

MAJOR REVENUE SOURCES

Descriptions, Projection Assumptions and Trends

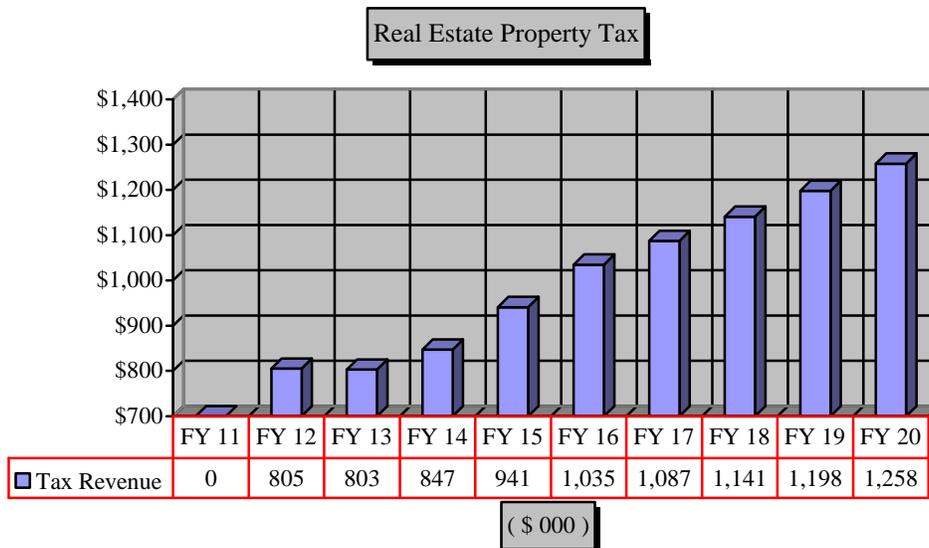
Early in the budget process each revenue account is analyzed and the current fiscal year's budgeted amounts are revised in order to form a more accurate basis for the next fiscal year's budgeted revenues. The detail revenue accounts are provided at the beginning of each fund in this budget document.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

Discussion of 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 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.

Increases in the years 2016 - 2020 are expected to increase at 5% per year, though required city increase to public safety pension plan contributions are expected to rise at 10% per year, to meet the high cost of benefit maintenance and demographic changes. The 5% is the maximum permissible without citizen agreement. In the long run the levy will have to increase to meet future liabilities.



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Real Estate Property Taxes	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Estimated Actual FY 2015
Revenue Amount	0	805,627	803,061	847,161	941,148
\$ Increase (Decrease) from Prior Year	0	805,627	(2,566)	44,100	93,987
% Increase (Decrease) from Prior Year	0	0	(0.3%)	11.0%	11.0%
	Budgeted FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020
Revenue Amount	1,035,263	1,087,026	1,141,377	1,198,446	1,258,369
\$ Increase (Decrease) from Prior Year	94,115	51,763	54,351	57,069	59,923
% Increase (Decrease) from Prior Year	10.0%	5.0%	5.0%	5.0%	4.8%

2. Home Rule Sales Tax: Beginning July 1, 2015 the Home Rule Sales Tax will increase to 2.5 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.

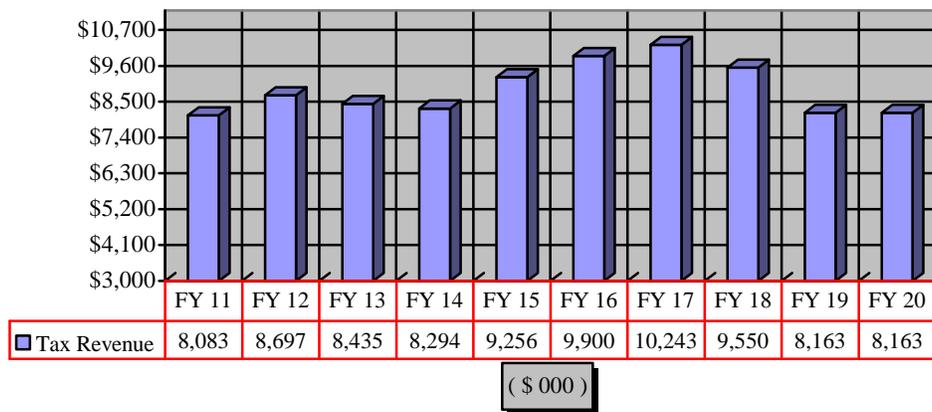
During FY 2010, the City again approved an additional increase of ½ percent becoming effective July 1, 2010, bringing the Home Rule Sales Tax rate to 2 percent. The increased revenue will be used in part, to pay debt service on a General Obligation Bond used to finance the construction of a new Police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

