

MAJOR REVENUE SOURCES

Descriptions, Projection Assumptions and Trends

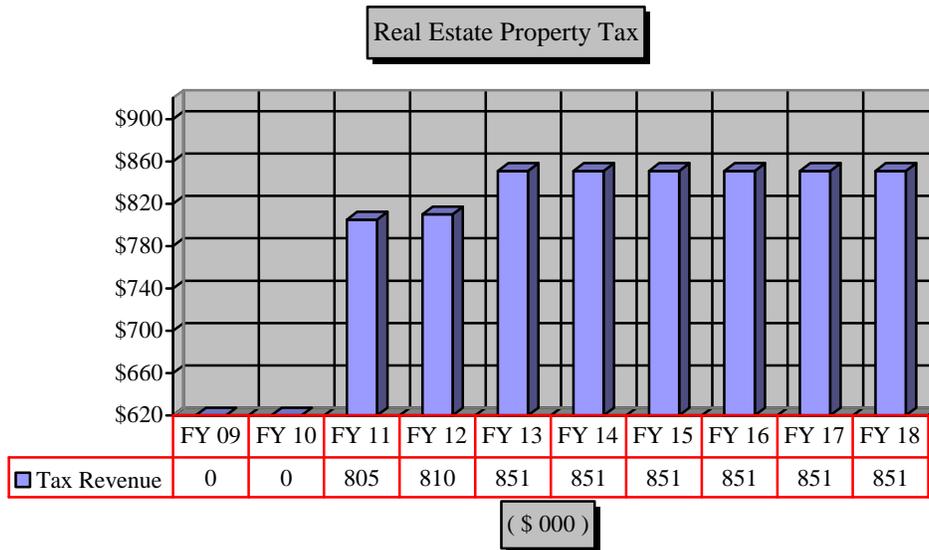
Early in the budget process each revenue account is analyzed and the current fiscal year's budgeted amounts are revised in order to form a more accurate basis for the next fiscal year's budgeted revenues. The detail revenue accounts are provided at the beginning of each fund in this budget document. The following revenue descriptions, assumptions and trends are provided only for the most significant or major revenue sources.

Grants, contributions from property owners for infrastructure improvements and bond issue proceeds although they may be significant, are not included due to their normal one time and one project nature. Generally, revenues used for operations in amounts above \$500,000 in the governmental funds and above

\$300,000 in the enterprise funds are included in this section of the document.

1. **Real Estate Property Taxes:** General Fund, Debt Service Fund and Local Improvement Fund.

The City of Carbondale adopts its annual Tax Levy Ordinance in November or December of each year for revenues to be received in the following fiscal year. In the years 2004 - 2010 the City did not levy property taxes, as shown in the graph below. The levy was reinstated for 2011 to cover contributions to the Public Safety's Pension Funds.



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Real Estate Property Taxes	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Estimated Actual FY 2013
Revenue Amount	0	0	0	805,627	810,729
\$ Increase (Decrease) from Prior Year	0	0	0	0	5,102
% Increase (Decrease) from Prior Year	0	0	0	0	0.6%
	Budgeted FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Revenue Amount	851,136	851,136	851,136	851,136	851,136
\$ Increase (Decrease) from Prior Year	40,407	0	0	0	0
% Increase (Decrease) from Prior Year	0.5%	0%	0%	0%	0%

2. Home Rule Sales Tax: General Fund, 2 percent of gross retail sales of tangible personal property, excluding vehicles, which require a title and registration.

The State of Illinois Constitution allows cities with a population of more than 25,000, or if less may elect by referendum, to become a home rule unit. The City's home rule sales tax became effective on September 1, 1992. The Illinois Department of Revenue administers the tax. The tax revenue is remitted to the City during the third month after the month in which the retail sale is made.

During FY 1999, the City Council approved an additional ¼ percent Home Rule Sales Tax which became effective on July 1, 1999. This increase is passed through to the Carbondale Community High School District #165 for the abatement of a major portion of the property tax levy principal and interest related to a bond issue for financing the development of a new four-year high school facility.

