



# FISCAL YEAR 2023

## BUDGET-IN-BRIEF

### CARBONDALE, ILLINOIS





March 28, 2022

Honorable Mayor  
Members of the City Council  
City of Carbondale

Mayor and Members of the City Council:

Attached is the proposed Fiscal Year 2023 City of Carbondale Budget for the period beginning May 1, 2022, and ending April 30, 2023. This budget message presents an overview of the budget and the overall financial condition of the City. This budget aligns with the City Council's goals as adopted in *Carbondale Vision 2025*. Each fund and department provides unique goals and specific examples of the programs and services that will be provided with the funds appropriated.

## **BACKGROUND**

The COVID-19 pandemic has redefined the City's budgeting process since the first coronavirus case was confirmed in Jackson County in March, 2020. Beginning with the FY 2021 budget process, the City Council approved some defensive budgeting tactics to mitigate a projected \$2.2 million revenue loss. Those tactics included redirecting \$1.2 million in food and beverage tax and package liquor tax revenues to the general fund, postponing community investment projects, and cutting costs by prohibiting travel, foregoing large purchases, leaving positions open, and even eliminating some positions. In addition, the City received an unexpected deposit of \$1,068,536 in November, 2020 from the *Coronavirus Urgent Remediation Emergency (CURE)* program. The result of these actions, coupled with higher than anticipated revenues, resulted in a FY 2021 budget surplus of \$3,178,490, as reported in the annual *Comprehensive Annual Financial Report* on December 14, 2021.

The FY 2022 budget preparation process began with some optimism due to the unexpected aid from the State of Illinois CURE program and also from the passage of the *American Rescue Plan Act (ARPA)* on March 11, 2021. The stimulus package injected \$1.9 trillion into the American economy with \$130 billion allocated to local governments. As an entitlement community, the City of Carbondale was awarded \$7,858,667. This funding will provide great opportunities for the City to fund projects or initiatives that have previously been elusive due to budget constraints; and, since the funds can be used through 2026, future budget stability will also improve. In spite of these positive events, Staff remained cautious when developing the budget and projected flat revenues from FY2021 and continued to contain costs anywhere possible. Combined, we're happy to announce that revenues were higher than expected which will allow us to complete the FY 2022 budget year with a projected surplus of \$1,076,103.

City Council action and staff implementation over the past two fiscal years has helped restore fund balances that were damaged by successive years of pandemic effects, and State government action and inaction. In order to continue this positive trajectory, for FY 2023 Staff has again remained conservative with



forecasting revenues and has shown discipline in the expenditures being proposed. We hope that these actions will result in a proposed FY 2023 surplus of \$40,029.

Another positive development in FY 2022 that will affect FY 2023 and future years, was the decision to issue pension obligation bonds (POBs) in March, 2022. Due to the City's unfunded pension liability and the expected annual escalation through 2039 to fund pensions at the statutory minimum 90% level, the City was on a financial path that was unsustainable and one that future revenues couldn't keep pace with. Accordingly, City Staff presented the idea to issue POBs to the City Council at the 2021 Council retreat on June 30, and again in November, 2021. Following these presentations, the City Council initiated a process for Staff to develop proposals and eventually utilized PMA Securities, LLC to serve as financial advisor. Ultimately, a model was developed by a joint venture including JP Morgan/Robert W. Baird & Co. to issue \$40,585,000 in POBs which have funded public safety pensions 100% while also creating a budget stabilization fund in the amount of \$1,908,605. Collectively, Staff expects this transaction to save the City of Carbondale approximately \$10.7 million over the next 20 years while also providing much more stability through predictable annual payments. Standard and Poor assigned its 'BBB+' rating to the City of Carbondale's issuance.

However encouraging these victories may be, the City is still faced with challenges in the upcoming fiscal years. An ongoing trend that the City has experienced since the 2-year State budget impasse in 2016-2017 is a decline in sales tax revenue to the City. Obviously, COVID created outlier years but we're starting to see revenues restored to pre-pandemic levels. Unless we experience growth in enrollment from SIU or other economic growth, we expect revenues to remain flat in future years.

Perhaps the biggest threat to the City's financial future is population loss that was revealed in the final 2020 Census numbers. Carbondale's population has dropped from 25,902 to 21,857 which is below the statutory threshold of 25,000 which grants automatic home rule status. The result is that the City is required to add a question on the November 8, 2022 general election which will ask the voters, "Should the City of Carbondale cease to be a home rule unit of government?" If Carbondale loses home rule status it will also lose the authority to levy home rule taxes which comprise approximately 34% of total general fund revenues. The loss of these revenues would require austere cuts to City services or the use of alternative revenue streams which are limited without home rule status.