During FY 2014, the City approved an additional increase of ¼ percent becoming effective July, 1, 2014, and again in July 1, 2015, bringing the Home Rule Sales Tax rate to 2.5 percent. The increased revenue will be used to offset operating expense increases and will help to fund General Fund operations. The increases in 2016 and 2017 are due to the increase crossing fiscal years. Projected revenues will drop in 2018, 2019 and beyond because the ¼ % tax increase to help fund school district #165 and the ¼ % increase approved in 2015 will both sunset in 2018 and are assumed not to be reinstated.

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Home Rule Sales Tax



Home Rule Sales Tax	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Estimated Actual FY 2015
Revenue Amount	8,083,961	8,697,612	8,435,043	8,294,918	9,256,132
\$ Increase (Decrease) from Prior Year	1,599,659	613,651	(262,569)	(140,125)	961,214
% Increase (Decrease) from Prior Year	24.6%	7.6%	(3.0%)	(-1.7%)	11.6%
	Budgeted FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020
Revenue Amount	9,900,982	10,243,982	9,550,646	8,163,982	8,163,982
\$ Increase (Decrease) from Prior Year	644,850	343,000	(693,336)	(1,386,664)	-0-
% Increase (Decrease) from Prior Year	7.0%	3.7%	(6.8)%	(14.9)%	0%

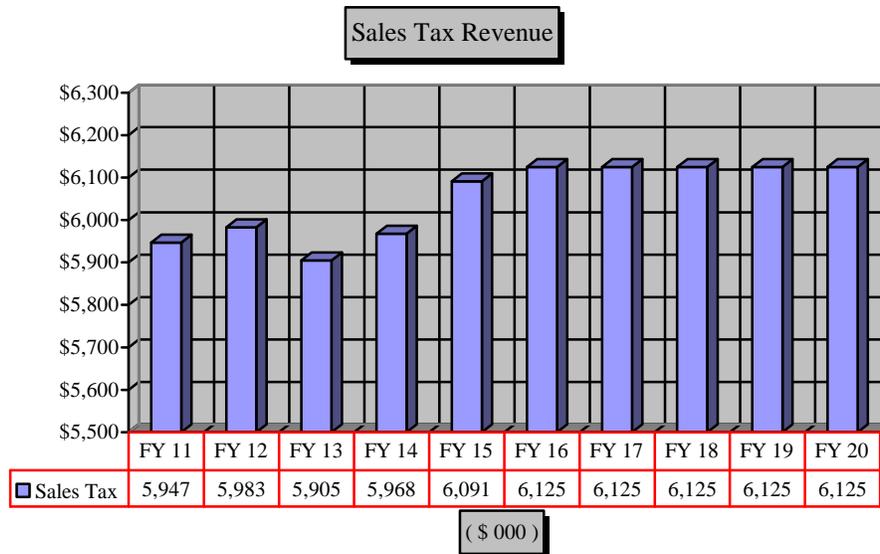
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3. **Sales Tax:** General Fund, 1 percent tax with the same taxable basis as the 1 percent Home Rule Sales Tax plus licensed vehicles.

The economic downturn in calendar year 2008 and continuing into calendar year 2009 had a detrimental effect on City revenues. Retail Sales declined reflecting an approximate 6.1 percent decrease in Sales Tax revenue from FY 2007 levels. Sales have

been slow to recover and we remain 4.5 percent below pre-downturn levels. Revenue levels are expected to remain flat through the foreseeable future. After periods of decline enrollment and employment at SIU, levels have appeared to stabilize. However discussion of cutbacks at the state level continues. Any resulting deductions are not reflected in the figures included here.