During FY 2006 the City entered into an agreement with Southern Illinois University that annexed approximately 2,700 acres which included the SIU Main Campus and the University Farms area. The area annexed included several retail establishments that will provide new Home-Rule and Municipal Sales Tax Revenues to the City.

During FY 2008, the City Council approved an increase of an additional ½ percent Home Rule Sales Tax which became effective January 1, 2008. Of this increase, ¼ percent is designated to pass through to Southern Illinois University in an amount not to exceed one million dollars annually over a period of twenty years. These funds will be used to assist the University in the payment of costs associated with the Saluki Way project. The remaining portion of the ½ percent Home Rule Sales Tax increase will be retained by the City of Carbondale to be used in funding General Fund operations.

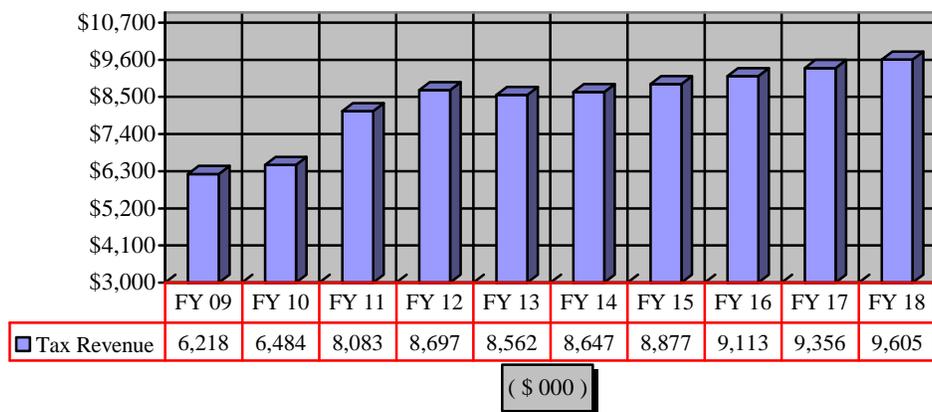
During FY 2010, the City again approved an additional increase of ½ percent becoming effective July 1, 2010, bringing the Home Rule Sales Tax rate to 2 percent. The increased revenue will be used in part, to pay debt service on a General Obligation Bond used to finance the construction of a new Police facility.

The Home Rule Sales Tax in 2013, rebound is projected to drop slightly in 2014, about 3 ½%, then grow moderately in 2015-2018.

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Home Rule Sales Tax



Home Rule Sales Tax	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Estimated Actual FY 2013
Revenue Amount	6,218,725	6,484,302	8,083,961	8,697,612	8,562,043
\$ Increase (Decrease) from Prior Year	1,348,355	265,577	1,599,659	613,651	(135,569)
% Increase (Decrease) from Prior Year	27.7%	4.2%	24.6%	7.5%	(1.5)%
	Budgeted FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Revenue Amount	8,647,663	8,877,691	9,113,837	9,356,265	9,605,142
\$ Increase (Decrease) from Prior Year	85,620	230,027	236,147	242,428	248,877
% Increase (Decrease) from Prior Year	1.0%	2.6%	2.6%	2.6%	2.6%

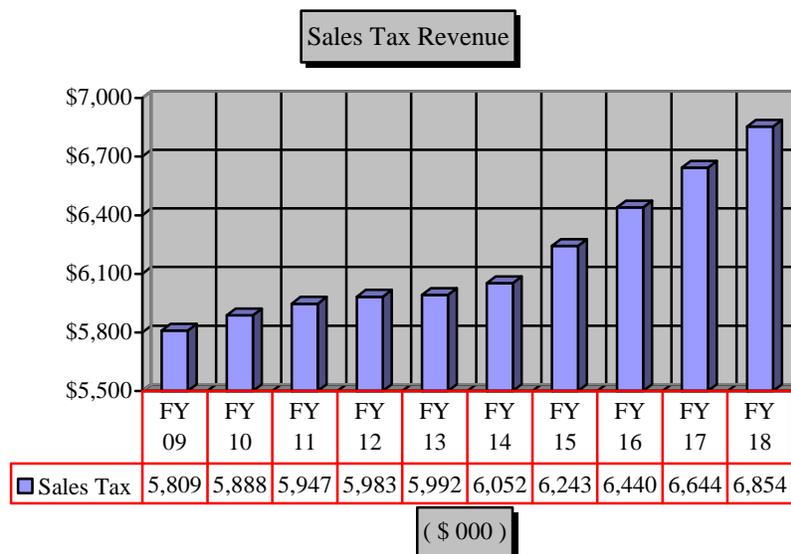
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2. **Sales Tax:** General Fund, 1 percent tax with the same taxable basis as the 1 percent Home Rule Sales Tax plus licensed vehicles.

