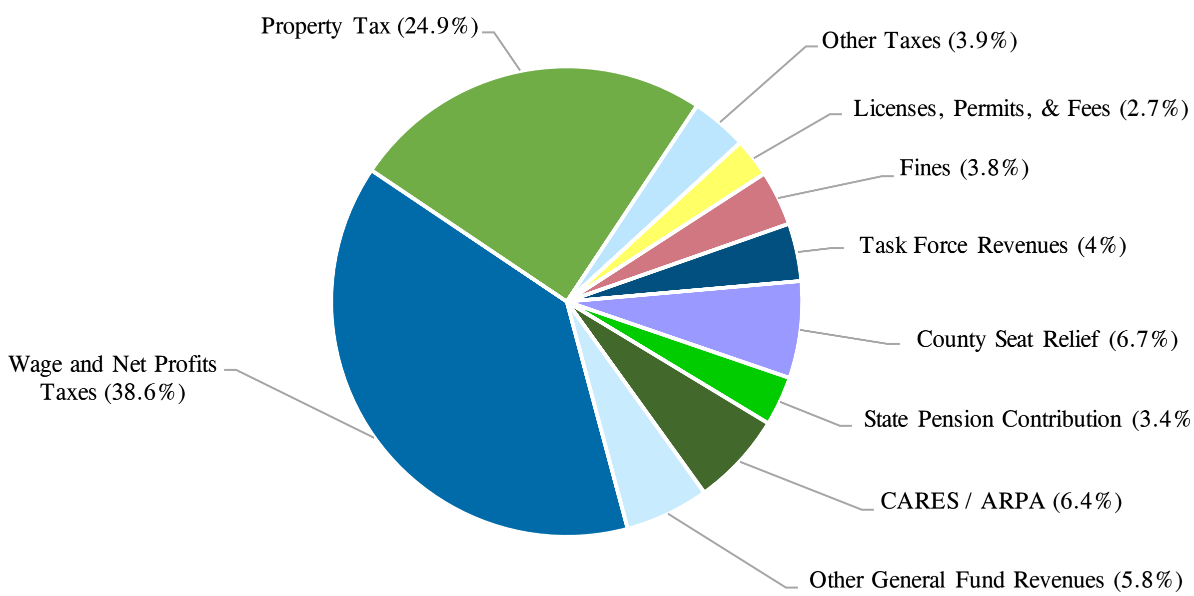
All Funds Expenditures
Fiscal Year 2023



Summary of General Fund
Fiscal Year 2023

General Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change FY'23-'22	Percent Change FY'23-'22
Wage and Net Profits Taxes	$65,637,184	$65,444,237	$70,079,093	$72,204,780	$2,125,687	3.0%
Property Tax	43,698,151	44,728,292	43,256,728	46,561,800	3,305,072	7.6%
Other Taxes	10,215,568	8,945,849	7,109,957	7,211,047	101,090	1.4%
Licenses, Permits, & Fees	5,746,733	4,602,110	4,403,653	4,963,677	560,024	12.7%
Fines	5,380,604	5,810,318	8,495,153	7,086,050	(1,409,103)	-16.6%
Interest	1,301,142	256,040	336,000	413,000	77,000	22.9%
Other Revenues	9,451,581	10,168,835	8,725,523	9,530,613	805,090	9.2%
Task Force Revenues	5,624,656	6,622,225	5,990,845	7,423,147	1,432,302	23.9%
County Seat Relief	11,640,434	12,441,554	11,520,686	12,470,162	949,476	8.2%
State Pension Contribution	5,785,466	6,352,065	5,785,466	6,352,065	566,599	9.8%
Port Debt Reimbursement	569,356	870,857	554,204	553,829	(375)	-0.1%
CARES / ARPA	1,872,869	8,653,900	0	12,000,000	12,000,000	N/A
Transfers In/(Out)	275,000	275,000	275,000	275,000	0	0.0%
Use of Fund Balance	0	0	6,170,093	0	(6,170,093)	-100.0%
Total Revenues	**$167,198,744**	**$175,171,282**	**$172,702,401**	**$187,045,170**	**$14,342,769**	**8.3%**

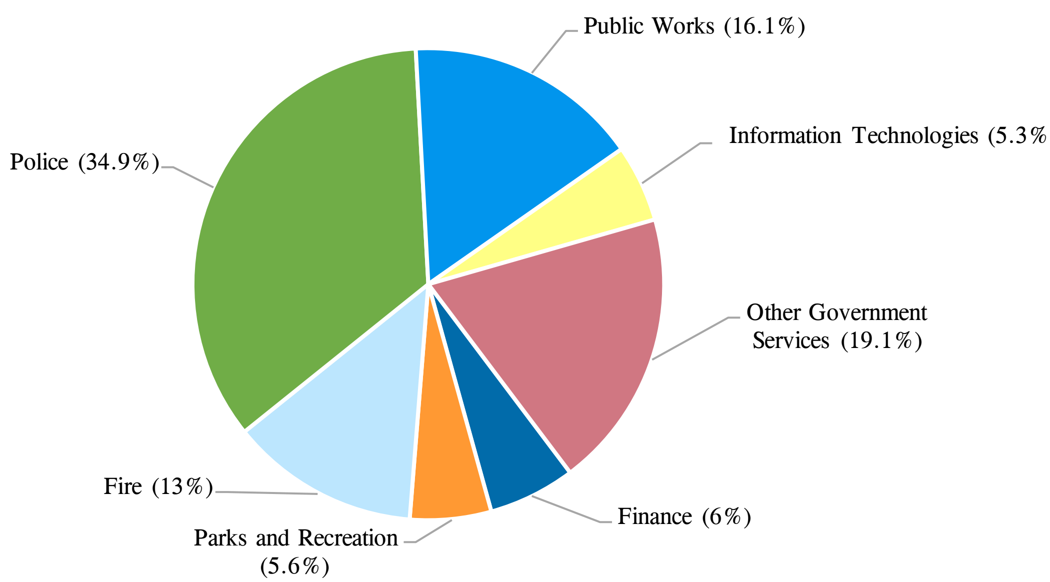
General Fund Revenues
Fiscal Year 2023



Summary of General Fund
Fiscal Year 2023

General Fund Expenditures	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change FY'23-'22	Percent Change FY'23-'22
Mayor's Office	$9,687,145	$8,397,920	$7,134,800	$6,746,305	($388,495)	-5.4%
City Council	1,785,401	1,687,632	1,827,437	1,871,598	44,161	2.4%
Treasurer	465,308	522,656	449,510	449,620	110	0.0%
Land Use and Planning	1,528,480	1,396,965	1,445,500	3,720,467	2,274,967	157.4%
Audit	807,406	851,154	849,136	906,125	56,989	6.7%
Law	2,571,511	2,352,462	2,536,273	2,628,829	92,556	3.6%
Finance	9,392,064	9,154,638	10,409,920	10,555,660	145,740	1.4%
Human Resources	1,589,168	1,566,203	2,301,745	2,340,811	39,066	1.7%
Licenses and Inspections	5,227,602	4,748,072	5,678,653	3,688,775	(1,989,878)	-35.0%
Parks and Recreation	8,835,987	8,223,280	9,485,864	9,870,355	384,491	4.1%
Fire	22,926,744	22,785,028	22,735,572	22,966,789	231,217	1.0%
Police	57,749,947	57,378,908	59,174,883	61,758,351	2,583,468	4.4%
Public Works	24,596,154	24,165,494	27,471,714	28,564,575	1,092,861	4.0%
Real Estate and Housing	2,188,405	3,025,227	5,924,606	4,228,829	(1,695,777)	-28.6%
Commerce (Port Debt)	720,226	127,918	154,941	277,071	122,130	78.8%
Information Technologies	7,929,240	8,523,668	8,664,381	9,335,368	670,987	7.7%
State Pension Contrib.	5,785,466	6,352,066	5,785,466	6,352,066	566,600	9.8%
Contingent Reserves	0	0	672,000	672,000	0	0.0%
Total Expenditures	**$163,786,254**	**$161,259,291**	**$172,702,401**	**$176,933,594**	**$4,231,193**	**2.4%**

General Fund Expenditures
Fiscal Year 2023

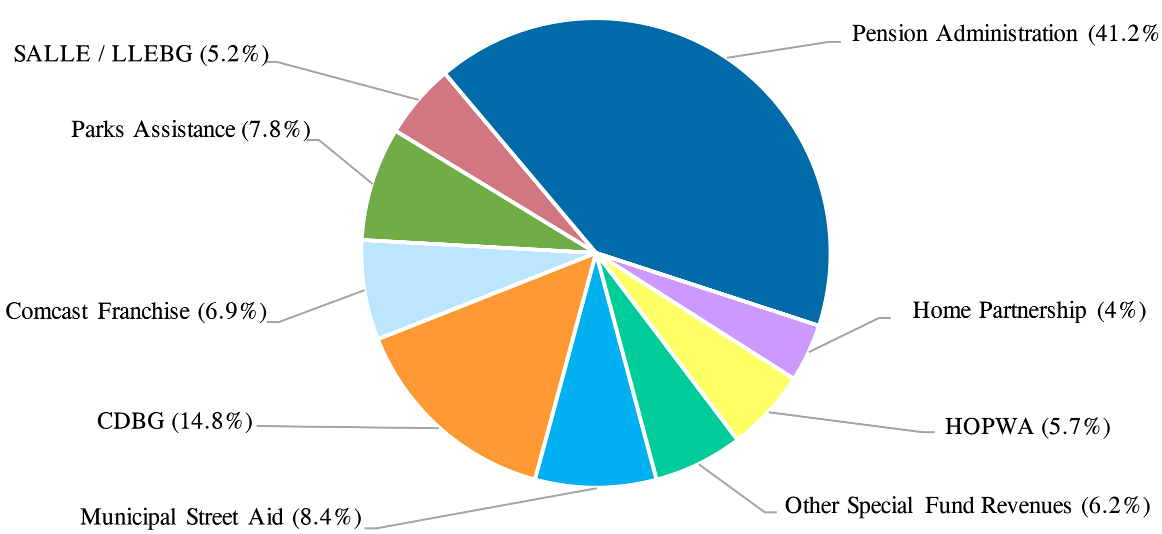


Summary of Special Funds
Fiscal Year 2023

Special Funds Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change FY'23-'22	Percent Change FY'23-'22
Municipal Street Aid	$1,260,608	$1,020,922	$1,222,660	$1,216,630	($6,030)	-0.5%
CDBG	2,226,316	2,528,982	2,219,237	2,156,360	(62,877)	-2.8%
Comcast Franchise	1,027,081	1,000,215	1,000,000	1,000,000	0	0.0%
Emergency Shelter	183,571	357,397	189,070	189,072	2	0.0%
Workforce Investment	396,700	331,533	263,834	269,111	5,277	2.0%
Parks Assistance	251,437	2,935,138	1,081,198	1,139,074	57,876	5.4%
Parks Trust Fund	100,370	104,942	107,675	114,624	6,949	6.5%
SALLE / LLEBG	3,085,735	2,459,414	1,151,842	749,854	(401,988)	-34.9%
Pension Administration	5,005,849	5,388,699	5,773,286	5,990,916	217,630	3.8%
Home Partnership	211,062	586,516	579,619	581,539	1,920	0.3%
HOPWA	814,783	871,888	824,463	824,464	1	0.0%
Miscellaneous Grants	272,381	476,169	276,920	322,467	45,547	16.4%
Total Revenues	**$14,835,893**	**$18,061,815**	**$14,689,804**	**$14,554,111**	**($135,693)**	**-0.9%**

Special Funds Revenues consist of supplemental revenues derived from non-taxation sources such as Federal and State grants and endowments. The Comcast Franchise fee is a special exemption related to City Council's CATV Fund.

Special Funds Revenues
Fiscal Year 2023

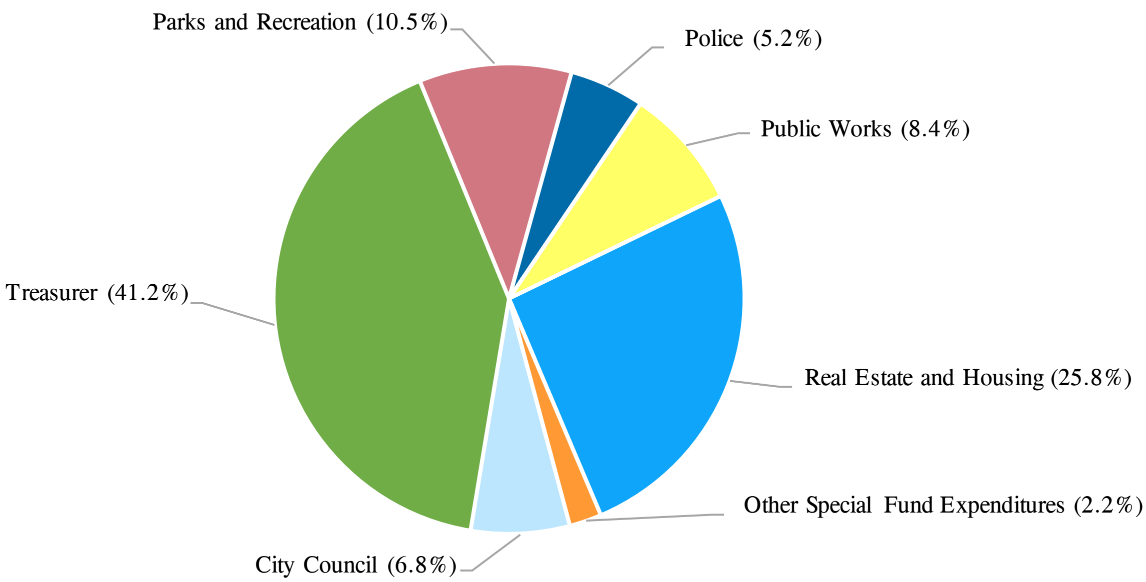


Summary of Special Funds
Fiscal Year 2023

Special Funds Expenditures	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change FY'23-'22	Percent Change FY'23-'22
Mayor's Office	$215,114	$341,216	$75,551	$77,059	$1,508	2.0%
City Council	1,139,859	1,185,462	883,186	985,433	102,247	11.6%
Treasurer	5,005,849	5,388,699	5,773,286	5,990,916	217,630	3.8%
Land Use and Planning	8,556	54,787	39,569	44,039	4,470	11.3%
Parks and Recreation	748,507	3,371,613	1,452,707	1,522,809	70,102	4.8%
Fire	57,267	134,953	201,369	201,369	0	0.0%
Police	3,085,735	2,459,414	1,151,842	749,854	(401,988)	-34.9%
Public Works	1,260,608	1,020,922	1,222,660	1,216,630	(6,030)	-0.5%
Real Estate and Housing	3,427,176	4,289,996	3,772,820	3,751,435	(21,385)	-0.6%
Total Expenditures	**$14,948,671**	**$18,247,062**	**$14,572,990**	**$14,539,544**	**($33,446)**	**-0.2%**

Except in the special case of the CATV Fund in City Council, for these Special Funds total expenditures are equal to total revenues for purposes of appropriation. Therefore, there is no net income, fund balance, or change in fund balance.