In spite of these threats there are local and regional developments that do provide reasons to be optimistic. First, SIU has seen a resurgence in prospective students visiting, applying to, and being admitted to the university. The Spring 2022 semester saw flat enrollment as compared to the previous semester and freshman retention rates remain at an all-time high. Also encouraging is the continued expansion of the SIH system. In the next couple years SIH expects to again expand Memorial Hospital to provide more space for their Trauma Unit and to expand capacity of their birthing unit, the largest in southern Illinois. Finally, through the federal Infrastructure Investment and Jobs Act, an unprecedented amount of investment is expected throughout Illinois and the southern Illinois region. This will result in more high-paying construction jobs as well as more money spent in the region. Both will have a positive impact on Carbondale which continues to serve as the regional economic hub of southern Illinois.

## **ACKNOWLEDGEMENTS**

The preparation of the FY 2023 Budget is truly a team effort that requires the participation of many employees throughout all departments and divisions of the City. Staff carefully considered action plans to ensure that they align with *Carbondale Vision 2025* and implemented them accordingly. Staff's diligence,

combined with City Council leadership, has produced the FY 2023 budget which addresses many of Council's goals while also remaining fiscally responsible.

Special thanks and recognition go to the Finance Department staff for their efforts in the budget preparation process, in particular, Finance Director Jeff Davis and Desktop/Website Publisher Krysty Gray. The development of the Community Investment Program Budget required considerable time and work by the Public Works Engineering Division staff, especially Director of Operations Robert Hardin and Administrative Assistant Shaina Part. The contributions of every department head and all those involved are invaluable and are reflected in the outstanding quality of the budget document.

The Mayor and City Council also played a major role in the preparation of this budget. Their cooperation and leadership is greatly appreciated.

Respectfully submitted,



Gary Williams  
City Manager

To view the complete FY 2023 Budget, please visit  
<https://www.explorecarbondale.com/277/Financial-Overview>

**CITY OF CARBONDALE, ILLINOIS**  
**CONSOLIDATED STATEMENT OF BUDGETED REVENUES,**  
**EXPENDITURES, OTHER FINANCING SOURCES AND USES**  
**AND CHANGES IN FUND BALANCES**  
**FY 2023 BUDGET**

	<i><b>GOVERNMENTAL FUND TYPES</b></i>	<i><b>PROPRIETARY FUND TYPES</b></i>	<i><b>TOTAL CONSOLIDATED FUNDS</b></i>
Total Revenues	42,538,127	15,244,034	57,782,161
Total Expenditures	43,778,081	21,386,006	65,164,087
Excess of Revenues over (under) Expenditures	(1,239,954)	(6,141,972)	(7,381,926)
Total Other Financing Sources (Uses)	(500,000)	500,000	0
Net Increase in Fund Balance or (Decrease in Fund Balance needed to finance Expenditures)	(1,739,954)	(5,641,972)	(7,381,926)
Non-Cash Credits for Depreciation, Prepaid Bond Expenses and Loss on Disposition of Fixed Assets	0	2,785,700	2,785,700
Total Net Increase (Decrease) in Fund Balances	(1,739,954)	(2,856,272)	(4,596,226)
Fund Balance, Beginning May 1, 2022	18,060,741	7,482,589	25,543,330
Fund Balance, Ending April 30, 2023	16,320,787	4,626,317	20,947,104

**CITY OF CARBONDALE, IL**  
**ALL GOVERNMENTAL FUND TYPES**  
**COMBINED STATEMENT OF BUDGETED REVENUES,**  
**EXPENDITURES, OTHER FINANCING SOURCES AND USES,**  
**AND CHANGES IN FUND BALANCES**  
**FY 2023 BUDGET**