The economic downturn in calendar year 2008 and continuing into calendar year 2009 had a detrimental effect on City revenues. Retail Sales declined

reflecting a 3.9% decrease in Sales Tax revenue for Fiscal Year 2008 and 2.3 % in Fiscal Year 2009. FY 2010, 2011 and 2013 showed modest increases. In FY 2014 another modest increase is projected with increase growth expected in FY 2015 – 2018 of about 3% per year.



Sales Tax	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Estimated Actual FY 2013
Revenue Amount	5,809,896	5,888,434	5,947,704	5,983,923	5,992,491
\$ Increase (Decrease) from Prior Year	(139,375)	78,538	59,270	36,219	8,568
% Increase (Decrease) from Prior Year	(2.3%)	1.3%	1.0%	0.6%	0.1%
	Budgeted FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Revenue Amount	6,052,416	6,243,672	6,440,972	6,644,507	6,854,474
\$ Increase (Decrease) from Prior Year	59,925	191,256	197,300	203,535	209,967
% Increase (Decrease) from Prior Year	1.0%	3.1%	3.1%	3.1%	3.1%

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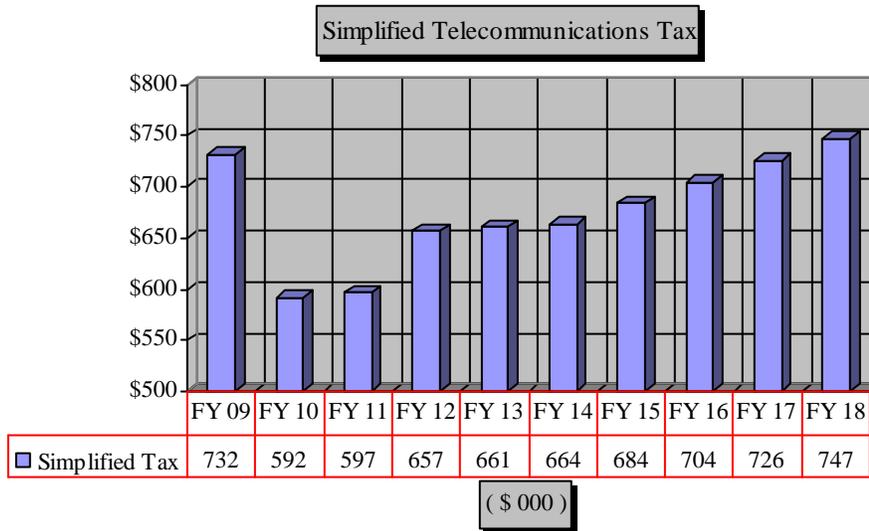
3. Simplified Telecommunications Tax: General Fund, 5.75 percent Gross Receipts Tax.

In March 1993, the City adopted an ordinance which applies a utility tax to users of cellular telephones and transmissions of messages by magnetic and fiber optic methods.

On January 1, 2003, the City adopted the State of Illinois' "Simplified Tax". This new method of taxation on telecommunications is no longer administered and collected by the City, but by the State of Illinois and passed thru to the City. The new

Simplified Tax collects taxes on all telephone revenue generated for long distance calls both in and out of State at a rate of 5.75%. The City's prior Utility Tax was only charged on in State call revenues at a rate of 5%.

With the technology explosion and the increasing use of cellular and satellite type communications, there has been a decrease shown in FY 2008, 2009 and 2010 in the telecommunications tax. However, FY 2011 and 2012 showed a pronounced increase. Increases, though small, are expected to continue through 2018.



