

# 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. **Home Rule Sales Tax:** General Fund, 1½ 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.

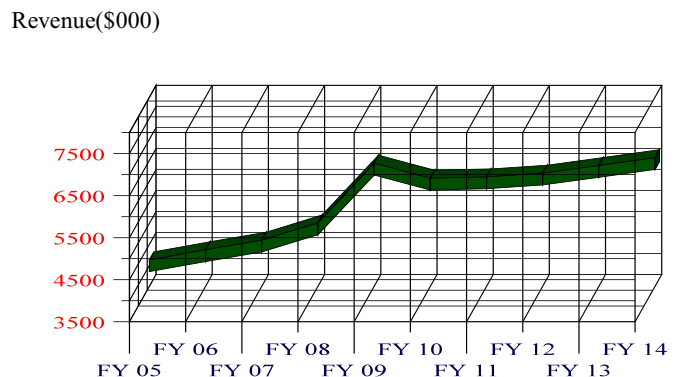
During FY 2008, the City Council approved an increase of an additional ½ percent Home Rule Sales Tax which became effective January 1, 2008. Of this increase, ¼ percent is designated to pass through to Southern Illinois University in an amount not to exceed one million dollars annually over a period 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 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.

Also a new Buffalo Wild Wings Restaurant was built near Giant City Road during FY 2007. Dick's sporting goods opened a new 40,000 square foot store during FY 2008, however the economy experienced a significant downturn resulting in increasing unemployment and bankruptcies nationwide. The Home Rule Sales Tax revenue shows a increase in Fiscal Year 2008 and 2009 with a 5.7% decrease in Fiscal Year 2010. On January 1, 2008 the City increased the Home Rule Sales Tax rate from 1% to 1.5% or .50%. The increase in Fiscal Year 2008 has 4 months of tax revenue at the new rate, which explains the overall increase. Fiscal Year 2009 has a full twelve months at the new higher rate, explaining the net 29% increase in a decreasing retail sales environment. The decline in the level of retail sales is projected to continue through Fiscal Year 2010 and then begin to recover in Fiscal Year 2011 through Fiscal Year 2014.

**Home Rule Sales Tax Revenue**



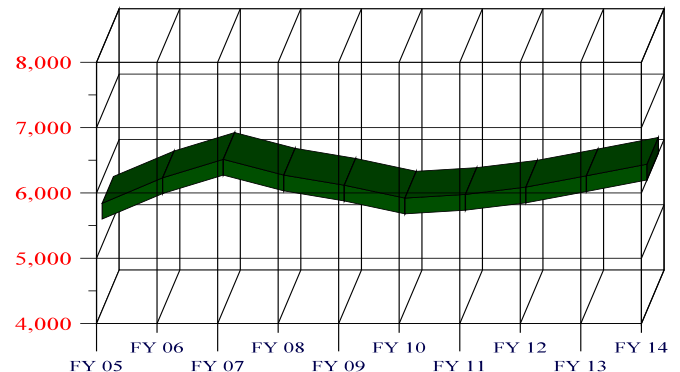
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<b>Home Rule Sales Tax Revenue</b>	<b>Actual FY 2005</b>	<b>Actual FY 2006</b>	<b>Actual FY 2007</b>	<b>Actual FY 2008</b>	<b>Estimated Actual FY 2009</b>
Revenue Amount	3,992,812	4,231,852	4,459,228	4,870,370	6,290,263
\$ Increase (Decrease) from Prior Year	128,315	239,040	227,376	411,142	1,419,893
% Increase (Decrease) from Prior Year	3.3%	6.0%	5.4%	9.2%	29.1%
	<b><i>Budgeted FY 2010</i></b>	<b>Projected FY 2011</b>	<b>Projected FY 2012</b>	<b>Projected FY 2013</b>	<b>Projected FY 2014</b>
Revenue Amount	5,932,300	5,963,244	6,053,670	6,235,280	6,422,330
\$ Increase (Decrease) from Prior Year	(357,963)	30,944	90,426	181,610	187,050
% Increase (Decrease) from Prior Year	(5.7%)	.05%	1.5%	3.0%	3.0%