Sales Tax	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Estimated Actual FY 2015
Revenue Amount	5,947,704	5,983,923	5,905,361	5,968,248	6,091,616
\$ Increase (Decrease) from Prior Year	59,270	36,219	(78,562)	62,887	123,368
% Increase (Decrease) from Prior Year	1.0%	0.6%	(1.3%)	1.1%	2.1%
	Budgeted FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020
Revenue Amount	6,125,120	6,125,120	6,125,120	6,125,120	6,125,120
\$ Increase (Decrease) from Prior Year	33,504	-0-	-0-	-0-	-0-
% Increase (Decrease) from Prior Year	0.6%	0%	0%	0%	0%

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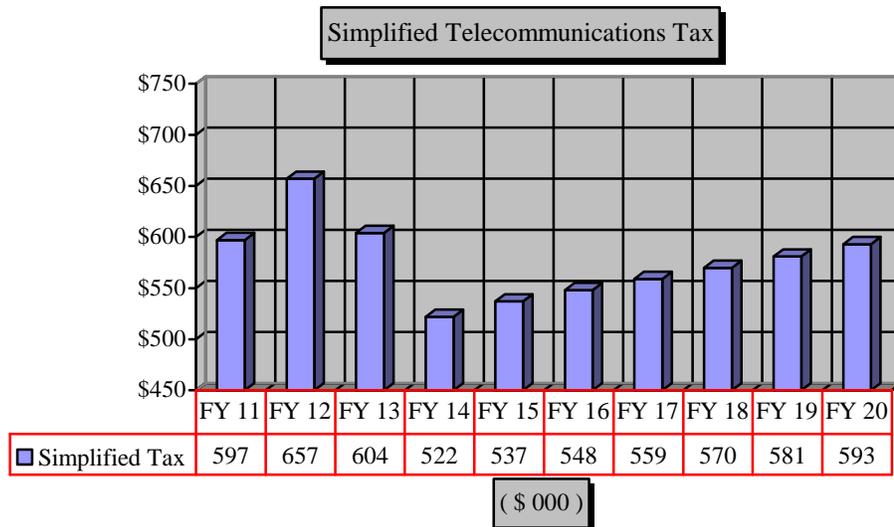
4. Simplified Telecommunications Tax: General Fund, 5.75 percent Gross Receipts Tax.

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 percent. The City's prior Utility Tax was only charged on intra state call revenues at a rate of 5 percent.

Losses in FY 2013 and FY 2014 are the result of personal cell phones replacing residential land line phone services. Future year increases are based on anticipated inflationary increases in cell phone plan costs.



Simplified Telecommunications Tax	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Estimated Actual FY 2015
Revenue Amount	597,671	657,776	604,531	522,308	537,446
\$ Increase (Decrease) from Prior Year	4,916	60,105	(53,245)	(82,233)	15,138
% Increase (Decrease) from Prior Year	0.8%	10.0%	(8.1%)	(13.6%)	2.9%
	Budgeted FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020
Revenue Amount	548,195	559,159	570,342	581,749	593,384
\$ Increase (Decrease) from Prior Year	10,749	10,964	11,183	11,407	11,635
% Increase (Decrease) from Prior Year	2.0%	2.0%	2.0%	2.0%	2.0%