Simplified Telecommunications Tax	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Estimated Actual FY 2013
Revenue Amount	732,655	592,755	597,671	657,776	661,165
\$ Increase (Decrease) from Prior Year	51,618	(139,900)	4,916	60,105	3,389
% Increase (Decrease) from Prior Year	7.6%	(19.0%)	0.8%	10.0%	0.5%
	Budgeted FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Revenue Amount	664,471	684,405	704,937	726,085	747,868
\$ Increase (Decrease) from Prior Year	3,306	19,934	20,532	21,148	21,783
% Increase (Decrease) from Prior Year	0.5%	3.0%	3.0%	3.0%	3.0%

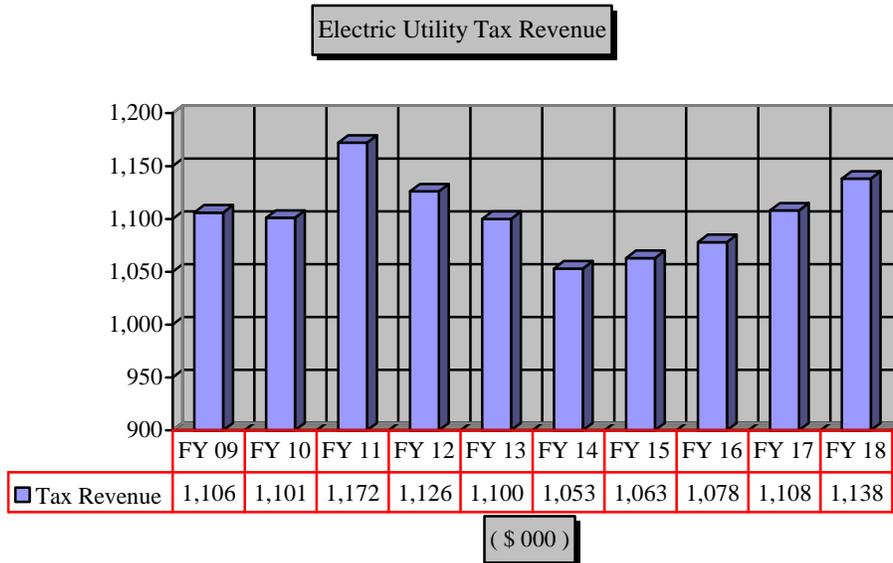
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4. **Electric Utility Tax:** General Fund. The tax is based on kilowatt-hours (KWH) multiplied by per KWH rates at tiered consumption levels.

sunlight. After a 4% drop in 2012 and expected drops in 2013 and 2014, revenue is expected to grow over the budgeted period.

The revenue from this tax is generally affected by weather conditions as well as the number of days of



Electric Utility Tax Revenue	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Estimated Actual FY 2013
Revenue Amount	1,106,047	1,101,320	1,172,574	1,126,351	1,100,281
\$ Increase (Decrease) from Prior Year	(52,550)	(4,727)	71,254	(46,223)	(26,070)
% Increase (Decrease) from Prior Year	(4.5%)	(0.4%)	6.4%	(3.9)%	(2.3)%
	Budgeted FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Revenue Amount	1,053,171	1,063,171	1,078,171	1,108,171	1,138,171
\$ Increase (Decrease) from Prior Year	(47,110)	10,000	15,000	30,000	30,000
% Increase (Decrease) from Prior Year	(4.2)%	0.9%	1.4%	2.7%	2.7%