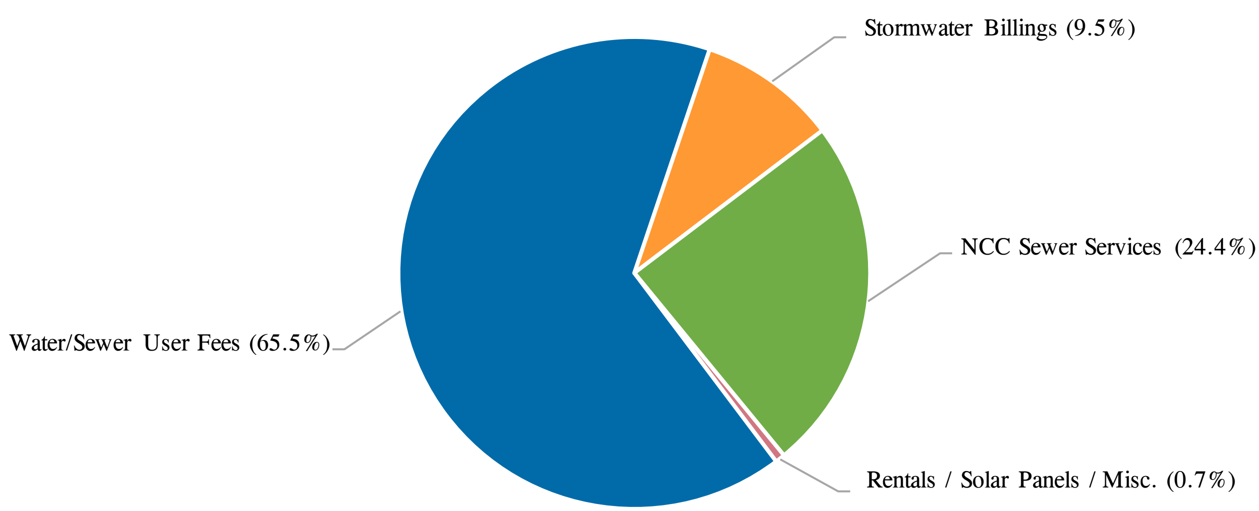
Special Funds Expenditures
Fiscal Year 2023



Summary of Water / Sewer Fund
Fiscal Year 2023

Water/Sewer Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change FY'23-'22	Percent Change FY'23-'22
Water/Sewer User Fees	$46,785,502	$53,507,699	$52,209,830	$56,531,186	$4,321,356	8.3%
Stormwater Billings	8,301,152	9,318,458	8,664,000	8,208,000	(456,000)	-5.3%
NCC Sewer Services	22,489,162	19,622,109	21,173,439	21,056,000	(117,439)	-0.6%
Rentals/Miscellaneous	1,024,460	694,080	1,050,000	535,000	(515,000)	-49.0%
Solar Panel Revenues	38,639	17,622	37,000	37,000	0	0.0%
CARES / ARPA	184,697	300,000	0	0	0	0.0%
Total Revenues	**$78,823,612**	**$83,459,968**	**$83,134,269**	**$86,367,186**	**$3,232,917**	**3.9%**

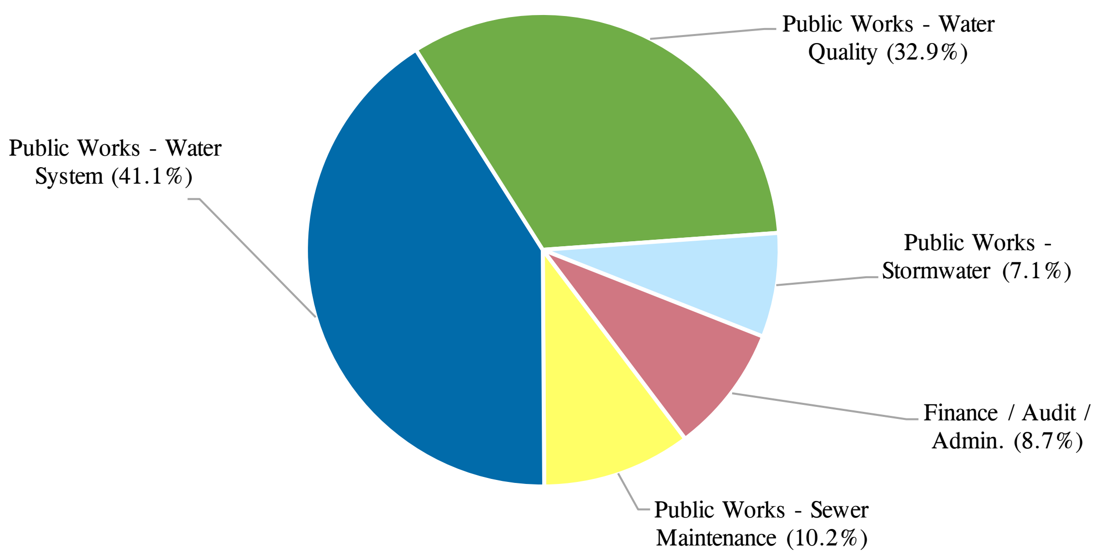
Water/Sewer Revenues
Fiscal Year 2023



Summary of Water / Sewer Fund
Fiscal Year 2023

Water/Sewer Expenditures	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change FY'23-'22	Percent Change FY'23-'22
Audit	$84,984	$97,080	$83,678	$84,075	$397	0.5%
Finance	6,431,914	7,013,451	6,938,034	7,099,141	161,107	2.3%
Public Works	72,845,472	71,728,805	72,545,863	74,961,241	2,415,378	3.3%
Total Expenditures	**$79,362,370**	**$78,839,336**	**$79,567,575**	**$82,144,457**	**$2,576,882**	**3.2%**

Water/Sewer Expenditures
Fiscal Year 2023

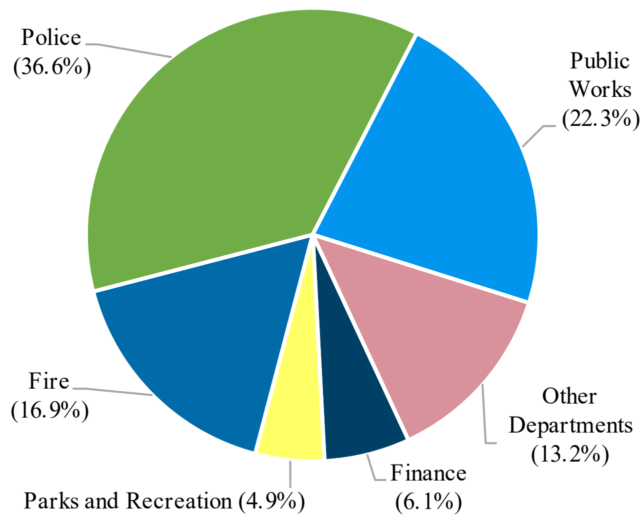


Summary of Internal Service Funds
Fiscal Year 2023

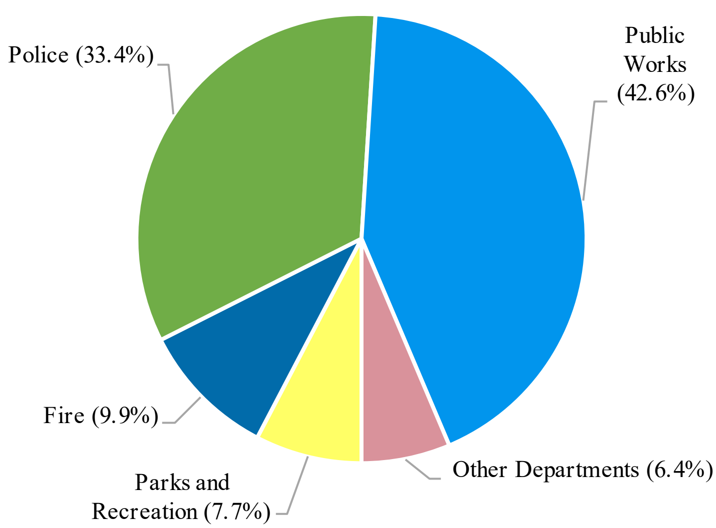
Internal Services Expenditures	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change FY'23-'22	Percent Change FY'23-'22
Human Resources	$30,568,614	$27,170,056	$29,656,028	$31,962,103	$2,306,075	7.8%
Public Works	7,948,858	8,037,680	8,269,757	8,518,655	248,898	3.0%
Total Expenditures	**$38,517,472**	**$35,207,736**	**$37,925,785**	**$40,480,758**	**$2,554,973**	**6.7%**

Primary revenues for the Internal Service Funds are derived from changes to the operating budget of the various departments. Revenue changes must meet expenditures at year-end, and therefore no surplus or deficit may result.

HR Self-Insurance Program
FY' 23 Internal Service Charge Allocations



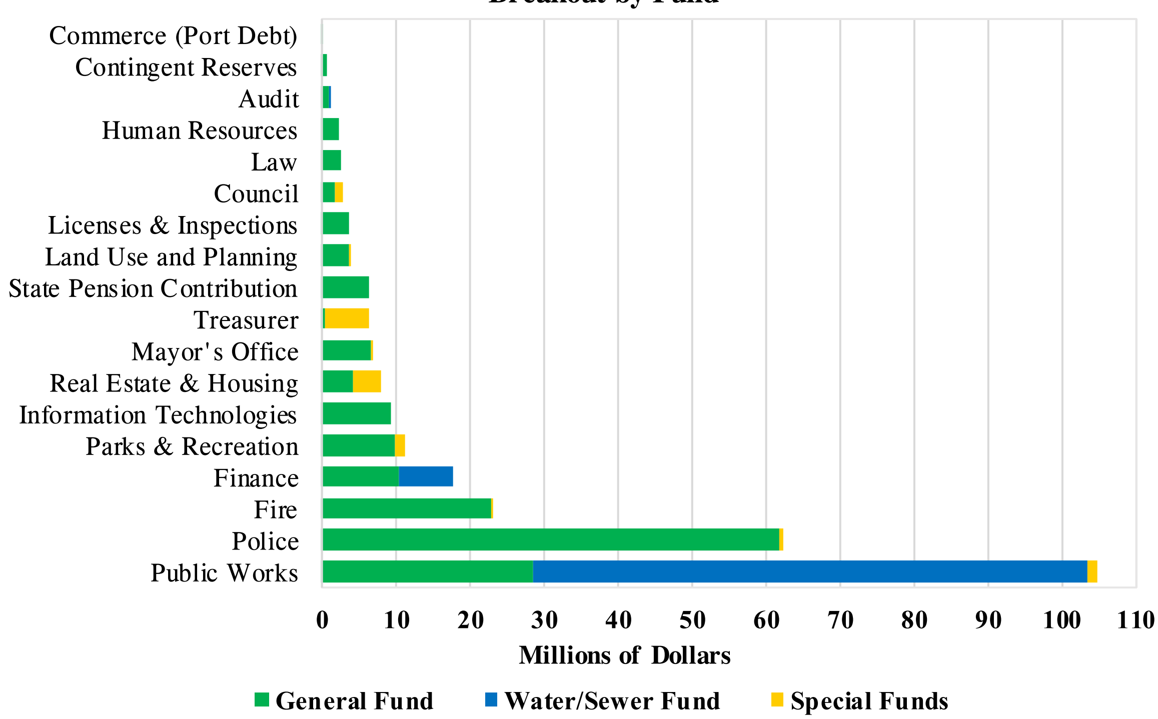
Public Works Motor Vehicle Costs
FY' 23 Internal Service Charge Allocations