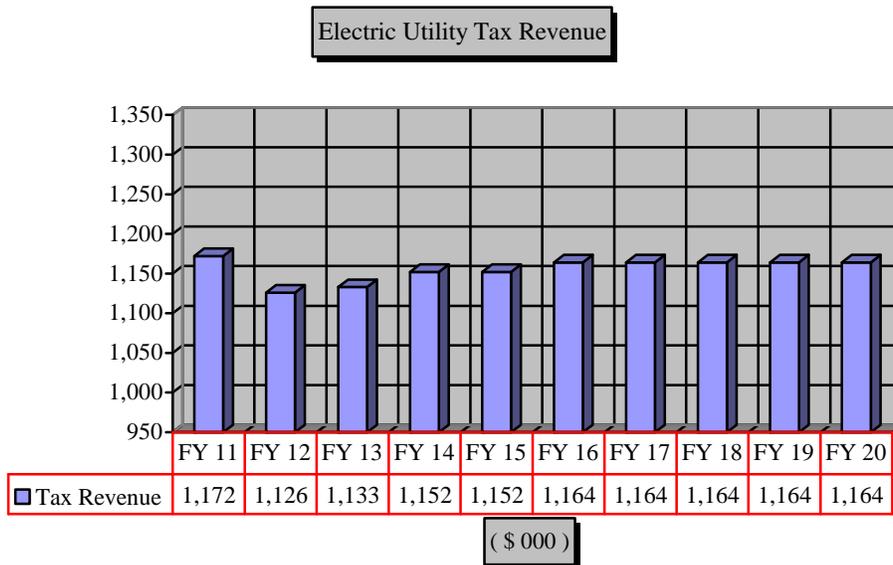
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5. Electric Utility Tax: General Fund. The tax is based on kilowatt-hours (KWH) multiplied by per KWH rates at tiered consumption levels.

sunlight. After a 4.0 percent drop in 2012 and a slight increase of 0.7 percent in 2013 and 2014, the future looks flat with rent changes in usage expected.

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 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Estimated Actual FY 2015
Revenue Amount	1,172,574	1,126,351	1,133,845	1,152,616	1,152,616
\$ Increase (Decrease) from Prior Year	71,254	(46,223)	7,494	18,771	0
% Increase (Decrease) from Prior Year	6.4%	(3.9)%	0.7%	1.7%	-0-
	Budgeted FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020
Revenue Amount	1,164,142	1,164,142	1,164,142	1,164,142	1,164,142
\$ Increase (Decrease) from Prior Year	11,526	-0-	-0-	-0-	-0-
% Increase (Decrease) from Prior Year	1.0%	0%	0%	0%	0%

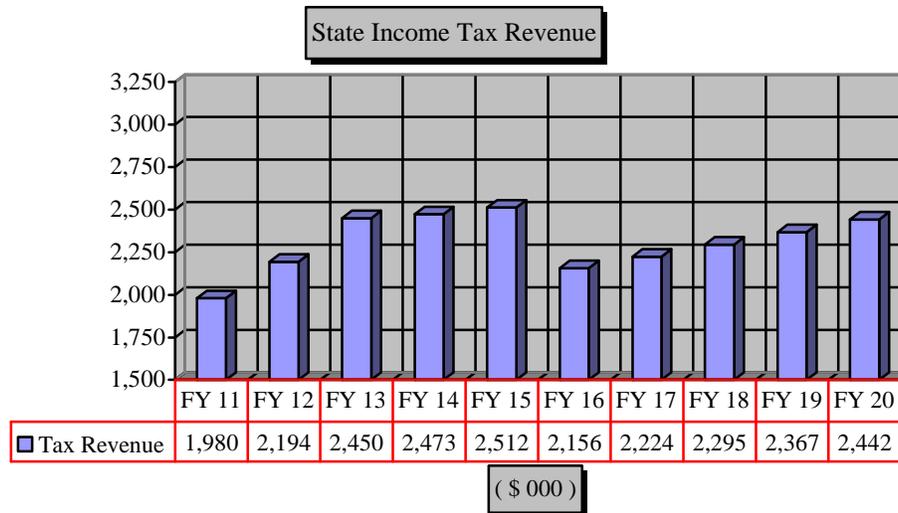
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6. **State Income Tax:** General Fund, 5 percent for individuals, trusts and estates of Federal Income Tax adjusted gross income. The amount each municipality receives is based on the population. The population figures are determined by the latest 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. Fiscal years 2012 and 2013 grew at (10.8 percent) and (11.7 percent) respectively. Small growth was seen in the fiscal years of 2014 and 2015. The governor has stated his intention to lower the municipal share to ½% of its current share. It is felt that a 50% drop in share is not likely, a 15% drop in revenue was used in their figures in years 2016 – 2020.