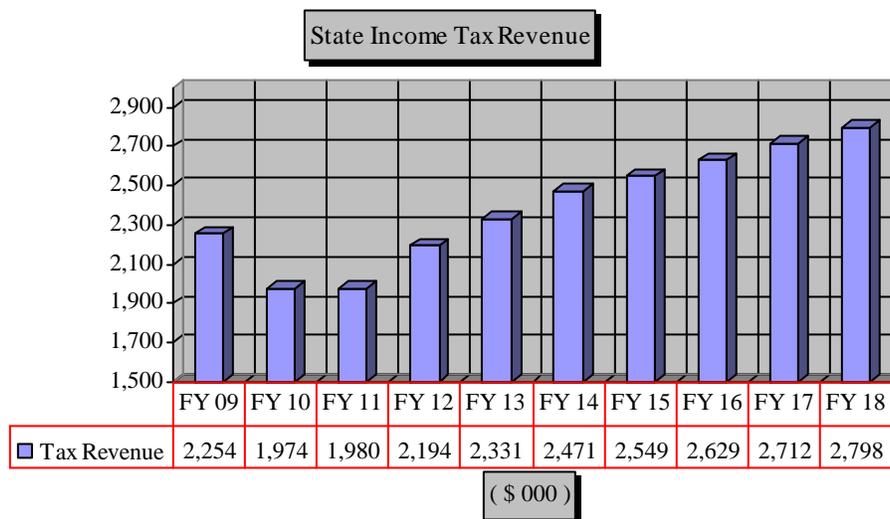
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5. **State Income Tax:** General Fund, 5 percent for individuals, trusts and estates of Federal Income Tax adjusted gross income. The amount each municipality receives is based on the population. The population figures are determined by the latest U.S. Bureau of Census figures and are certified by the Illinois Secretary of State.

Beginning August 1, 1969, municipalities received one-twelfth of the net collections of all income tax received. On July 1, 1994, the share was increased to one-eleventh and again increased to one-tenth on July

1, 1995. The Illinois Municipal League (IML) provides projections for this revenue generally in early January of each year. Past experience has shown the IML projections to be fairly accurate. The declines in FY 2009 and FY 2010 were reflective of general economic conditions, poor profits and high unemployment. In 2012 through below 2009 each grew slightly. Better economic conditions are projected in future years.



State Income Tax Revenue	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Estimated Actual FY 2013
Revenue Amount	2,254,214	1,974,215	1,980,876	2,194,575	2,331,180
\$ Increase (Decrease) from Prior Year	(157,442)	(279,999)	6,661	213,699	136,605
% Increase (Decrease) from Prior Year	(6.5%)	(12.4%)	0.3%	10.7%	6.2%
	Budgeted FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Revenue Amount	2,471,051	2,549,136	2,629,689	2,712,787	2,798,511
\$ Increase (Decrease) from Prior Year	139,871	78,085	80,553	83,098	85,724
% Increase (Decrease) from Prior Year	6.0%	3.1%	3.1%	3.1%	3.1%

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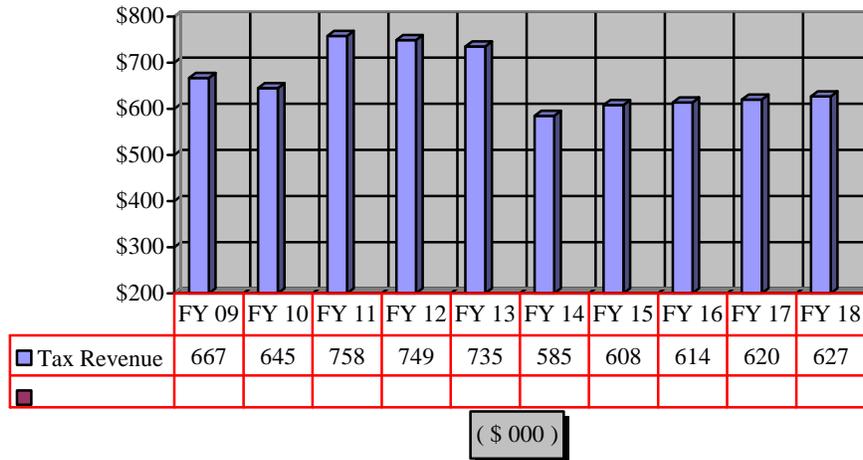
6. **Motor Fuel Tax:** Motor Fuel Tax Fund, 19.0¢ per gallon of gasoline and 21.5¢ per gallon of diesel fuel. The distribution of this tax to municipalities is based on a per capita rate system like the State Income Tax. The primary uses of these funds are for maintenance and capital improvements of streets.

The per capita rate for FY 2011 was \$25.40. The last increase in the rate per gallon was effective in FY

1994. The MFT revenue has remained a fairly static source of revenue as average fuel economy continues to improve.

In addition, vehicle emissions inspection costs are paid out of the gross collections before the taxes are distributed to local governments.