Departmental Budgets by Fund
Fiscal Year 2023

Departmental Budgets	General Fund Budget FY 2023	Water/Sewer Fund Budget FY 2023	Special Funds Budget FY 2023	Total Budget All Funds FY 2023
Mayor's Office	$6,746,305	$0	$77,059	$6,823,364
Council	1,871,598	0	985,433	2,857,031
Treasurer	449,620	0	5,990,916	6,440,536
Land Use and Planning	3,720,467	0	44,039	3,764,506
Audit	906,125	84,075	0	990,200
Law	2,628,829	0	0	2,628,829
Finance	10,555,660	7,099,141	0	17,654,801
Human Resources	2,340,811	0	0	2,340,811
Licenses & Inspections	3,688,775	0	0	3,688,775
Parks & Recreation	9,870,355	0	1,522,809	11,393,164
Fire	22,966,789	0	201,369	23,168,158
Police	61,758,351	0	749,854	62,508,205
Public Works	28,564,575	74,961,241	1,216,630	104,742,446
Real Estate & Housing	4,228,829	0	3,751,435	7,980,264
Commerce (Port Debt)	277,071	0	0	277,071
Information Technologies	9,335,368	0	0	9,335,368
State Pension Contribution	6,352,066	0	0	6,352,066
Contingent Reserves	672,000	0	0	672,000
Total Budget	**$176,933,594**	**$82,144,457**	**$14,539,544**	**$273,617,595**

FY 2023 Total Departmental Budgets
Breakout by Fund



Capital Improvements Program
Fiscal Years 2023 - 2028

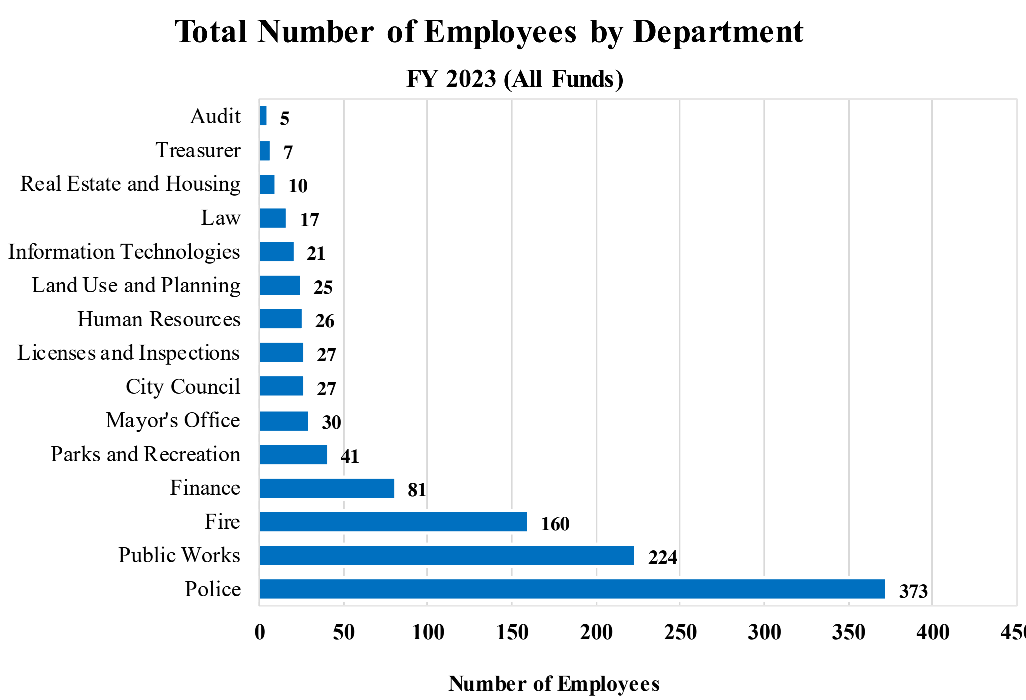
Summary: Total Funds Recommeded by Fiscal Year and Department

Department	Type of Funding	2023	2024	2025	2026	2027	2028	Total City Funds	Total City / Matching Funds
Finance	G	0	1,905,125	0	287,625	0	2,452,500	4,645,250	4,645,250
	W	0	1,418,906	0	2,810,238	0	453,750	4,682,894	4,682,894
Fire	G	0	7,750,000	0	0	0	9,250,000	17,000,000	17,000,000
Mayor's Office	G	0	2,660,000	0	2,510,000	0	2,750,000	7,920,000	7,920,000
Parks	G	0	2,000,000	0	2,000,000	0	3,500,000	7,500,000	7,500,000
Police	G	0	0	0	0	0	650,000	650,000	650,000
Public Works	G	0	11,000,000	0	11,000,000	0	7,500,000	29,500,000	29,500,000
	O		1,000,000		1,000,000		0	0	2,000,000
	W	0	55,800,000	0	54,800,000	0	36,300,000	146,900,000	146,900,000
Real Estate and Housing	G	0	1,000,000	0	1,000,000	0	0	2,000,000	2,000,000
Transportation	G	0	6,500,000	0	6,500,000	0	6,500,000	19,500,000	19,500,000
	O	0	8,000,000	0	8,000,000	0	8,000,000	0	24,000,000
Total by Fund	**G**	**0**	**32,815,125**	**0**	**23,297,625**	**0**	**32,602,500**	**88,715,250**	**88,715,250**
	O	**0**	**9,000,000**	**0**	**9,000,000**	**0**	**8,000,000**	**0**	**26,000,000**
	W	**0**	**57,218,906**	**0**	**57,610,238**	**0**	**36,753,750**	**151,582,894**	**151,582,894**
Grand Total		**0**	**99,034,031**	**0**	**89,907,863**	**0**	**77,356,250**	**240,298,144**	**266,298,144**

Type of Funding: G - General; W - Water/Sewer; O - Other Governmental

Summary of Staffing Levels
Fiscal Year 2023

Department	Budget FY 2019	Budget FY 2020	Budget FY 2021	Budget FY 2022	Budget FY 2023	Net Change FY'23-'22
Mayor's Office	55.00	34.00	34.00	34.00	30.00	(4.00)
City Council	29.00	28.00	28.00	27.00	27.00	0.00
Treasurer	7.00	7.00	7.00	7.00	7.00	0.00
Land Use and Planning	10.00	10.00	10.00	9.00	25.00	16.00
Audit	5.00	5.00	5.00	5.00	5.00	0.00
Law	17.00	17.00	17.00	17.00	17.00	0.00
Finance	84.00	85.00	84.00	84.00	81.00	(3.00)
Human Resources	24.00	26.00	26.00	26.00	26.00	0.00
Licenses and Inspections	42.00	43.00	42.00	42.00	27.00	(15.00)
Parks and Recreation	39.00	41.00	41.00	40.00	41.00	1.00
Fire	161.00	161.00	161.00	160.00	160.00	0.00
Police	378.00	380.00	379.00	380.00	373.00	(7.00)
Public Works	221.00	223.00	225.00	225.00	224.00	(1.00)
Real Estate and Housing	11.00	11.00	11.00	11.00	10.00	(1.00)
Information Technologies	0.00	22.00	21.00	21.00	21.00	0.00
Total	**1,083.00**	**1,093.00**	**1,091.00**	**1,088.00**	**1,074.00**	**(14.00)**
Total Employees per 1,000 City Residents	**15.29**	**15.43**	**15.40**	**15.36**	**15.15**	



Nearly 73% (or 784) of the City's employees work to provide Public Safety (Police, Fire, L&I) and Public Works services.

Summary of Staffing Levels
Fiscal Year 2023

Total Number of Employees - General Fund

Department	Budget FY 2019	Budget FY 2020	Budget FY 2021	Budget FY 2022	Budget FY 2023	Net Change FY'23-'22
Mayor's Office	33.50	33.50	33.50	33.50	29.50	(4.00)
City Council	20.20	19.20	19.25	19.65	19.65	0.00
Treasurer	3.00	3.00	3.00	3.00	3.00	0.00
Land Use and Planning	9.55	9.55	9.55	8.55	24.55	16.00
Audit	5.00	5.00	5.00	5.00	5.00	0.00
Law	17.00	17.00	17.00	17.00	17.00	0.00
Finance	58.65	58.85	58.85	58.05	55.40	(2.65)
Human Resources	14.55	16.60	16.60	16.60	16.60	0.00
Licenses and Inspections	42.00	43.00	42.00	42.00	27.00	(15.00)
Parks and Recreation	39.00	40.60	40.60	39.60	40.60	1.00
Fire	161.00	161.00	161.00	160.00	160.00	0.00
Police	371.00	374.57	373.57	374.57	365.00	(9.57)
Public Works	118.05	119.05	120.05	120.05	120.05	0.00
Real Estate and Housing	1.48	1.48	2.75	2.88	2.38	(0.50)
Information Technologies	0.00	22.00	21.00	21.00	21.00	0.00
Total	**893.98**	**924.40**	**923.72**	**921.45**	**906.73**	**(14.72)**

Total Number of Employees – Water / Sewer Fund

Department	Budget FY 2019	Budget FY 2020	Budget FY 2021	Budget FY 2022	Budget FY 2023	Net Change FY'23-'22
Finance	25.35	26.15	25.15	25.95	25.60	(0.35)
Public Works	102.95	103.95	104.95	104.95	103.95	(1.00)
Total	**128.30**	**130.10**	**130.10**	**130.90**	**129.55**	**(1.35)**

Total Number of Employees – Special Funds

Department	Budget FY 2019	Budget FY 2020	Budget FY 2021	Budget FY 2022	Budget FY 2023	Net Change FY'23-'22
Mayor's Office	0.50	0.50	0.50	0.50	0.50	0.00
City Council	8.80	8.80	8.75	7.35	7.35	0.00
Treasurer	4.00	4.00	4.00	4.00	4.00	0.00
Land Use and Planning	0.45	0.45	0.45	0.45	0.45	0.00
Parks and Recreation	0.00	0.40	0.40	0.40	0.40	0.00
Police	7.00	5.43	5.43	5.43	8.00	2.57
Real Estate and Housing	9.52	9.52	8.25	8.12	7.62	(0.50)
Total	**30.27**	**29.10**	**27.78**	**26.25**	**28.32**	**2.07**

Summary of Staffing Levels
Fiscal Year 2023

Total Number of Employees – Internal Service Funds

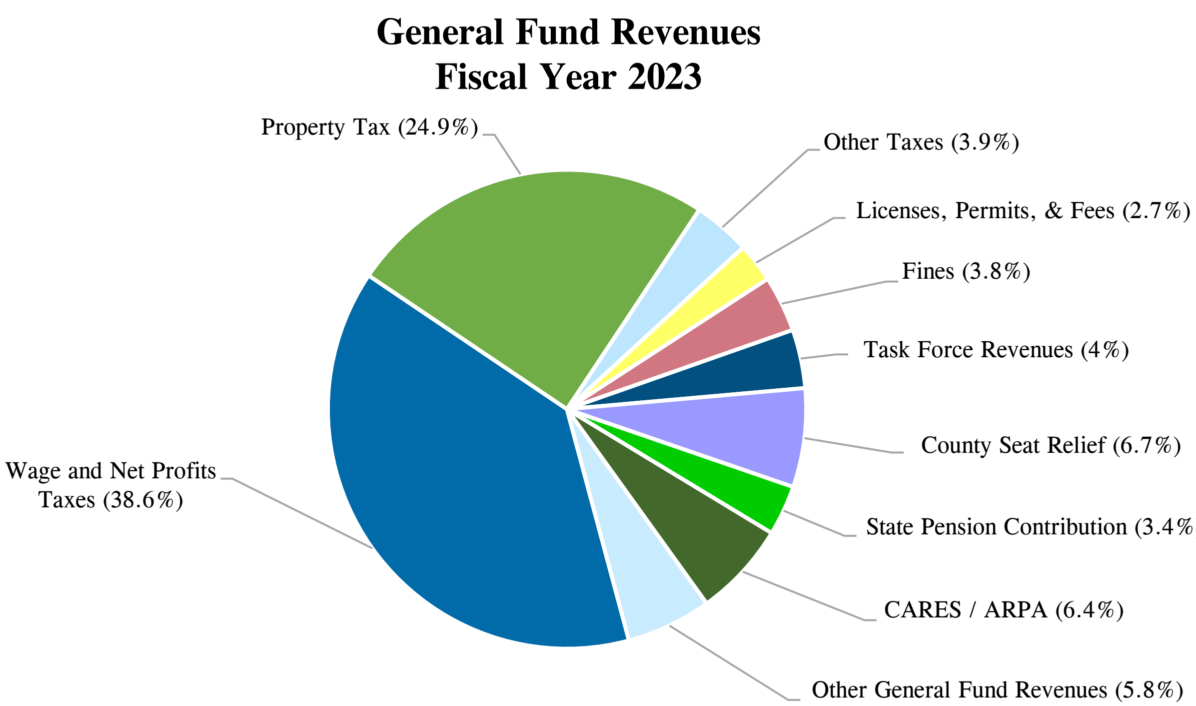
Department	Budget FY 2019	Budget FY 2020	Budget FY 2021	Budget FY 2022	Budget FY 2023	Net Change FY'23-'22
Mayor's Office	21.00	0.00	0.00	0.00	0.00	0.00
Human Resources	9.45	9.40	9.40	9.40	9.40	0.00
Total	**30.45**	**9.40**	**9.40**	**9.40**	**9.40**	**0.00**

General Fund Revenues
Fiscal Year 2023

General Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change FY'23-'22	Percent Change FY'23-'22
Wage and Net Profits Taxes	$65,637,184	$65,444,237	$70,079,093	$72,204,780	$2,125,687	3.0%
Property Tax	43,698,151	44,728,292	43,256,728	46,561,800	3,305,072	7.6%
Other Taxes	10,215,568	8,945,849	7,109,957	7,211,047	101,090	1.4%
Licenses, Permits, & Fees	5,746,733	4,602,110	4,403,653	4,963,677	560,024	12.7%
Fines	5,380,604	5,810,318	8,495,153	7,086,050	(1,409,103)	-16.6%
Interest	1,301,142	256,040	336,000	413,000	77,000	22.9%
Other Revenues	9,451,581	10,168,835	8,725,523	9,530,613	805,090	9.2%
Task Force Revenues	5,624,656	6,622,225	5,990,845	7,423,147	1,432,302	23.9%
County Seat Relief	11,640,434	12,441,554	11,520,686	12,470,162	949,476	8.2%
State Pension Contribution	5,785,466	6,352,065	5,785,466	6,352,065	566,599	9.8%
Port Debt Reimbursement	569,356	870,857	554,204	553,829	(375)	-0.1%
CARES / ARPA	1,872,869	8,653,900	0	12,000,000	12,000,000	N/A
Transfers In/(Out)	275,000	275,000	275,000	275,000	0	0.0%
Use of Fund Balance	0	0	6,170,093	0	(6,170,093)	-100.0%
Total Revenues	**$167,198,744**	**$175,171,282**	**$172,702,401**	**$187,045,170**	**$14,342,769**	**8.3%**

Total General Fund revenue before transfers is budgeted to be **$186,770,170**, a net increase of $20.5 million, or 12.3%, above the FY 2022 budget. This includes one-time American Rescue Plan (ARPA) revenues of $12.0 million; exclusive of this, total revenue would be up $8.5 million or 5.1%. No use of the Tax Stabilization Reserve is budgeted for FY 2023.