State Income Tax Revenue	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Estimated Actual FY 2015
Revenue Amount	1,980,876	2,194,575	2,450,781	2,473,599	2,512,300
\$ Increase (Decrease) from Prior Year	6,661	213,699	256,206	228,180	38,701
% Increase (Decrease) from Prior Year	0.3%	10.8%	11.7%	0.9%	1.2%
	Budgeted FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020
Revenue Amount	2,156,810	2,224,965	2,295,274	2,367,805	2,442,627
\$ Increase (Decrease) from Prior Year	(355,490)	68,155	70,309	72,531	74,822
% Increase (Decrease) from Prior Year	(14.2%)	3.2%	3.2%	3.2%	3.2%

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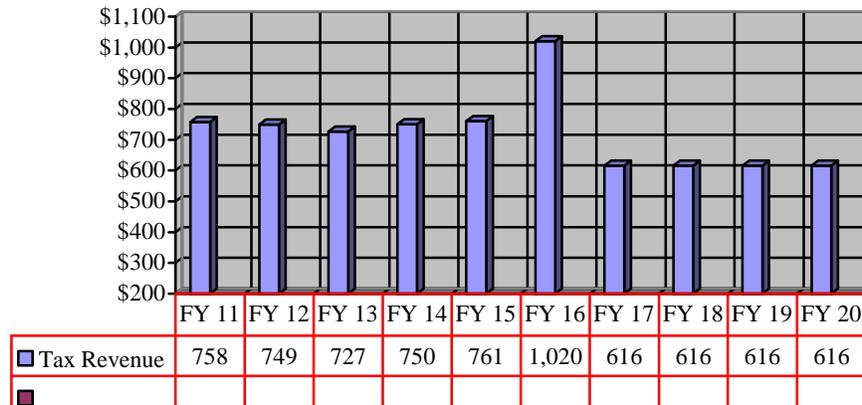
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7. Motor Fuel Tax: Motor Fuel Tax Fund, 19.0¢ per gallon of gasoline and 21.5¢ per gallon of diesel fuel. The distribution of this tax to municipalities is based on a per capita rate system like the State Income Tax. The primary uses of these funds 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 jump in revenue in 2016 is a result of a grant which is 80% of expenses will be incurred for road reconstruction. Then in 2017 and beyond is a reflection of lower per capita allotment from the state.

Motor Fuel Tax



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Motor Fuel Tax Revenue	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Estimated Actual FY 2015
Revenue Amount	758,718	749,428	727,953	750,624	861,480
\$ Increase (Decrease) from Prior Year	112,725	(9,290)	(21,475)	22,671	110,856
% Increase (Decrease) from Prior Year	17.4%	(1.2%)	(2.9%)	3.1%	14.8%
	Budgeted FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020
Revenue Amount	1,020,420	616,420	616,420	616,420	616,420
\$ Increase (Decrease) from Prior Year	158,940	(404,000)	-0-	-0-	-0-
% Increase (Decrease) from Prior Year	18.5%	(39.6%)	0%	0%	0%

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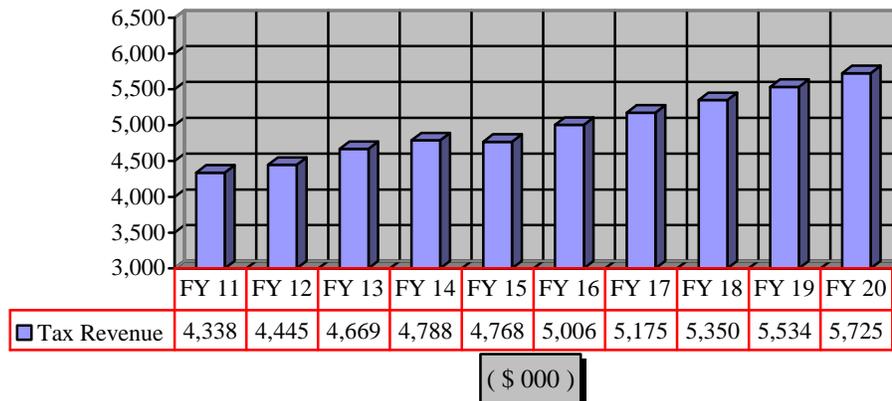
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8. **Water Service Charges:** Waterworks and Sewerage Fund is a Enterprise Fund. During FY 2012 a consulting firm completed a study to determine necessary maintenance and improvement requirements to the City's water systems costs of the changes were 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 projected revenue increases are resulting from anticipated rate increases. Although the City sells most of its water to Southern Illinois University and three water districts, the growth in water consumption has actually began to decrease slightly in recent years.