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 which began to be reflected in calendar year 2008 and continuing into calendar year 2009 had a detrimental effect on City revenues for Fiscal Year 2008 and 2009, as shown in the decreased Sales Tax revenues. Retail Sales declined reflecting a 3.9% decrease in Sales Tax revenue for Fiscal Year 2008 and an estimated decrease of 2.6% in Fiscal Year 2009. The decline is projected to continue through Fiscal Year 2010 and a recovery is projected to begin in Fiscal Year 2011 and continue through Fiscal Year 2014.

**Sales Tax Revenue**  
Revenue(\$000)



<b>Sales Tax Revenue</b>	<b>Actual FY 2005</b>	<b>Actual FY 2006</b>	<b>Actual FY 2007</b>	<b>Actual FY 2008</b>	<b>Estimated Actual FY 2009</b>
Revenue Amount	5,518,957	5,907,725	6,190,808	5,949,271	5,794,709
\$ Increase (Decrease) from Prior Year	169,240	388,768	283,083	(241,537)	(154,562)
% Increase (Decrease) from Prior Year	3.2%	7.0%	4.8%	(3.9%)	(2.6%)
	<b><i>Budgeted FY 2010</i></b>	<b>Projected FY 2011</b>	<b>Projected FY 2012</b>	<b>Projected FY 2013</b>	<b>Projected FY 2014</b>
Revenue Amount	5,596,400	5,652,360	5,765,400	5,938,360	6,116,510
\$ Increase (Decrease) from Prior Year	(198,309)	55,960	113,040	172,960	178,150
% Increase (Decrease) from Prior Year	(3.4%)	1.0%	2.0%	3.0%	3.0%

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

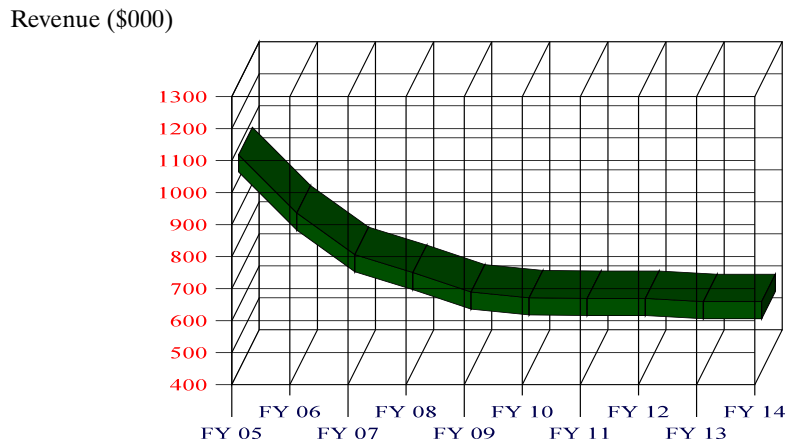
In March 1993, the City adopted an ordinance which applies a utility tax to users of cellular telephones and transmissions of messages by magnetic and fiber optic methods.

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 is a significant decrease in the telecommunications tax. This trend is expected to continue for sometime into the future as more individuals continue to shift from land line communications to packaged cellular and wireless forms of communications. The budget projections reflect this decreasing trend through 2014.