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



General Fund Revenues
Fiscal Year 2023

WAGE AND NET PROFITS TAXES

General Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change*	Percent Change*
Wage and Net Profits Taxes	$65,637,184	$65,444,237	$70,079,093	$72,204,780	$2,125,687	3.0%

* Relative to FY 2022 budget.

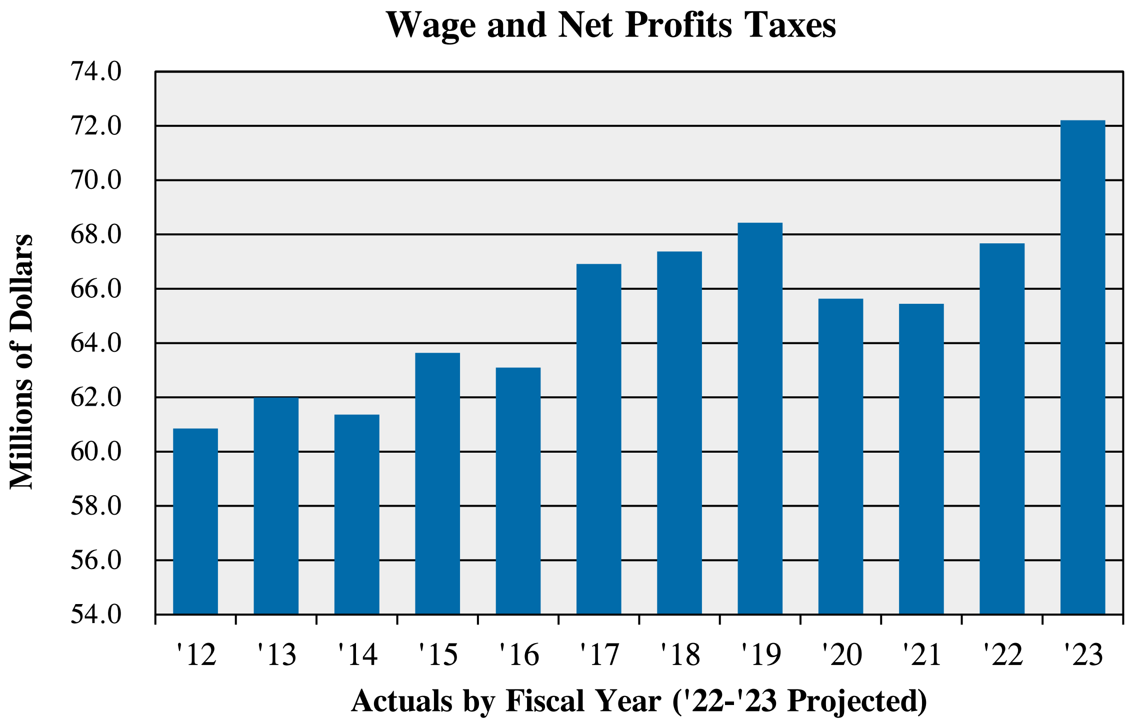
Basis: Projected growth of local economy / wage inflation / corporate bonus compensation / refund losses
Critical Assumptions: Wage and Net Profits Taxes are expected to increase by $2.1 million to a new total of nearly $72.2 million.

Wage Taxes make up $64.7 million of this total category and are expected to grow by $610,000 budget-to-budget in FY 2023. Using the projected FY 2022 Q2 WEFAC projection as the basis for the FY 2023 budget results in an adjusted base of nearly $60.0 million. This includes additional losses for wage tax refunds of $3.6 million, which is $2.4 million beyond the normal pre-COVID amount of $1.2 million. While work-from-home (WFH) levels have likely declined relative to the beginning of the COVID pandemic, continued WFH, along with the broader transition to hybrid work models, is expected to result in some degree of ongoing refund losses. Larger-than-normal refund requests have continued into FY 2022 and are expected to continue into FY 2023 as well.

Conversely, increased employee compensation is expected to result in 5.4% growth in taxable wages, expanding Wage Tax revenues by nearly $3.2 million. In their December 17, 2021 report, the Delaware Economic and Financial Advisory Council (DEFAC) projects Delaware salaries and wages growth will be 6.4% in FY 2022; however, we have chosen to use a more conservative growth rate, as Wilmington has historically lagged behind state salary and wage growth. Finally, collection efforts are expected to yield $1.5 million in audit collections; this is down nearly $1.5 million relative to the FY 2022 budget, as new collections efforts by outside agencies are now expected to provide lower revenues than previously budgeted.

Net Profits revenue, which is remitted by business partnerships, professional associations, and limited liability corporations, is projected to be $7.5 million in FY 2023, up $1.5 million from the FY 2022 budget. Strong revenues in FY 2021 suggest that COVID has had minimal impact on Net Profits, with the potential for similarly strong revenues in FY 2022 and beyond.

WAGE AND NET PROFITS TAXES (Continued)



General Fund Revenues
Fiscal Year 2023

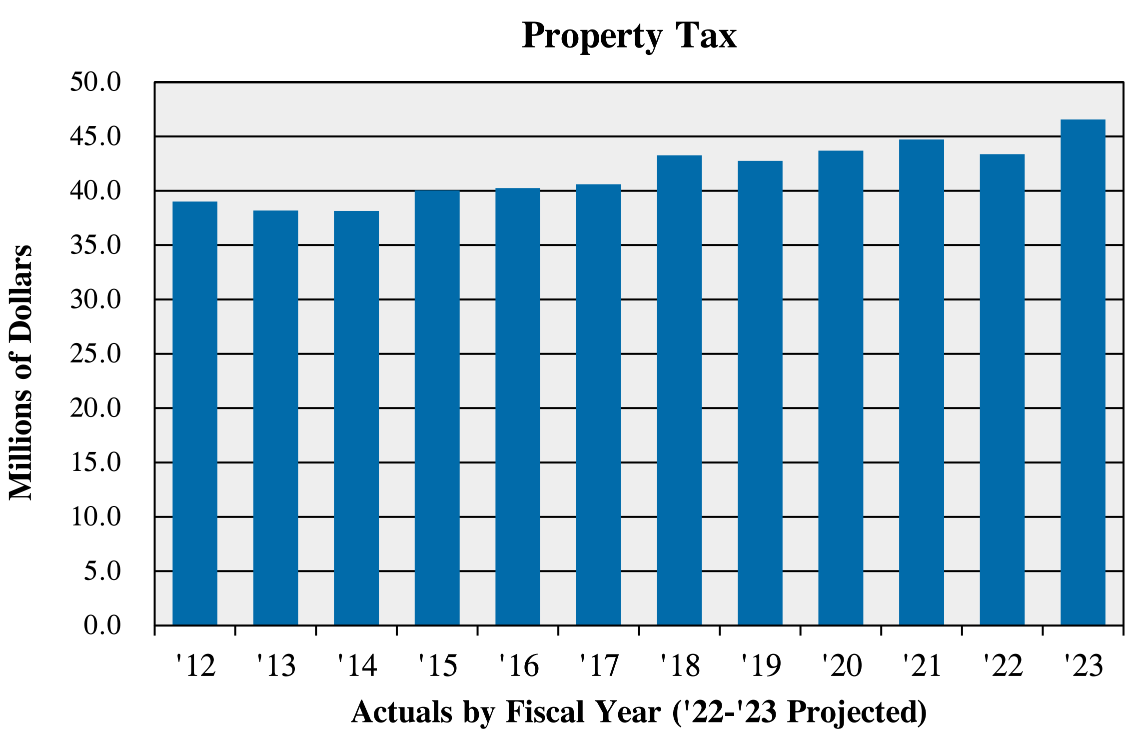
PROPERTY TAX

General Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change*	Percent Change*
Property Tax	$43,698,151	$44,728,292	$43,256,728	$46,561,800	$3,305,072	7.6%

* Relative to FY 2022 budget.

Basis: Assessment rolls
Critical Assumptions: Property Tax revenues are projected to total nearly $46.6 million, an increase of $3.3 million, or 7.6%, relative to the FY 2021 budget. Projected base billings for FY 2022 are $42.8 million per New Castle County assessments. This is $280,000 lower than FY 2022, and nearly $500,000 lower than FY 2021, driven mainly by several large commercial properties receiving downward reassessments from the County. Beyond this, the budget assumes an additional reduction of $250,000 in projected reassessment appeals. However, this is offset by a combined $263,000 in additional revenue due to expiring tax incentives and projected property improvements. The usual 2.0% allowance for doubtful accounts (similar to pre-COVID estimates) further reduces revenue by $920,000. Lastly, one-time revenue from Penalty and Interest is expected to be $1.5 million, which is up $205,000 over the FY 2022 budget and is consistent with historical trends.

FY 2023 includes as proposed 7.5% Property Tax rate increase, which is equal to $3.1 million net of bad debt. For the median homeowner, this is equivalent to a monthly increase of $4.35.



General Fund Revenues
Fiscal Year 2023

OTHER TAXES

General Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change*	Percent Change*
Other Taxes	$10,215,568	$8,945,849	$7,109,957	$7,211,047	$101,090	1.4%

* Relative to FY 2022 budget.

Basis: Trend analysis / growth of local economy
Critical Assumptions: Other Taxes are projected to increase by $101,000 in FY 2023 relative to the prior-year budget. This includes the following:

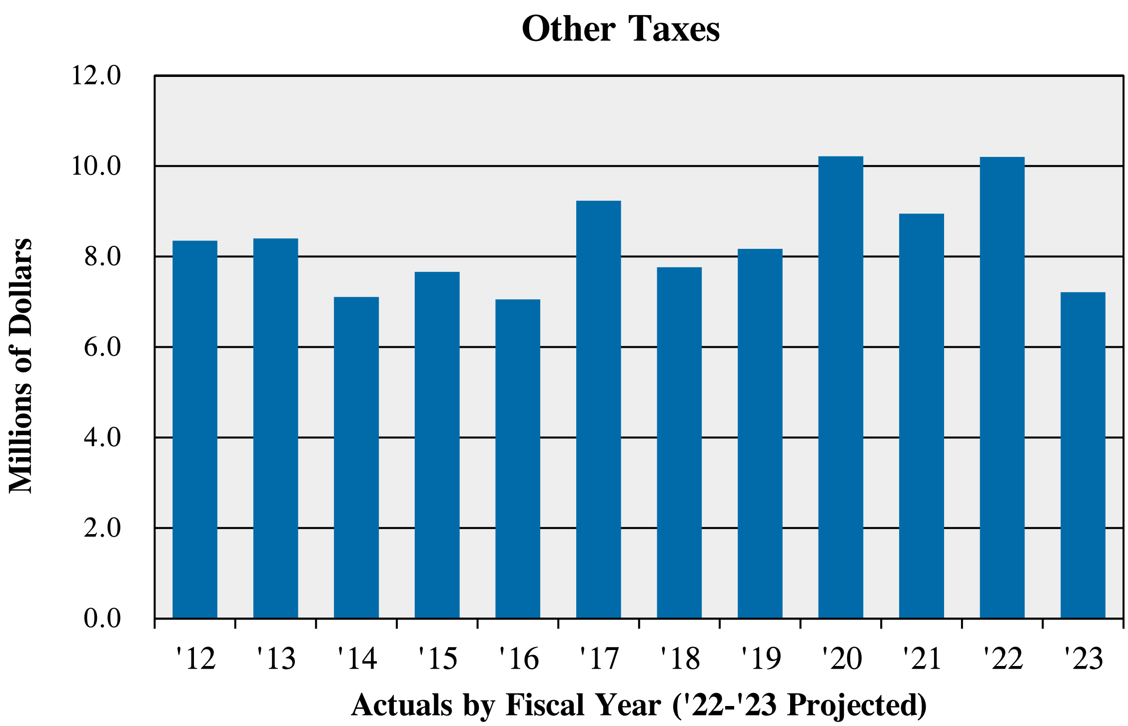
Franchise Fees consists of 2% of the gross revenues from Delmarva Power electricity sales in the City (as Delmarva is the sole electricity distributor). This is projected to be nearly $860,000 in FY 2023, up $95,000 from the prior year.