Motor Fuel Tax



Motor Fuel Tax Revenue	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Estimated Actual FY 2013
Revenue Amount	667,961	645,993	758,718	749,428	735,398
\$ Increase (Decrease) from Prior Year	(46,649)	(21,968)	112,725	(9,290)	(14,030)
% Increase (Decrease) from Prior Year	(6.5%)	(3.2%)	17.4%	(1.2)%	(1.8%)
	Budgeted FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Revenue Amount	585,197	608,605	614,691	620,838	627,046
\$ Increase (Decrease) from Prior Year	(150,201)	23,408	6,086	6,147	6,208
% Increase (Decrease) from Prior Year	(20.4%)	4.0%	1.0%	1.0%	0.9%

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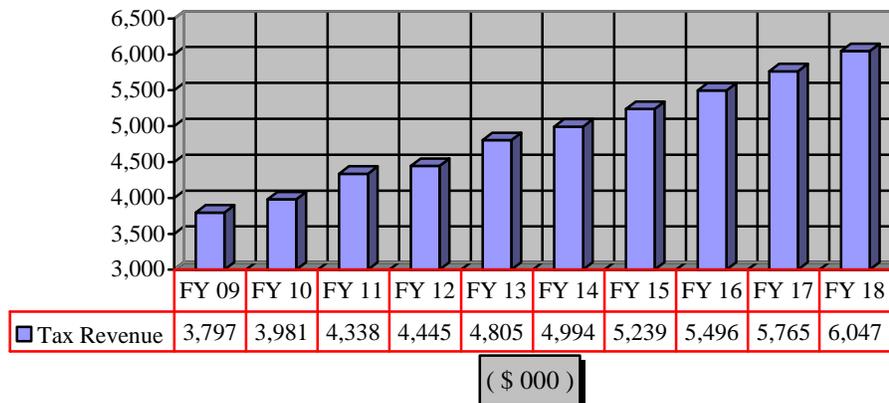
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7. **Water Service Charges:** Waterworks and Sewerage Fund is a Enterprise Fund. During FY 2012 a consulting firm completed a study to determine necessary maintenance and improvement requirements to the City's water systems costs of the changes were estimated, determined and necessary rate increase were recommended and eventually implemented for the next 5 years. For residential customers a basic customer charge is \$3.24 per month in FY 2012 increasing to \$3.76 in FY 2016. The rate per 1,000 gallons is \$3.69 increasing to \$4.25 in FY 2016.

With the number of City residential customers remaining level from year to year the increase projected are rate increases. Although the City sells most of its water to Southern Illinois University and three water districts, the growth in water consumption has not dramatically increased.

In FY 2000, a meter replacement program was initiated and continues each year.

Water Service Charge Revenue



Water Service Charge Revenue	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Estimated Actual FY 2013
Revenue Amount	3,797,499	3,981,710	4,338,571	4,445,785	4,805,370
\$ Increase (Decrease) from Prior Year	(59,436)	184,211	356,861	107,214	359,885
% Increase (Decrease) from Prior Year	(1.5%)	4.8%	8.9%	2.4%	8.0%
	Budgeted FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Revenue Amount	4,994,595	5,239,330	5,496,057	5,765,364	6,047,867
\$ Increase (Decrease) from Prior Year	189,225	244,735	256,727	269,307	282,503
% Increase (Decrease) from Prior Year	3.9%	4.9%	4.9%	4.9%	4.9%