The rate increase is proposed through 2016 and at that time inflationary increases are projected to cover future maintenance and improvements to the City's water system which is about 3.5% a year.

Water Service Charge Revenue



Water Service Charge Revenue	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Estimated Actual FY 2015
Revenue Amount	4,338,571	4,445,785	4,669,208	4,788,917	4,768,534
\$ Increase (Decrease) from Prior Year	356,861	107,214	223,423	119,709	(203,830)
% Increase (Decrease) from Prior Year	8.9%	2.4%	5.0%	2.6%	(0.4%)
	Budgeted FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020
Revenue Amount	5,006,961	5,175,069	5,350,643	5,534,039	5,725,634
\$ Increase (Decrease) from Prior Year	238,427	168,108	175,574	183,396	191,595
% Increase (Decrease) from Prior Year	5.0%	3.4%	3.4%	3.4%	3.5%

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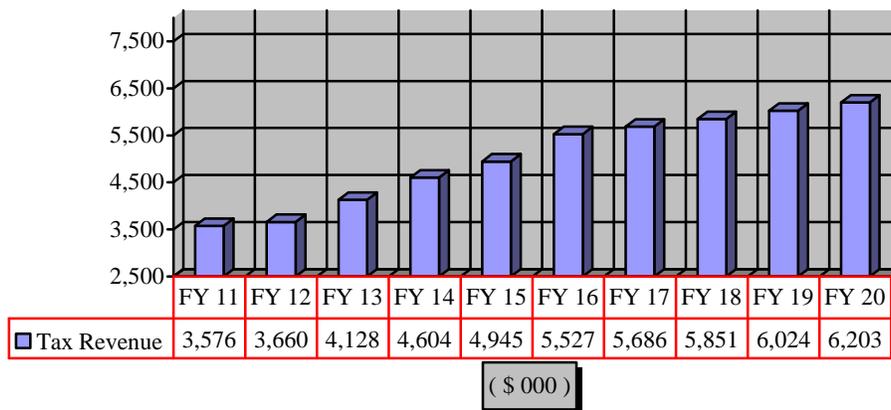
9. **Sewer Service Charges:** Waterworks and Sewerage Fund, an Enterprise Fund, currently assesses a rate for sewerage usage of \$3.56 per 1,000 gallons of water consumption. This rate was increased effective July 1, 2010 for FY 2011 revenue.

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. Levels of increase are expected to continue through 2020 to cover maintenance and improvements which is about 3%.

Sewer Service Charge Revenue



Sewer Service Charge Revenue	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Estimated Actual FY 2015
Revenue Amount	3,576,962	3,660,141	4,128,650	4,604,863	4,945,007
\$ Increase (Decrease) from Prior Year	251,275	83,179	468,509	476,213	340,144
% Increase (Decrease) from Prior Year	7.5%	2.3%	12.8%	11.5%	7.4%
	Budgeted FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020
Revenue Amount	5,527,820	5,686,560	5,851,957	6,024,325	6,203,996
\$ Increase (Decrease) from Prior Year	582,813	158,740	165,397	172,368	179,671
% Increase (Decrease) from Prior Year	11.7%	2.9%	2.9%	2.9%	2.9%

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10. **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.