Head Tax revenues are projected to decrease by nearly $86,000, to a new total of $3.2 million. This is based on the Q2 FY 2022 WEFAC year-end projection, which assumes continued WFH losses and greater unemployment than pre-COVID levels. In addition, based on the long-term trend, we assume that Head Tax will continue to decline by 2.6% annually.

Real Estate Transfer Tax (Residential) revenues are projected to increase by $62,000 relative to the FY 2022 budget; however, relative to the Q2 FY 2022 WEFAC year-end projection, this is down $809,000. Contrary to the projections in the FY 2022 budget, residential transfers did not return to pre-COVID levels but were instead boosted by historically low interest rates. As we do not expect this level of residential activity to continue permanently, our FY 2023 projection is based on the historical average of residential transfer revenue minus one standard deviation, plus 3% growth (matching historical trends).

Real Estate Transfer (Commercial) revenues are projected to increase by $30,000 relative to the FY 2022 budget; relative to the Q2 FY 2022 WEFAC year-end projection, this is down nearly $2.1 million. Commercial transfers have shown unexpected strength during FY 2022, with Q2 FY 2022 revenues nearly four times the entirety of FY 2021, and more than double the FY 2022 budget. However, commercial transfer activity tends to be unpredictable even in normal economic environments, is not expected to continue at this level into subsequent years. For FY 2023, we have assumed a return to historically average commercial transfer revenue minus one standard deviation, plus 3% growth (matching historical trends).

OTHER TAXES (Continued)



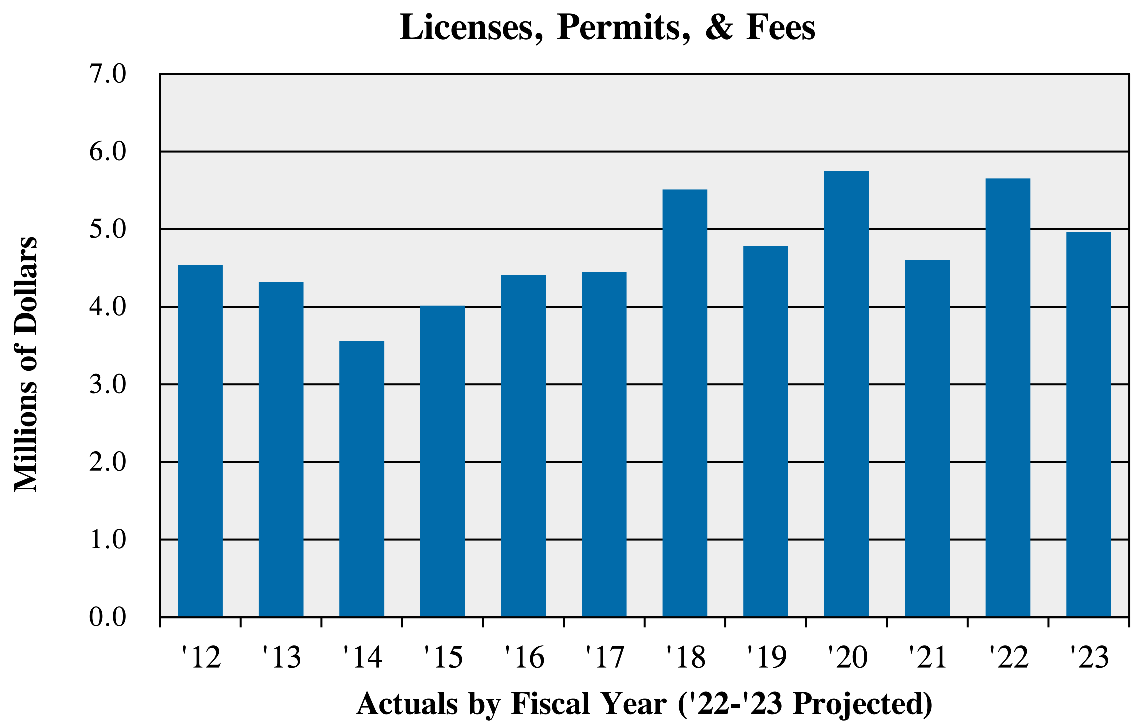
General Fund Revenues
Fiscal Year 2023

LICENSES, PERMITS, AND FEES

General Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change*	Percent Change*
Licenses, Permits, & Fees	$5,746,733	$4,602,110	$4,403,653	$4,963,677	$560,024	12.7%

* Relative to FY 2022 budget.

Basis: Trend analysis / growth of local economy
Critical Assumptions: Licenses, Permits, & Fees revenues are up $560,000 compared to the FY 2022 budget. Business License revenues are budgeted to be up nearly $46,000, which is consistent with historical trends and a return to pre-COVID levels. Permits, which were less impacted by COVID than originally budgeted, are projected to be up by $514,000 as they return to historically average levels. This is $764,000 down from the Q2 FY 2022 WEFAC projection, as FY 2022 includes several large one-time construction projects. Finally, Fees are expected to remain flat, again consistent with historical actuals.



General Fund Revenues
Fiscal Year 2023

FINES

General Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Budget FY 2023	Dollar Change*	Percent Change*
Fines	$5,380,604	$5,810,318	$8,495,153	$7,086,050	($1,409,103)	-16.6%

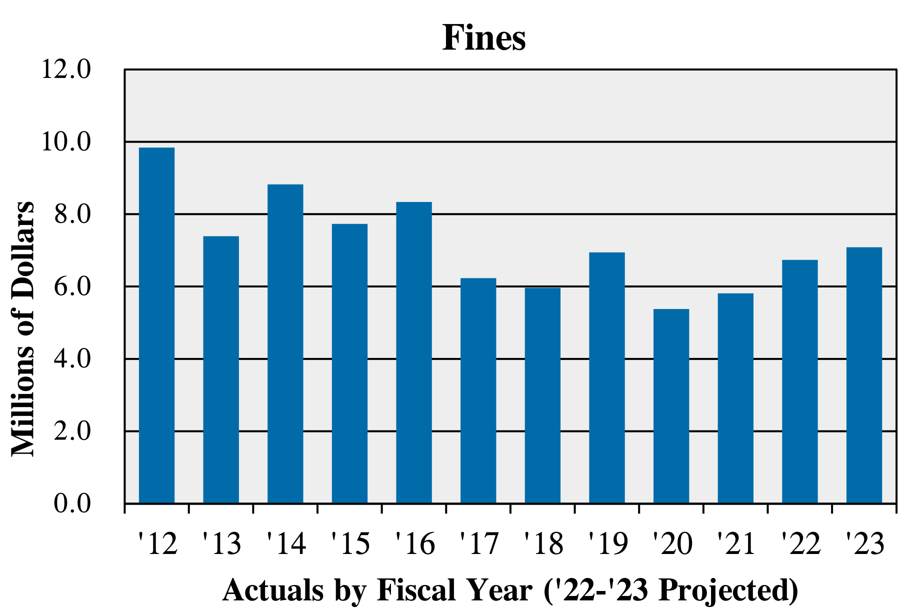
* Relative to FY 2022 budget.

Basis: Trend analysis
Critical Assumptions: Fines are projected to total nearly $7.1 million, which is $1.4 million down from the FY 2022 budget, though $350,000 up from the Q2 FY 2022 WEFAC year-end projection. This consists of the following:

Criminal / Instant Ticket revenues are composed of State Criminal Fines remittances and the L&I Instant Ticketing Program. After several years of declines, Criminal Fines are projected to slightly increase, consistent with revenues seen in FY 2022. Similarly, Instant Ticket revenues are projected to increase by $25,000, with Instant Ticketing activity returning to historically average levels as Licenses and Inspections resumes normal activities.

Red Light revenues, in total, are projected to be $3.8 million, a decrease of nearly $1.6 million relative to the FY 2022 budget. In general, ticket issuances have not slowed from last fiscal year (when a net ten new Red Light cameras were introduced), and issuances appear to have been largely unimpacted by COVID. However, large increases in year-end adjustments during Q4 FY 2021 resulted in lower-than-expected total revenues from the new cameras; similar year-end adjustments are expected to occur again in subsequent years. These losses are somewhat offset by growth to the Red Light base, with total revenues up $177,000 relative to the Q2 FY 2022 WEFAC projection.

Parking revenues are projected to be $2.8 million, up $147,000 from the FY 2022 budget. With parking enforcement fully restored in August 2021, the FY 2023 projection represents a return to near-normal parking revenues, though still somewhat diminished from the historical, pre-COVID levels.



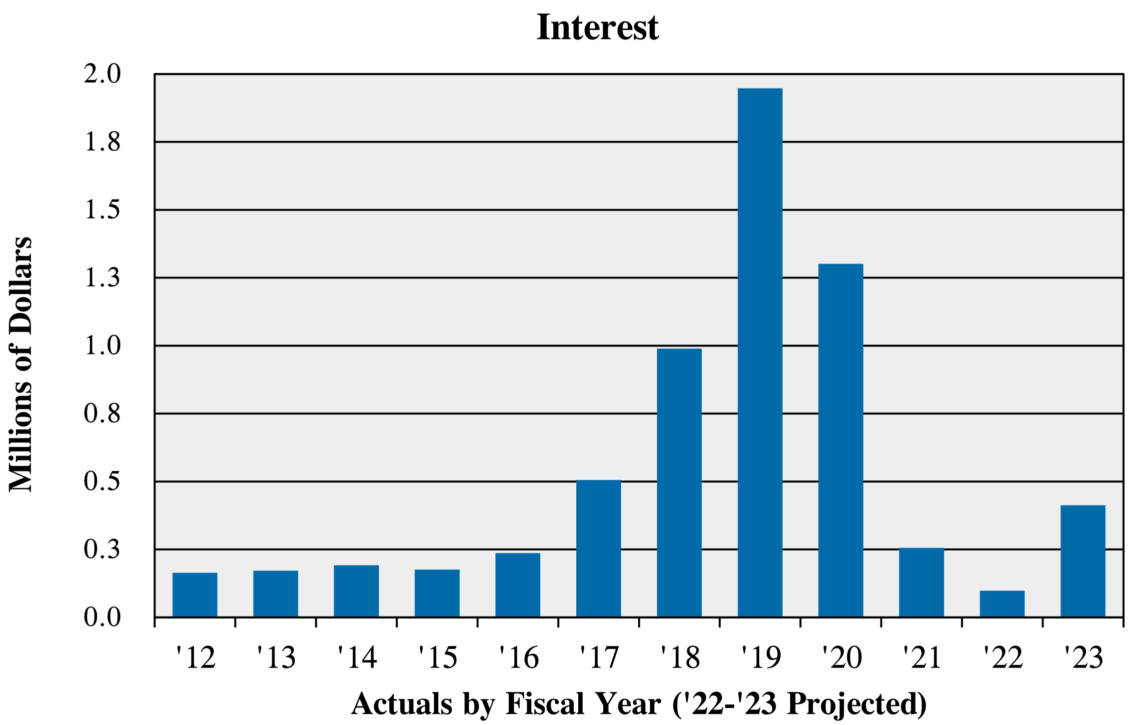
General Fund Revenues
Fiscal Year 2023

INTEREST

General Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change*	Percent Change*
Interest	$1,301,142	$256,040	$336,000	$413,000	$77,000	22.9%

* Relative to FY 2022 budget.

Basis: Trend analysis / interest rate projections / bond issuance
Critical Assumptions: Rates have continued to decline since the beginning the COVID pandemic, with the City earning approximately 0.08% on its investments in FY 2022. For FY 2023, we have assumed a 25 basis point increase in rates, for an additional $77,000 in projected interest earnings relative to the prior year budget.



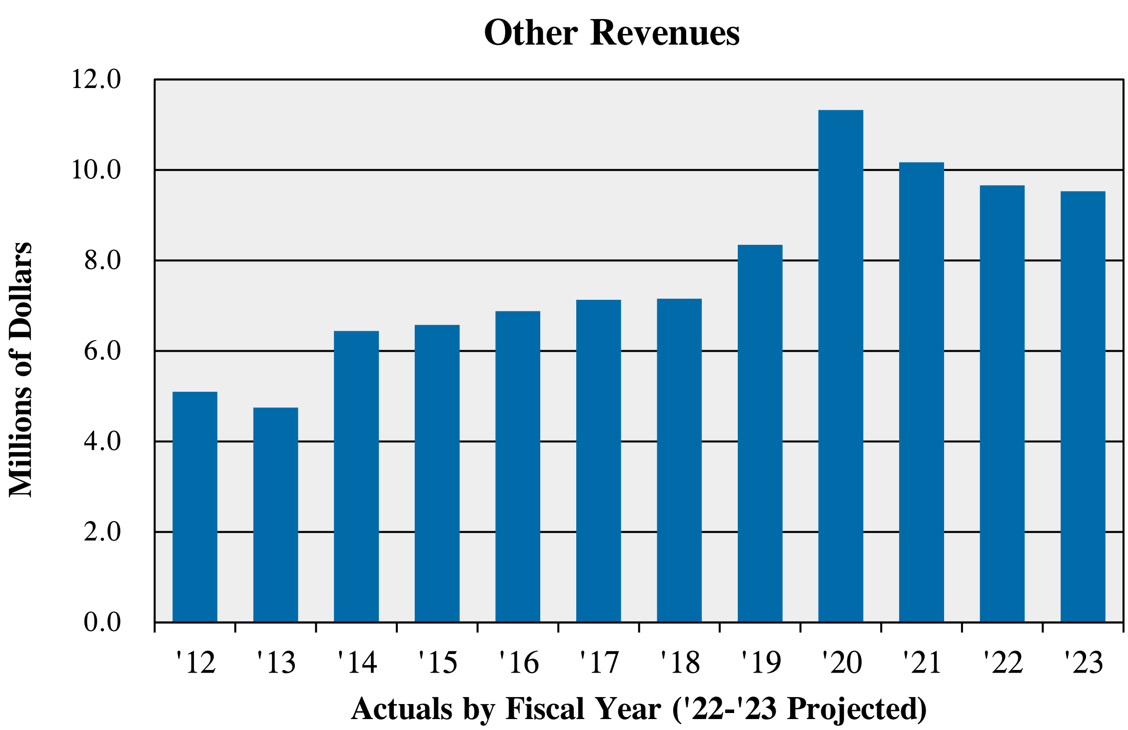
General Fund Revenues
Fiscal Year 2023

OTHER REVENUES

General Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change*	Percent Change*
Other Revenues	$9,451,581	$10,168,835	$8,725,523	$9,530,613	$805,090	9.2%

* Relative to FY 2022 budget.