**Telephone Utility Tax Revenue**



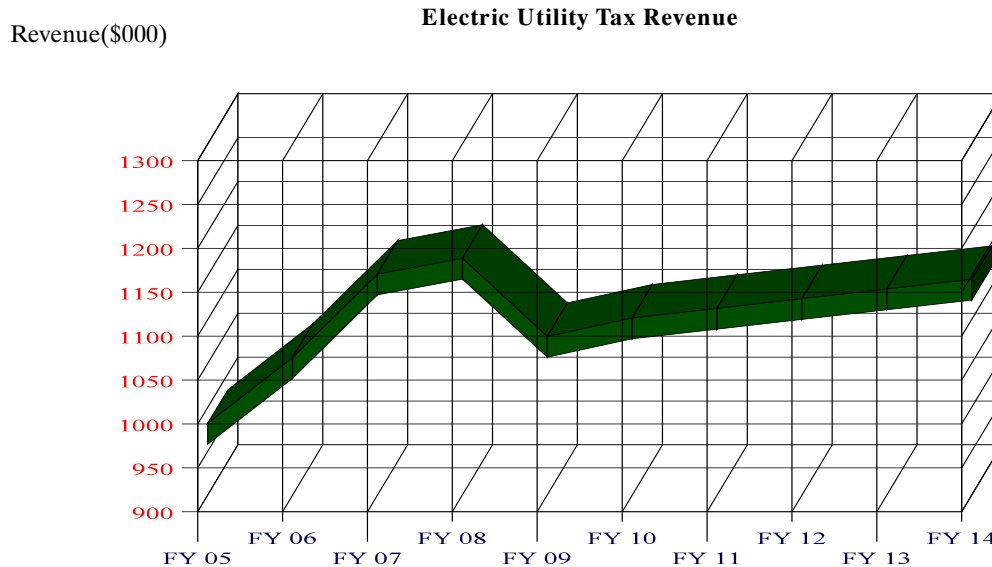
Telephone Utility Tax	Actual FY 2005	Actual FY 2006	Actual FY 2007	Actual FY 2008	Estimated Actual FY 2009
Revenue Amount	1,049,762	867,563	737,112	681,037	620,530
\$ Increase (Decrease) from Prior Year	(2,620)	(182,199)	(130,451)	(56,075)	(60,507)
% Increase (Decrease) from Prior Year	(.25%)	(17.4%)	(15.0%)	(7.6%)	(8.9%)
	<i>Budgeted FY 2010</i>	<b>Projected FY 2011</b>	<b>Projected FY 2012</b>	<b>Projected FY 2013</b>	<b>Projected FY 2014</b>
Revenue Amount	602,000	600,000	600,000	590,000	590,000
\$ Increase (Decrease) from Prior Year	(18,530)	(2,000)	0	(10,000)	0
% Increase (Decrease) from Prior Year	(3.0%)	(.03%)	0%	(1.6%)	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.

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



<b>Electric Utility Tax Revenue</b>	<b>Actual FY 2005</b>	<b>Actual FY 2006</b>	<b>Actual FY 2007</b>	<b>Actual FY 2008</b>	<b>Estimated Actual FY 2009</b>
Revenue Amount	970,631	1,045,307	1,140,833	1,158,597	1,069,113
\$ Increase (Decrease) from Prior Year	97,735	74,676	95,526	17,764	(89,484)
% Increase (Decrease) from Prior Year	11.2%	7.7%	9.1%	1.6%	(7.7%)
	<b>Budgeted FY 2010</b>	<b>Projected FY 2011</b>	<b>Projected FY 2012</b>	<b>Projected FY 2013</b>	<b>Projected FY 2014</b>
Revenue Amount	1,090,495	1,101,400	1,112,414	1,123,538	1,134,773
\$ Increase (Decrease) from Prior Year	21,382	10,905	11,014	11,124	11,235
% Increase (Decrease) from Prior Year	2.0%	1.0%	1.0%	1.0%	1.0%

## MAJOR REVENUE SOURCES

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5. **State Income Tax:** General Fund, 3 percent for individuals, trusts and estates of Federal Income Tax adjusted gross income. The rate for corporations is 4.8 percent of net 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