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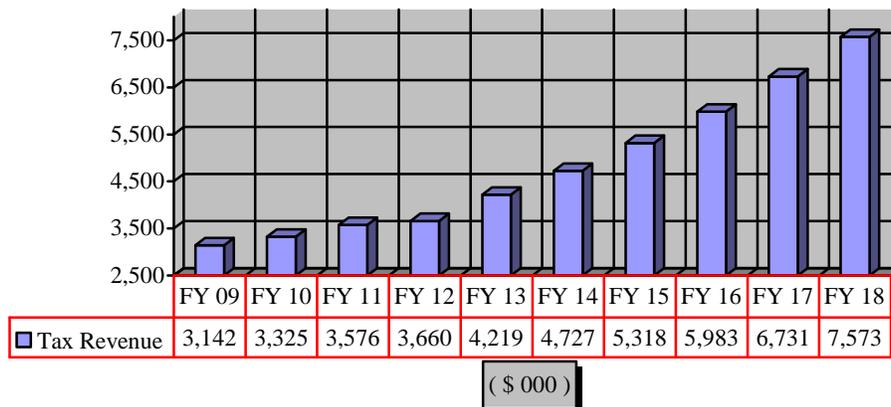
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8. **Sewer Service Charges:** Waterworks and Sewerage Fund, an Enterprise Fund, currently assesses a rate for sewerage usage of \$3.56 per 1,000 gallons of water consumption. This rate was increased effective July 1, 2010 for FY 2011 revenue.

During FY 2007 Southern Illinois University negotiated a credit for evaporation lost in the cooling towers on campus buildings. This resulted in a material loss of revenue in sewer service charge. The volume of sewerage services is expected to remain mostly stable through FY 2016.

During FY 2012, the consulting firm also completed a study to determine necessary maintenance and improvement requirements to the City's sewer systems. Costs of the changes were estimated; determined and necessary rate increases were recommended and eventually implemented for the next 5 years. The structure for sewer rates is pretty much the same. The basic customer charge is \$3.53 per month increasing to \$5.03 in FY 2016. The rate per 1,000 gallons is \$4.21 increasing to \$6.00 in FY 2016. The sewer rates are higher because processing wastewater is more expensive than water alone and rate increases are also the reason for increases from prior years.

Sewer Service Charge Revenue



Sewer Service Charge Revenue	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Estimated Actual FY 2013
Revenue Amount	3,142,862	3,325,687	3,576,962	3,660,141	4,219,066
\$ Increase (Decrease) from Prior Year	(45,647)	182,825	251,275	83,179	558,925
% Increase (Decrease) from Prior Year	(1.4%)	5.8%	7.5%	2.3%	15.2%
	Budgeted FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Revenue Amount	4,727,928	5,318,919	5,983,784	6,731,757	7,573,226
\$ Increase (Decrease) from Prior Year	508,862	590,991	664,865	747,973	841,469
% Increase (Decrease) from Prior Year	12.0%	12.5%	12.5%	12.5%	12.5%

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9. **City Customer Refuse Fees:** Solid Waste Management Fund, an Enterprise Fund, assesses a fee of \$11.00 per month per user for residential curbside refuse pickup.

The rate was increased \$.50 per month beginning May 1, 1997 (FY 1998); resulting in a monthly rate of \$6.75. Since FY 1998, the costs of wages, health insurance, retirement and uniforms as well as operating supplies have continued to increase year to year. On June 2, 2006, the fee was increased from \$6.75 to \$7.25 per month. The increase was necessary to cover the increased cost of operations in the Solid Waste Management Fund, and is reflected in FY 2007 numbers.

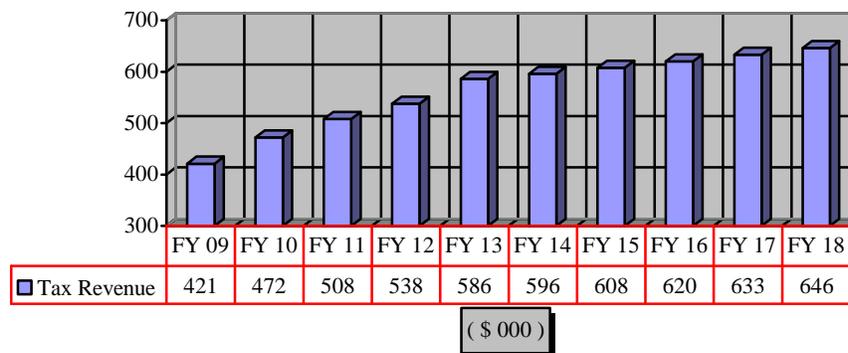
Because of the continuing increases in the operating costs of providing refuse and recycling services, the fees were again increased. Effective July 1, 2008, the City Council approved an increase in the monthly

refuse fee from \$7.25 to \$8.00. Further, the council approved additional increases from \$8.00 to \$8.75 per month effective May 1, 2009 and from \$8.75 to \$9.50 per month effective May 1, 2010. These increases are reflected in FY 2009 through FY 2011 numbers.