Basis: Trend analysis / contracts
Critical Assumptions: Other Revenues is comprised of Indirect Costs, General Government Charges, Rentals, and other miscellaneous revenues. In total, this category is projected to be up $805,000 from the FY 2022 budget (though down $131,000 from Q2 FY 2022 WEFAC). Rentals and Concessions are projected to be up $178,000, as the City-owned Christina Landing Parking Garage (previously scheduled to be sold July 2021) is now no longer expected to be sold. Similarly, General Government Charges are projected to increase $439,000 relative to the FY 2022 budget, following the strong recovery seen in FY 2022 and the end of FY 2021. Finally, Indirect Costs, which are charges to the Water/Sewer Fund reimbursing costs incurred by the General Fund in support of water, sewer, and stormwater utilities, are budgeted to increase by $251,000, reflecting revisions to the cost allocation model based on new usage surveys.



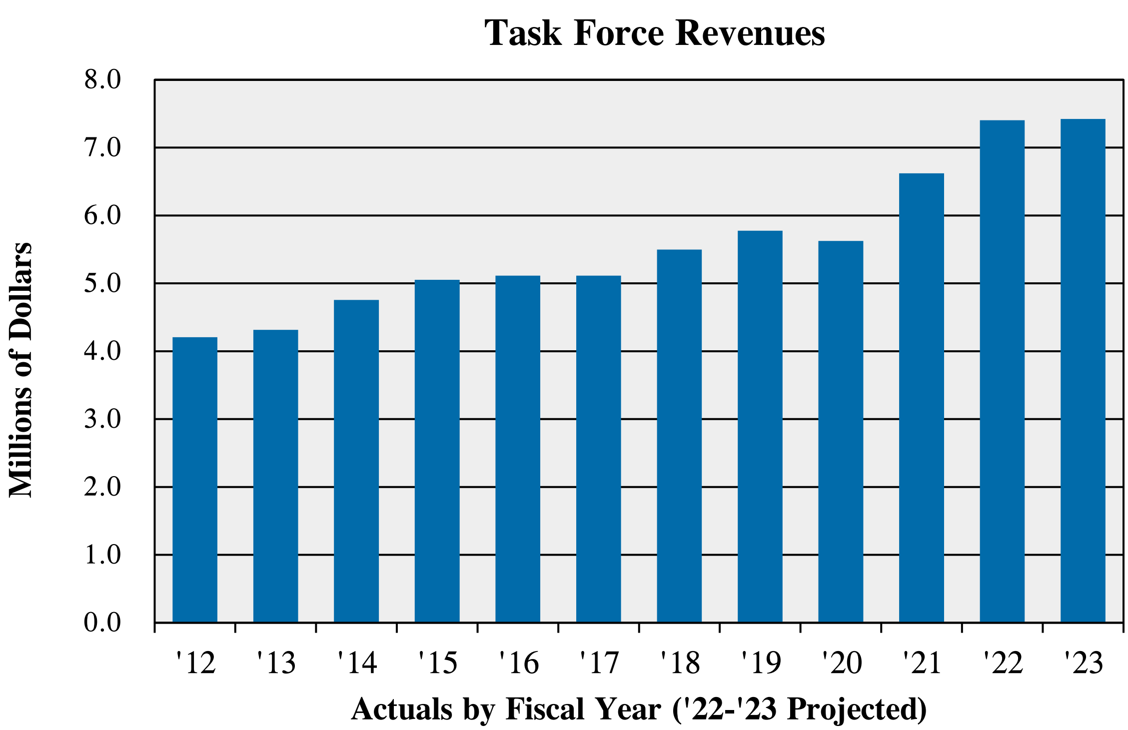
TASK FORCE REVENUES

General Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change*	Percent Change*
Task Force Revenues	$5,624,656	$6,622,225	$5,990,845	$7,423,147	$1,432,302	23.9%

* Relative to FY 2022 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 up $1.4 million compared to the FY 2022 budget, or nearly $20,000 more than the Q2 FY 2022 WEFAC projection. The largest components of this increase are the Corporate Filling Tax and the LLC Filing Tax, which (per DEFAC growth estimates) are projected to increase by $348,000 and $991,000, respectively. These increases are consistent with strong FY 2021 and FY 2022 revenues, as neither category appears to have been materially impacted by COVID. Lodging Tax is expected to see a smaller increase, at $71,000 above the FY 2022 budget, but is still well below pre-COVID historical highs. Finally, Natural Gas Tax is projected to increase by nearly $22,000, consistent with historical trends.



COUNTY SEAT RELIEF PACKAGE

General Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change*	Percent Change*
County Seat Relief	$11,640,434	$12,441,554	$11,520,686	$12,470,162	$949,476	8.2%

* Relative to FY 2022 budget.

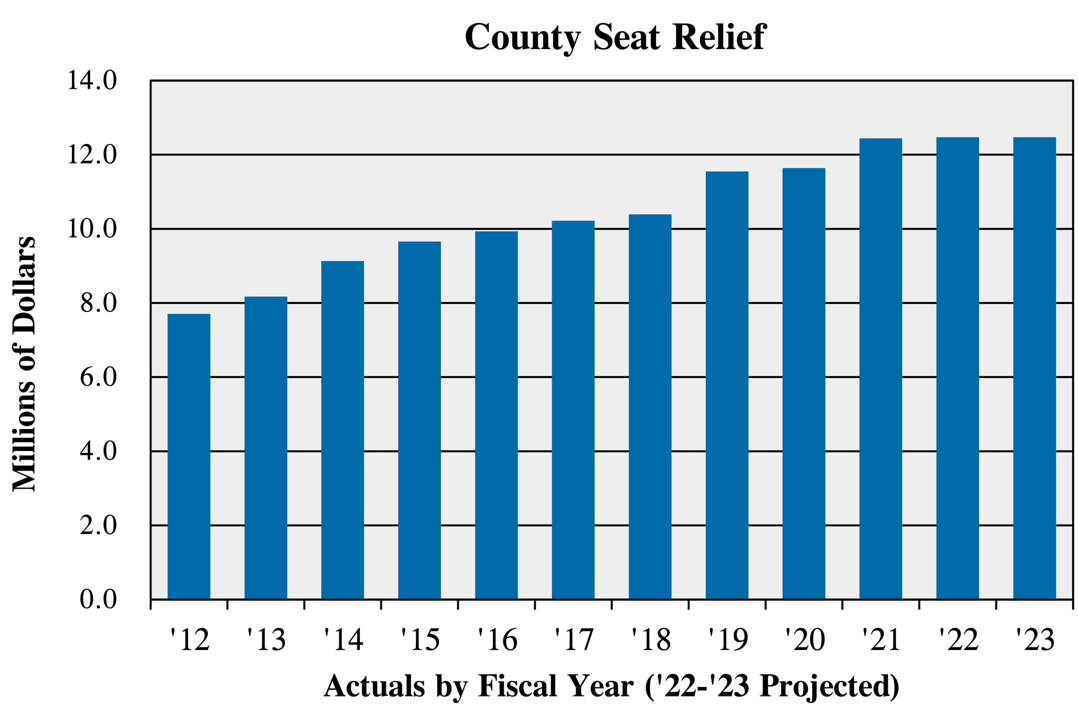
Basis: Estimates from State of Delaware / trend analysis
Critical Assumptions: The County Seat Relief Package is a bundle of escalating revenue enhancements built upon the Governor's Task Force and intended to provide further diversification to support the three county seats in the State of Delaware. The FY 2023 projection totals a combined $12.5 million, up a net $950,000 from FY 2022. This is composed of the following:

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

New Castle County Corporate Filing Fees are projected to be up nearly $179,000, based on DEFAC growth estimates. This is consistent with FY 2022 revenues, which did not appear to be impacted by COVID.

Uniform Commercial Code (UCC) Filing Fees are projected to be up $741,000, also based on DEFAC estimates. This follows the strong recovery seen in the second half of FY 2021, which continued into FY 2022.

The **Payment in Lieu of Taxes (PILOT)** on what would usually be tax-exempt properties in the City is budgeted to increase by $30,000, to a new total of nearly $3.4 million. This is equal to the PILOT payment the City received in FY 2021.

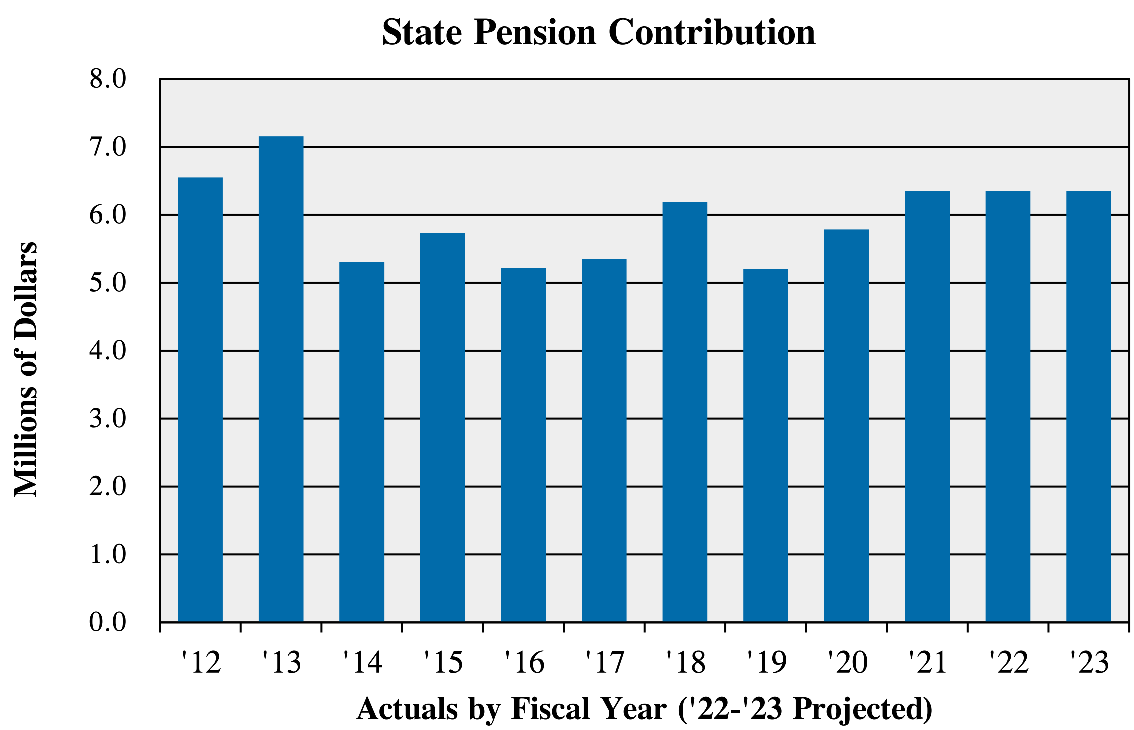


STATE PENSION CONTRIBUTION

General Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change*	Percent Change*
State Pension Contribution	$5,785,466	$6,352,065	$5,785,466	$6,352,065	$566,599	9.8%

* Relative to FY 2022 budget.

Basis: Estimates from State of Delaware
Critical Assumptions: The State Pension Contribution is a pass-through grant that is offset against an equal amount appropriated for pension contribution expenses in the Fire and Police Departments. This is projected to increase by almost $567,000 in FY 2023, consistent with revenues received in FY 2021.