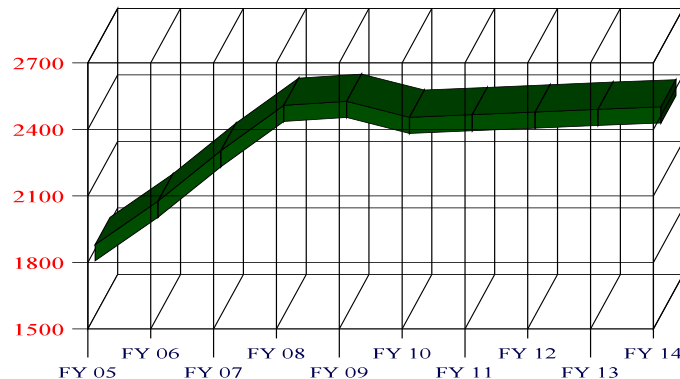
1, 1995. The Illinois Municipal League (IML) provides projections for this revenue generally in early January of each year.

Past experience has shown the IML projections to be fairly accurate. The IML estimated per capita rate for FY 2010 is \$92.40, a decrease from the FY 2009 estimated actual rate of \$94.90.

FY 2011 through FY 2014 projects a steady growth of .5 percent annually.

**State Income Tax Revenue**

Revenue (\$000)



State Income Tax Revenue	Actual FY 2005	Actual FY 2006	Actual FY 2007	Actual FY 2008	Estimated Actual FY 2009
Revenue Amount	1,783,621	1,979,967	2,207,752	2,411,656	2,429,155
\$ Increase (Decrease) from Prior Year	239,496	196,346	227,785	203,904	17,499
% Increase (Decrease) from Prior Year	15.5%	11.0%	11.5%	9.2%	.7%
	<i>Budgeted FY 2010</i>	Projected FY 2011	Projected FY 2012	Projected FY 2013	Projected FY 2014
Revenue Amount	2,357,480	2,369,267	2,381,114	2,393,019	2,404,984
\$ Increase (Decrease) from Prior Year	(71,675)	11,787	11,847	11,905	11,965
% Increase (Decrease) from Prior Year	(3.0%)	.5%	.5%	.5%	.5%

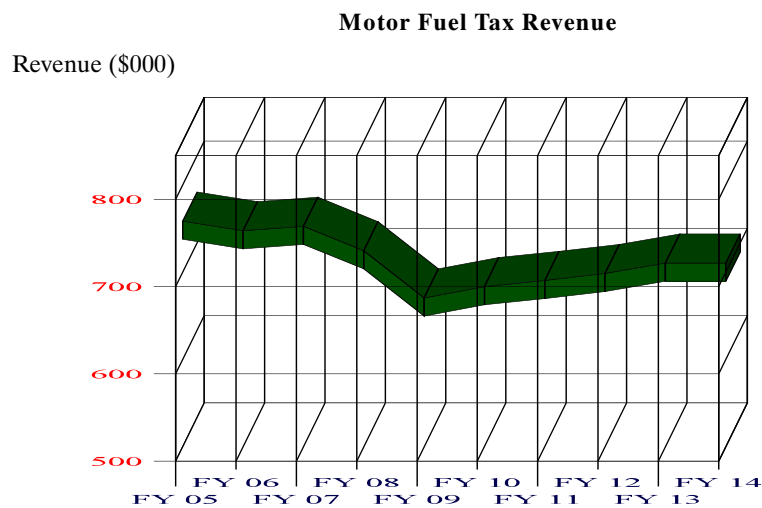
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6. **Motor Fuel Tax:** Motor Fuel Tax Fund, 19.0¢ per gallon of gasoline and 21.5¢ per gallon of diesel fuel. The distribution of this tax to municipalities is based on a per capita rate system like the State Income Tax. The primary use of these funds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

The MFT revenue has become a 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.

The per capita rate for FY 2010 is estimated to be \$26.30. The last increase in the rate per gallon was effective in FY 1994.