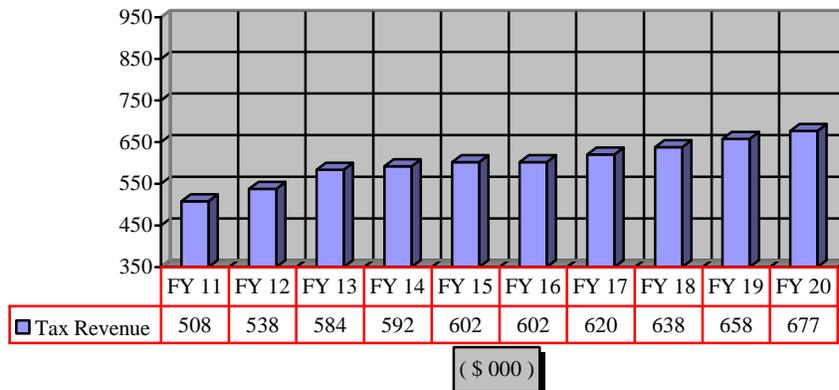
The rate was increased \$.50 per month beginning May 1, 1997 (FY 1998); resulting in a monthly rate of \$6.75. Since FY 1998, the costs of wages, health insurance, retirement and uniforms as well as operating supplies have continued to increase year to year. On June 2, 2006, the fee was increased from \$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. Rate increases are projected to increase to cover cost, maintenance and equipment improvements.

City Customer Refuse Fees Revenue



City Customer Refuse Fee Revenue	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Estimated Actual FY 2015
Revenue Amount	508,111	538,625	584,978	592,771	602,255
\$ Increase (Decrease) from Prior Year	35,347	30,514	46,353	7,793	9,484
% Increase (Decrease) from Prior Year	7.4%	6.0%	8.6%	1.3%	1.6%
	Budgeted FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020
Revenue Amount	602,255	620,323	638,932	658,100	677,843
\$ Increase (Decrease) from Prior Year	-0-	18,068	18,609	19,168	19,743
% Increase (Decrease) from Prior Year	0%	3.0%	3.0%	3.0%	3.0%

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

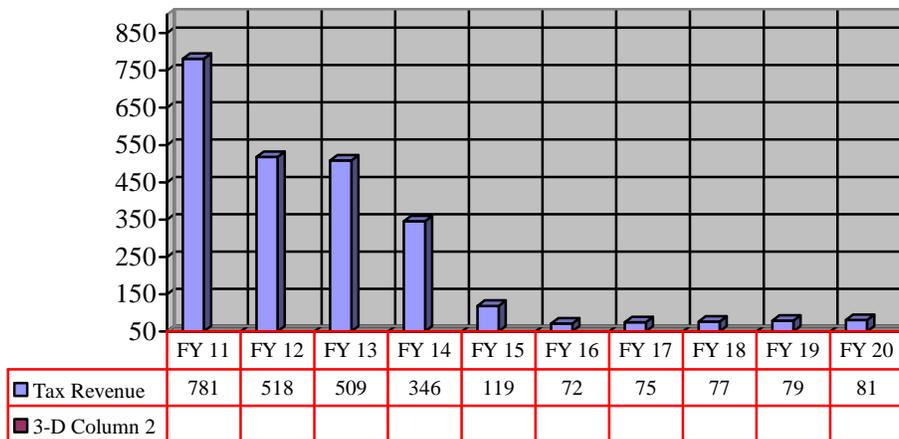
the buildings at the University City Complex will need to be installed in the near future.

In order to improve the profitability of the 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.

The reason for the drop in FY 2011 and FY 2012 are the sale of one property and the demolition of another. In 2014, the state crime lab facility was vacated. In the future, the Municipal Rental Properties Division will be deemphasized and will eventually be rolled into the General Fund. At this time there are no prospective tenants for the vacancies. The City is looking for replacement tenants.

In order to make the buildings more marketable and in compliance with ADA standards, elevators in three of

Rental Properties Revenue



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Rental Revenue	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Estimated Actual FY 2015
Revenue Amount	781,744	518,501	509,476	346,331	119,709
\$ Increase (Decrease) from Prior Year	(168,468)	(263,243)	(9,025)	(163,145)	(226,622)
% Increase (Decrease) from Prior Year	(17.7%)	(33.6%)	(1.7%)	(32.0%)	(65.4%)
	Budgeted FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020
Revenue Amount	72,909	75,005	77,250	79,562	81,983
\$ Increase (Decrease) from Prior Year	(46,800)	2,096	2,245	2,312	2,421
% Increase (Decrease) from Prior Year	(39.1%)	2.9%	3.0%	3.0%	3.0%