During FY 2012, the City Code related to Refuse: collections, procedures, rate inclusions (equipment fees) as well as rate increase schedules was thoroughly studied and amended where needed. The basic pick up fee was increased to \$11.00 moving to \$11.40 over the next 3 years.

The number of refuse customers has increased in small, but steady, numbers each year. There are several private refuse service providers that concentrate more on commercial customers, but do provide backyard residential pick-up. The major reason for projected increases is the rate increase.

City Customer Refuse Fees Revenue



City Customer Refuse Fee Revenue	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Estimated Actual FY 2013
Revenue Amount	421,370	472,764	508,111	538,625	586,727
\$ Increase (Decrease) from Prior Year	48,136	51,394	35,347	30,514	48,102
% Increase (Decrease) from Prior Year	12.9%	12.1%	7.4%	6.0%	8.9%
	Budgeted FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Revenue Amount	596,815	608,751	620,926	633,345	646,012
\$ Increase (Decrease) from Prior Year	10,088	11,936	12,175	12,419	12,667
% Increase (Decrease) from Prior Year	1.7%	2.0%	2.0%	2.0%	2.0%

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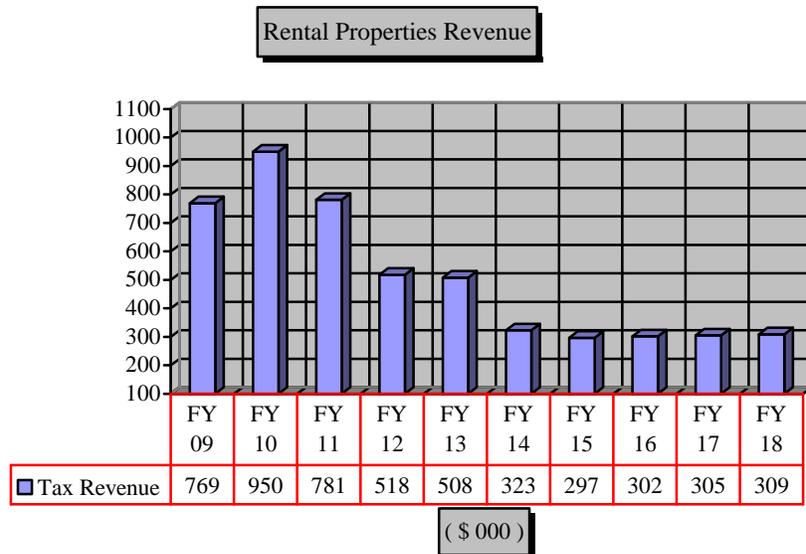
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10. **Rental Revenues:** Rental Properties Fund: University City Complex and the Old ICRR Depot.

In order to turn this fund around into a profitable enterprise operation, rental rate increases for the current tenants began during FY 1999 and will continue through FY 2017. The projected rental rates have been researched and are found to be competitive in the not-for-profit tenant rental market.

In order to make the buildings more marketable and in compliance with ADA standards, elevators in three of the buildings at the University City Complex will need to be installed in the near future.

The reason for the drop in FY 2011 and FY 2012 are the sale of one property and the demolition of another.



Rental Revenue	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Estimated Actual FY 2013
Revenue Amount	769,278	950,212	781,744	518,501	508,261
\$ Increase (Decrease) from Prior Year	20,979	180,934	(168,468)	(263,243)	(10,240)
% Increase (Decrease) from Prior Year	2.8%	23.5%	(17.7%)	(33.6%)	(1.9%)
	Budgeted FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Revenue Amount	323,647	297,341	302,217	305,473	309,084
\$ Increase (Decrease) from Prior Year	(184,614)	(26,306)	4,876	3,256	3,611
% Increase (Decrease) from Prior Year	(36.3)%	(8.1%)	1.6%	1.0%	1.1%