<b>Motor Fuel Tax Revenue</b>	<b>Actual FY 2005</b>	<b>Actual FY 2006</b>	<b>Actual FY 2007</b>	<b>Actual FY 2008</b>	<b>Estimated Actual FY 2009</b>
Revenue Amount	748,376	737,992	742,706	714,610	660,402
\$ Increase (Decrease) from Prior Year	20,272	(10,384)	4,714	(28,096)	(54,208)
% Increase (Decrease) from Prior Year	2.8%	(1.4%)	.6%	(3.9%)	(8.2%)
	<b>Budgeted FY 2010</b>	<b>Projected FY 2011</b>	<b>Projected FY 2012</b>	<b>Projected FY 2013</b>	<b>Projected FY 2014</b>
Revenue Amount	673,201	680,000	688,000	700,000	700,000
\$ Increase (Decrease) from Prior Year	12,799	6,799	8,000	12,000	0
% Increase (Decrease) from Prior Year	1.9%	0.1%	1.2%	1.7%	0%

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7. **Water Service Charges:** Waterworks and Sewerage Fund, an Enterprise Fund, assesses a rate for water usage of \$3.19 per 1,000 gallons up to 10" meters and \$2.89 per 1,000 gallons for 10" meters and water districts. The above rates were increased beginning July 1, 2009 for FY 2010 revenue.

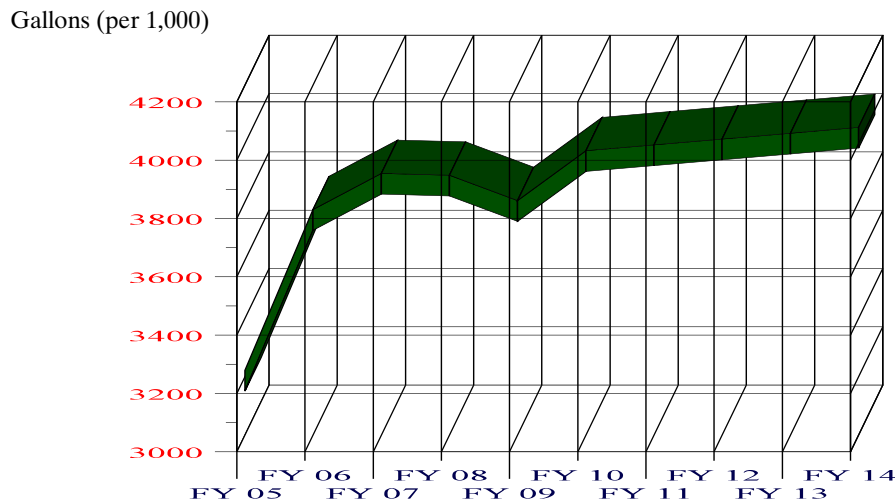
The number of City residential customers remains level from year to year due to the water districts that surround the City. Although the City sells most of its water to Southern Illinois University and three water districts, the growth in water consumption has not dramatically increased.

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

Generally, water meters tend to register less consumption as they age. The results will be monitored each year and should provide a better basis for future rate increases.

Water rates will be increased when deemed necessary to produce adequate revenue to fund necessary capital improvements and the increasing operating costs necessary to continue providing water distribution services.

**Water Service Charges**



Water Service Charges Revenue	Actual FY 2005	Actual FY 2006	Actual FY 2007	Actual FY 2008	Estimated Actual FY 2009
Revenue Amount	3,187,642	3,738,062	3,862,798	3,856,935	3,769,881
\$ Increase (Decrease) from Prior Year	(349,768)	550,420	124,736	(5,863)	(87,054)
% Increase (Decrease) from Prior Year	(9.9%)	17.3%	3.3%	(.1%)	(2.3%)
	<i>Budgeted FY 2010</i>	Projected FY 2011	Projected FY 2012	Projected FY 2013	Projected FY 2014
Revenue Amount	3,940,603	3,960,306	3,980,107	4,000,009	4,020,009
\$ Increase (Decrease) from Prior Year	170,722	19,703	19,801	19,902	20,000
% Increase (Decrease) from Prior Year	4.5%	.5%	.5%	.5%	.5%