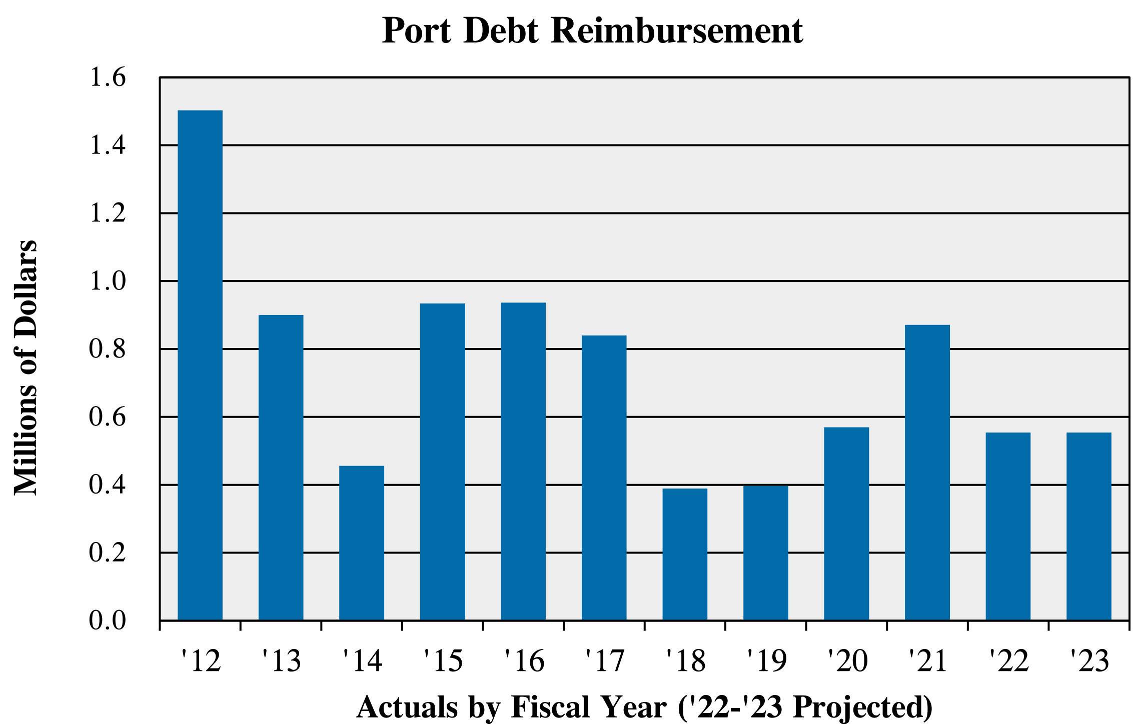


STATE PORT DEBT REIMBURSEMENT

General Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change*	Percent Change*
Port Debt Reimbursement	$569,356	$870,857	$554,204	$553,829	($375)	-0.1%

* Relative to FY 2022 budget.

Basis: Current 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 remains as a liability on the City's books. In 2018, the State entered into a long-term lease of the Port, and subsequently provided the City with full payment for the outstanding debt. The City amortized these funds, which will be fully paid down in FY 2023. For FY 2023, the reimbursement is down slightly, as per the existing debt service schedule.



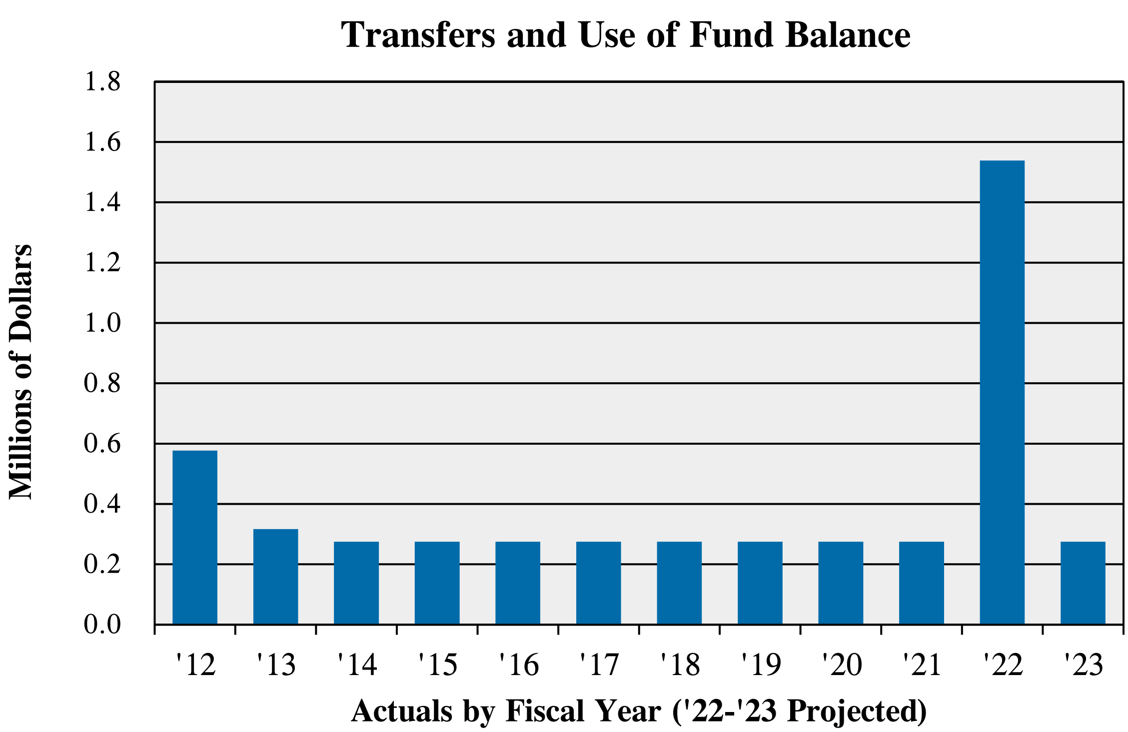
TRANSFERS AND USE OF FUND BALANCE

General Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change*	Percent Change*
Transfers and Use of Fund Balance	$275,000	$275,000	$6,445,093	$275,000	($6,170,093)	-95.7%

* Relative to FY 2022 budget.

Basis: Authorized transfers from other funds / budgeted expenditures minus projected revenues
Critical Assumptions: As the operating budget must be balanced per the City charter, FY 2022 included a one-time use of nearly $6.17 million from the General Fund's Tax Stabilization Reserve. No use of Tax Stabilization Reserve is expected in FY 2023, as other revenues are sufficient to cover General Fund expenditures of $176.9 million.

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



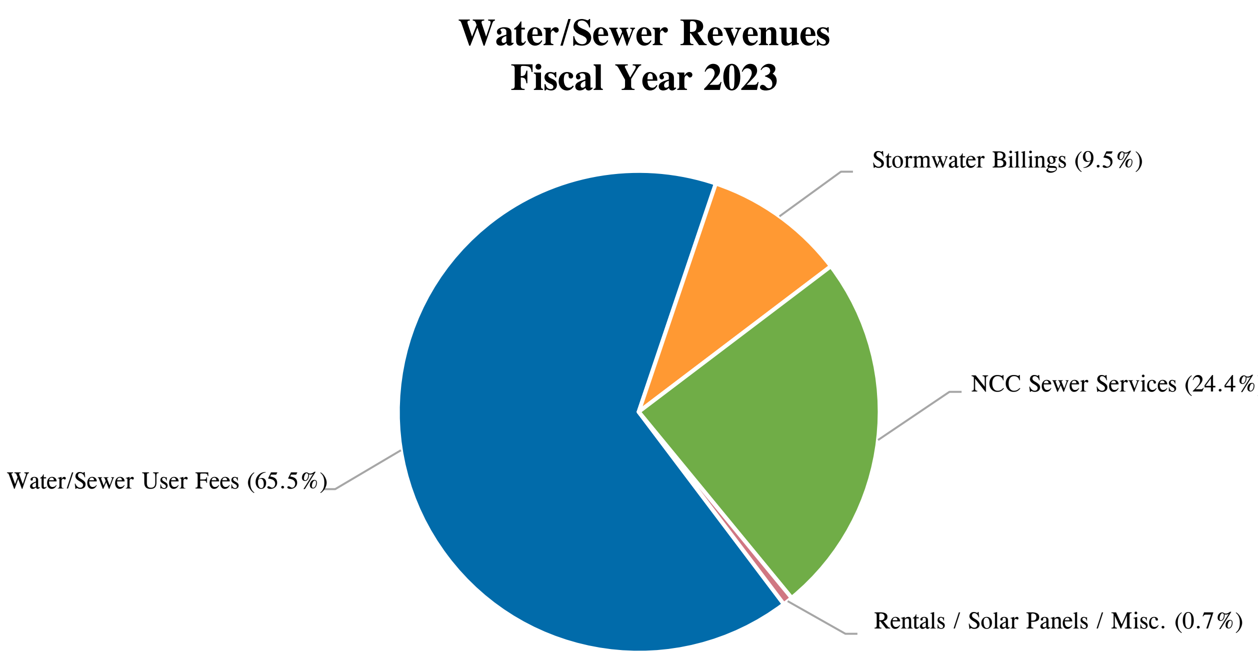
While nearly $6.2 million in Tax Stabilization Reserve was budgeted in FY 2022, only $1.3 million is expected to be necessary based on Q2 FY 2022 WEFAC and Expenditure Review projections.

Water / Sewer Fund Revenues
Fiscal Year 2023

WATER / SEWER FUND

Water / Sewer Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change FY'23-'22	Percent Change FY'23-'22
Water/Sewer User Fees	$46,785,502	$53,507,699	$52,209,830	$56,531,186	$4,321,356	8.3%
Stormwater Billings	8,301,152	9,318,458	8,664,000	8,208,000	(456,000)	-5.3%
NCC Sewer Services	22,489,162	19,622,109	21,173,439	21,056,000	(117,439)	-0.6%
Rentals/Miscellaneous	1,024,460	694,080	1,050,000	535,000	(515,000)	-49.0%
Solar Panel Revenues	38,639	17,622	37,000	37,000	0	0.0%
CARES / ARPA	184,697	300,000	0	0	0	0.0%
Total Revenues	**$78,823,612**	**$83,459,968**	**$83,134,269**	**$86,367,186**	**$3,232,917**	**3.9%**

Total Water / Sewer Fund revenue is budgeted to be **$83,367,186**, a net increase of $3.2 million, or 3.9%, above the FY 2022 budget. The net change by revenue category is discussed in detail below.



Water / Sewer Fund Revenues
Fiscal Year 2023

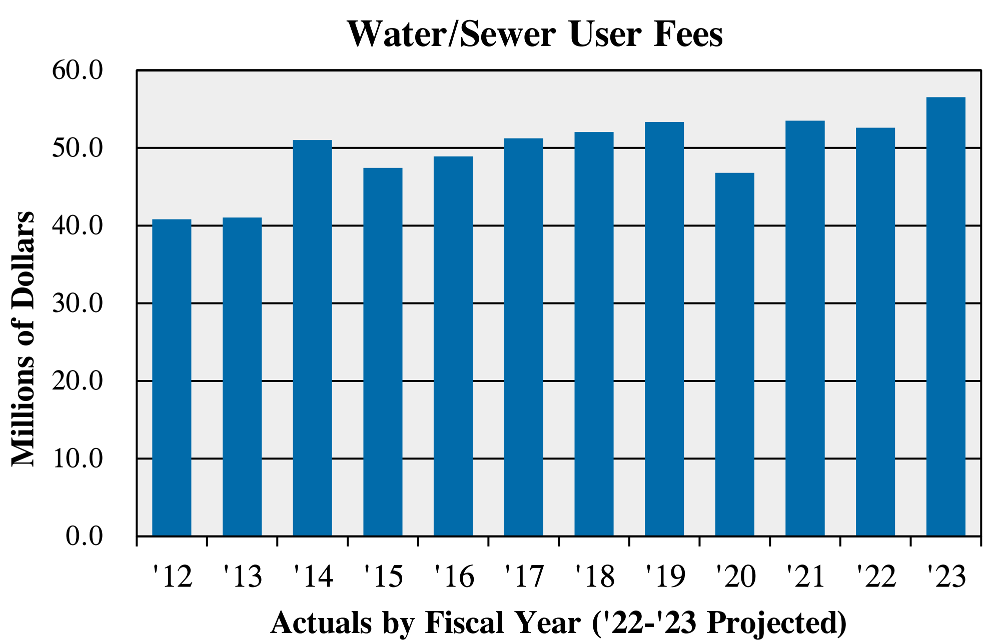
WATER/SEWER USER FEES

Water / Sewer Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change*	Percent Change*
Water/Sewer User Fees	$46,785,502	$53,507,699	$52,209,830	$56,531,186	$4,321,356	8.3%

* Relative to FY 2022 budget.

Basis: Trend analysis / management initiatives
Critical Assumptions: Water/Sewer Fees are projected to total $56.5 million, an increase of $4.3 million from the FY 2022 budget and $3.9 million from the Q2 FY 2022 WEFAC projection. Excluding reductions for bad debt and year-end accruals (which can vary significantly from year to year) FY 2022 revenues appear to be consistent with prior years. We project that FY 2023 will be similar to this, with a starting base of $52.5 million (up $2.4 million from the FY 2022 budgeted base). Added to this is the projected impact of a 5.0% rate increase on Inside City water, Inside City sewer, and Outside City Water charges. Combined, these rate increases yield nearly $2.5 million in additional revenue, net of bad debt. For the typical Inside City residential customer using 4,000 gallons per month, this is equivalent to $2.82 per month.

In addition, special sewer fees are projected to provide nearly $1.9 million (down by $328,000 from FY 2022), and penalty and interest will provide nearly $1.9 million (unchanged from FY 2022). Finally, the projection includes a nearly $2.8 million offset for bad debt, up from $1.9 million in the FY 2022 budget. This is due to a change in the bad debt rate from 3.0% to 5.0% (in order to better reflect historical actuals) net of moving $432,000 in Stormwater bad debt out of Water/Sewer Fees and into the Stormwater category.