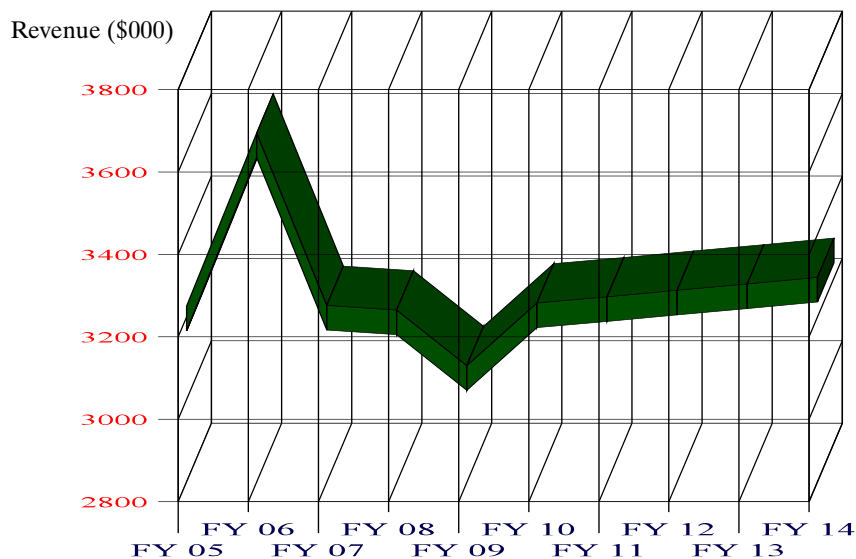
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8. **Sewer Service Charges:** Waterworks and Sewerage Fund, an Enterprise Fund, currently assesses a rate for sewerage usage of \$3.39 per 1,000 gallons of water consumption. This rate was increased effective July 1, 2009 for FY 2010 revenue.

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 2014.

**Sewer Service Charges Revenue**



Sewer Service Charges Revenue	Actual FY 2005	Actual FY 2006	Actual FY 2007	Actual FY 2008	Estimated Actual FY 2009
Revenue Amount	3,197,212	3,617,450	3,199,766	3,188,509	3,053,425
\$ Increase (Decrease) from Prior Year	42,791	420,238	(417,684)	(11,257)	(135,084)
% Increase (Decrease) from Prior Year	1.3%	13.1%	(11.5%)	(3.5%)	(4.2%)
	<i>Budgeted FY 2010</i>	<b>Projected FY 2011</b>	<b>Projected FY 2012</b>	<b>Projected FY 2013</b>	<b>Projected FY 2014</b>
Revenue Amount	3,205,082	3,220,508	3,236,010	3,251,590	3,267,248
\$ Increase (Decrease) from Prior Year	151,657	15,426	15,502	15,580	15,658
% Increase (Decrease) from Prior Year	5.0%	.5%	.5%	.5%	.5%

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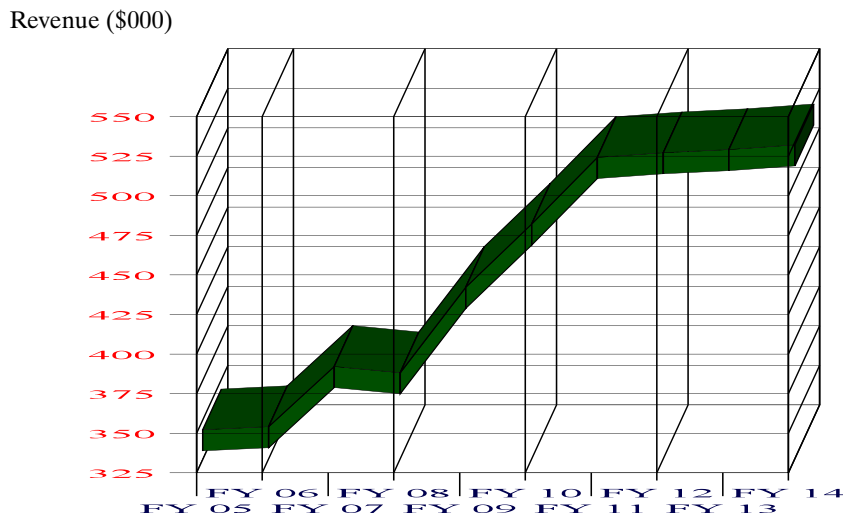
9. **City Customer Refuse Fees:** Solid Waste Management Fund, an Enterprise Fund, assesses a fee of \$8.75 per month per user for residential curbside refuse pickup.