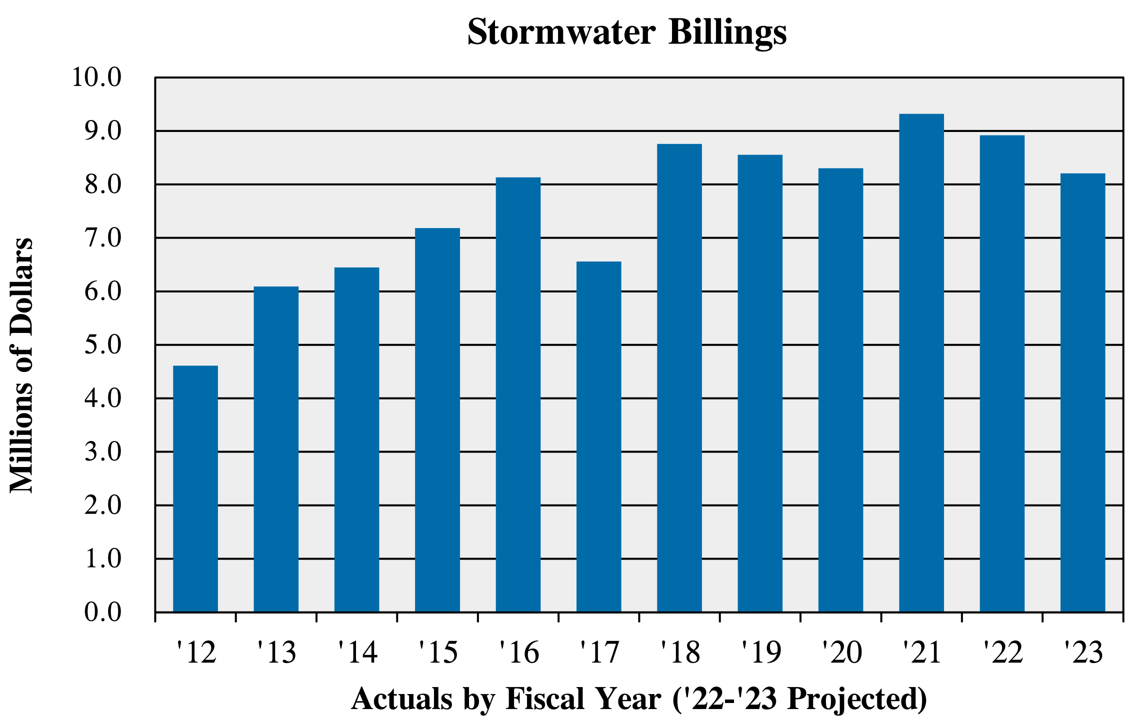
Water / Sewer Fund Revenues
Fiscal Year 2023

STORMWATER BILLINGS

Water / Sewer Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change*	Percent Change*
Stormwater Billings	$8,301,152	$9,318,458	$8,664,000	$8,208,000	($456,000)	-5.3%

* Relative to FY 2022 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 2023 are $8.6 million. This is offset by a $432,000 reduction for bad debt, which was previously booked in Water/Sewer User Fees but has been moved to Stormwater Billings beginning in FY 2023 (to allow for better tracking of actuals). There is no budgeted increase to the Stormwater rate.



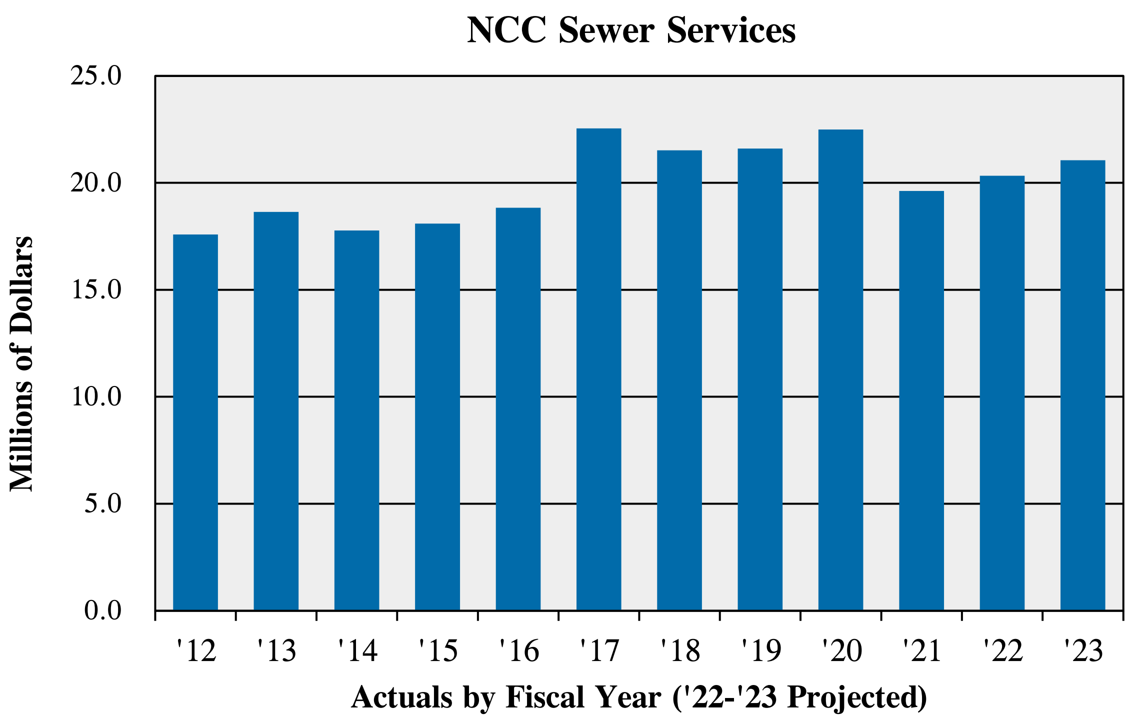
Water / Sewer Fund Revenues
Fiscal Year 2023

NEW CASTLE COUNTY SEWER SERVICES

Water / Sewer Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change*	Percent Change*
NCC Sewer Services	$22,489,162	$19,622,109	$21,173,439	$21,056,000	($117,439)	-0.6%

* Relative to FY 2022 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. Efforts to resolve the dispute between the City and County and finalize a new sewer contract are expected to continue into FY 2023. Based on a review of the current contract proposal by the City's outside engineers and legal counsel, total revenues are expected to decrease by $117,000 in FY 2023, for a new total of $21.1 million.



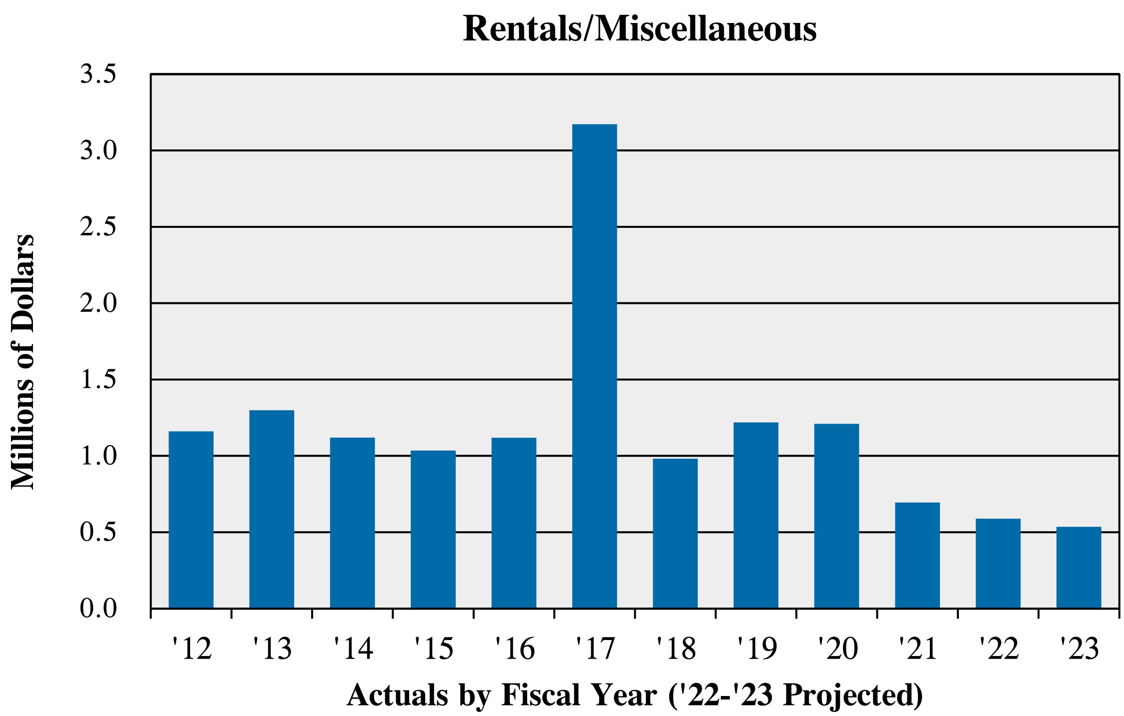
Water / Sewer Fund Revenues
Fiscal Year 2023

RENTALS / MISCELLANEOUS

Water / Sewer Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change*	Percent Change*
Rentals/Miscellaneous	$1,024,460	$694,080	$1,050,000	$535,000	($515,000)	-49.0%

* Relative to FY 2022 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. Previously this category included the $462,000 Veolia rental fee; however, as the contract for operating the City's wastewater treatment plant has transitioned from Veolia to Jacobs Engineering Group, this fee is no longer included in FY 2023. Net of smaller reductions to tank space rental fees, total Rentals / Miscellaneous are expected to decrease by $515,000, to a new total of $535,000.



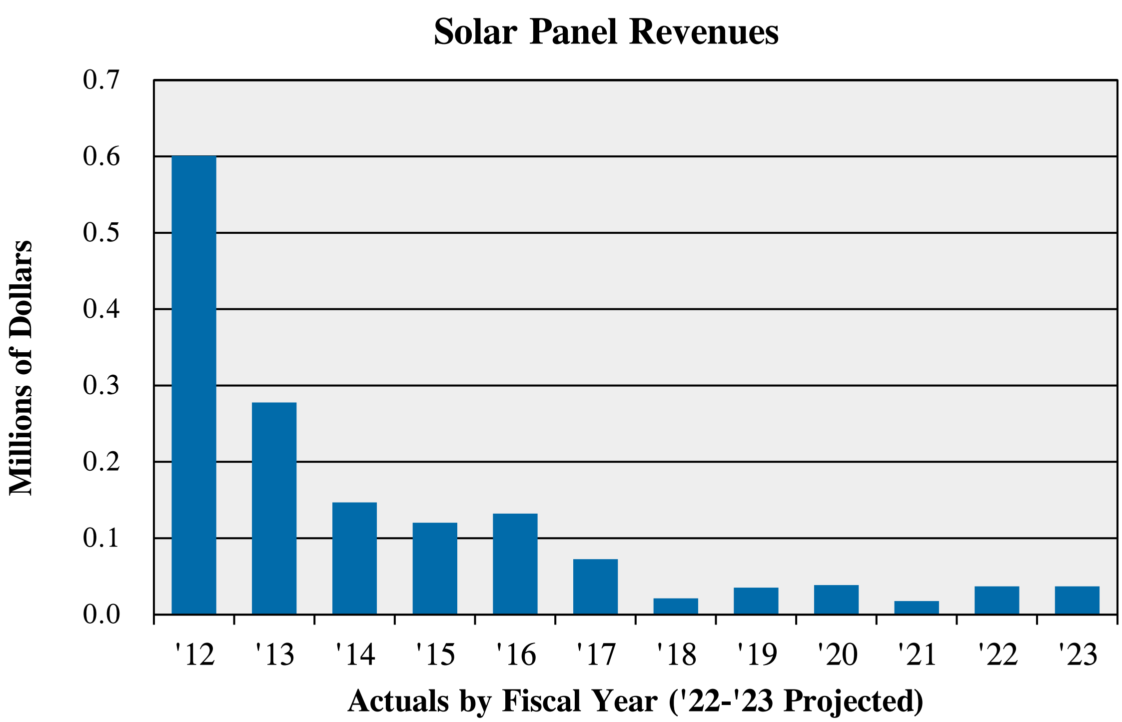
Actuals in FY 2017 reflect the one-time $2.2 million EPA fine of the International Petroleum Corporation for Clean Water Act violations.

SOLAR PANEL REVENUE

Water / Sewer Fund Revenues	Actual FY 2020	Actual FY 2021	Budget FY 2022	Proposed FY 2023	Dollar Change*	Percent Change*
Solar Panel Revenues	$38,639	$17,622	$37,000	$37,000	$0	0.0%

* Relative to FY 2022 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. Projected revenues for FY 2023 are unchanged from the prior year.



City of Wilmington Tax Rates
Fiscal Year 2023

WAGE TAX

Base: Individual gross earned income of City residents.
Individual gross earned income of non-City residents working within the City limits.

Rate: 1.25%.

NET PROFIT TAX

Base: Net profit of sole proprietors and partnerships within the City limits.

Rate: 1.25%.

PROPERTY TAX

Base: 100% of the assessed value of land and buildings within City limits. Because the last systematic County-wide reassessment was done based on 1983 market value dollars, all present-day assessments are calculated and reported using 1983 dollar values.

Rate: $2.145 per one-hundred dollars of assessed value.

HEAD TAX

Base: Number of employees per month for businesses with 6 or more employees.

Rate: $15.00 per employee per month on the total number of employees minus 5 (e.g., business with 20 employees is assessed on 15 employees).

REAL ESTATE TRANSFER TAX

Base: Selling price of Real Estate assessed at time of settlement.

Rate: 1.50%.

FRANCHISE TAX

Base: Gross receipts from sales of electricity and cable television service within the City.

Rate: 2.0% on electrical service.
5.0% on cable television service.

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NATURAL GAS TAX

Base: Gross receipts from sales of natural gas within the City.

Rate: 2.0% on natural gas.

LODGING TAX

Base: Rent collected for any room or rooms in a hotel, motel, or tourist home (as defined by Title 30 of the Delaware Code) that are within the City limits.

Rate: 2.0% of rent.