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.

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.

**City Customer Refuse Fees Revenue**



City Customer Refuse Fees Revenue	Actual FY 2005	Actual FY 2006	Actual FY 2007	Actual FY 2008	Estimated Actual FY 2009
Revenue Amount	337,387	339,669	377,586	373,234	427,670
\$ Increase (Decrease) from Prior Year	8,328	2,282	37,917	(4,352)	54,436
% Increase (Decrease) from Prior Year	2.5%	.7%	11.2%	(1.2%)	14.6%
	<i>Budgeted FY 2010</i>	Projected FY 2011	Projected FY 2012	Projected FY 2013	Projected FY 2014
Revenue Amount	467,440	509,681	512,200	514,760	517,330
\$ Increase (Decrease) from Prior Year	39,770	41,241	2,519	2,560	2,570
% Increase (Decrease) from Prior Year	9.3%	8.8%	.5%	.5%	.5%

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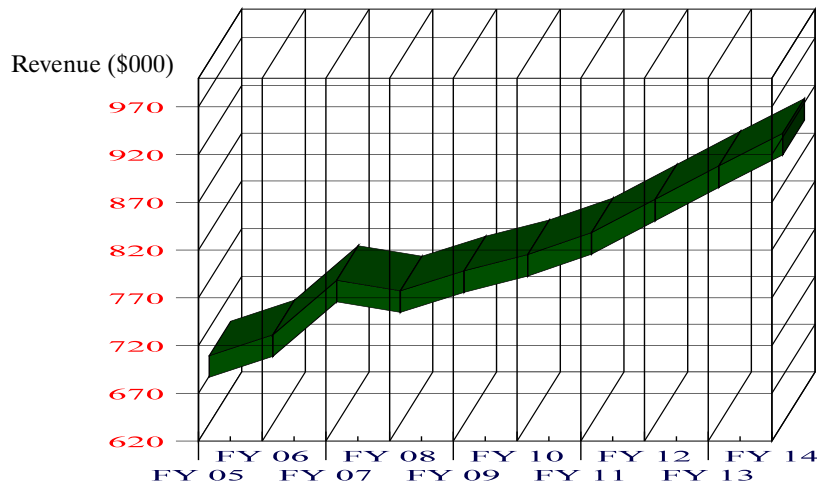
10. **Rental Revenues:** Rental Properties Fund: University City Complex, Eurma C. Hayes Center and Old ICRR Depot.

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 2014. 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.

**Rental Properties Revenue**



<b>Rental Properties Revenue</b>	<b>Actual FY 2005</b>	<b>Actual FY 2006</b>	<b>Actual FY 2007</b>	<b>Actual FY 2008</b>	<b>Estimated Actual FY 2009</b>
Revenue Amount	680,616	702,138	759,012	748,299	769,619
\$ Increase (Decrease) from Prior Year	28,923	21,522	56,874	(10,713)	21,320
% Increase (Decrease) from Prior Year	4.4%	3.2%	8.1%	(1.4%)	2.8%
	<b><i>Budgeted FY 2010</i></b>	<b>Projected FY 2011</b>	<b>Projected FY 2012</b>	<b>Projected FY 2013</b>	<b>Projected FY 2014</b>
Revenue Amount	786,775	809,521	844,173	879,673	913,072
\$ Increase (Decrease) from Prior Year	17,156	22,746	34,652	35,500	33,399
% Increase (Decrease) from Prior Year	2.2%	2.9%	4.3%	4.2%	3.8%