	<i><b>GENERAL FUND **</b></i>	<i><b>MOTOR FUEL TAX</b></i>	<i><b>TIF District #1</b></i>	<i><b>TIF District #2</b></i>
Revenues:				
General Property Taxes	1,035,289	0	221,024	768,484
Sales and Service Taxes	19,906,931	0	0	0
Intergovernmental Revenues	3,789,454	1,185,015	0	0
Franchise Taxes and Licenses	507,130	0	0	0
Fines	149,503	0	0	0
Use of Money and Property	96,708	2,425	1,020	480
Service Charges, Permits and Fees	928,080	0	0	0
Property Owner Contributions and Assessments	0	0	0	0
Total Revenues	26,413,095	1,187,440	222,044	768,964
Expenditures:				
General Government	2,978,000	0	0	0
Finance Department	1,135,322	0	0	0
Police Department	9,239,081	0	0	0
Fire Department	3,530,461	0	0	0
Community Development	1,196,083	0	141,740	835,696
Public Works	2,851,496	668,131	0	0
Community Services	1,424,990	0	0	0
Parks and Recreation	150,724	0	0	0
Community Investments	0	2,643,660	0	0
Debt Service	0	0	0	0
Total Expenditures	22,506,157	3,311,791	141,740	835,696
Excess of Revenues Over (Under) Expenditures	3,906,938	(2,124,351)	80,304	(66,732)
Other Financing Sources (Uses):				
Transfers From Other Funds	0	0	0	22,500
Transfers To Other Funds	(3,866,909)	0	(22,500)	0
Loan Proceeds	0	0	0	0
Bond Proceeds	0	0	0	0
Total Other Financing Sources (Uses)	(3,866,909)	0	(22,500)	22,500
Total Net Increase (Decrease) in Fund Balance	40,029	(2,124,351)	57,804	(44,232)
Fund Balances, Beginning May 1, 2022	10,829,002	3,271,384	450,763	222,184
Fund Balances, Ending April 30, 2023	10,869,031	1,147,033	508,567	177,952
<b>** Indicates Major Fund</b>				

**CITY OF CARBONDALE, IL**  
**ALL GOVERNMENTAL FUND TYPES**  
**COMBINED STATEMENT OF BUDGETED REVENUES,**  
**EXPENDITURES, OTHER FINANCING SOURCES AND USES,**  
**AND CHANGES IN FUND BALANCES**  
**FY 2023 BUDGET**

<i>TIF District #3</i>	<i>FOREIGN FIRE INSURANCE</i>	<i>ENTERPRISE ZONE FEES</i>	<i>PACKAGE LIQUOR FOOD &amp; BEV TAX FUND</i>	<i>DEBT SERVICE FUND</i>	<i>COMMUNITY INVESTMENT FUNDS **</i>	<i>TOTAL GOVT'L FUNDS FY ENDING April 30, 2023</i>
5,365	0	0	0	0	0	2,030,162
0	0	0	2,125,000	0	740,911	22,772,842
0	58,500	0	0	0	10,998,131	16,031,100
0	0	0	0	0	0	507,130
0	0	0	0	0	0	149,503
72	0	55	10,000	1,040	10	111,810
0	0	7,500	0	0	0	935,580
0	0	0	0	0	0	0
5,437	58,500	7,555	2,135,000	1,040	11,739,052	42,538,127
0	0	0	0	0	0	2,978,000
0	0	0	0	0	0	1,135,322
0	0	0	0	0	0	9,239,081
0	60,000	0	0	0	0	3,590,461
0	0	9,639	0	0	0	2,183,158
0	0	0	0	0	0	3,519,627
0	0	0	0	0	0	1,424,990
0	0	0	0	0	0	150,724
0	0	0	0	0	12,407,423	15,051,083
0	0	0	0	4,505,635	0	4,505,635
0	60,000	9,639	0	4,505,635	12,407,423	43,778,081
5,437	(1,500)	(2,084)	2,135,000	(4,504,595)	(668,371)	(1,239,954)
0	0	0	0	4,515,397	976,512	5,514,409
0	0	0	(2,125,000)	0	0	(6,014,409)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	(2,125,000)	4,515,397	976,512	(500,000)
5,437	(1,500)	(2,084)	10,000	10,802	308,141	(1,739,954)
28,916	52,537	85,819	24,792	1,526,455	1,568,889	18,060,741
34,353	51,037	83,735	34,792	1,537,257	1,877,030	16,320,787

**CITY OF CARBONDALE, IL**  
**ALL PROPRIETARY FUND TYPES**  
**COMBINED STATEMENT OF BUDGETED REVENUES,**  
**EXPENDITURES, OTHER FINANCING SOURCES AND USES,**  
**AND CHANGES IN WORKING FUND BALANCES**  
**FY 2023 BUDGET**

	<i><b>WATERWORKS AND SEWERAGE FUND</b></i>	
	<i><b>TOTAL W &amp; S **</b></i>	<i><b>OPERATING ACCOUNT</b></i>
Revenues:		
Intergovernmental Revenues	0	0
Fines	0	0
Use of Money and Property	926,255	46,250
Service Charges, Permits and Fees	8,751,250	8,751,250
Contributions and Assessments	0	0
Total Revenues	9,677,505	8,797,500
Expenditures:		
Operating		
Public Works	9,624,986	9,624,986
Finance	0	0
General Government	0	0
Community Investments	4,690,280	0
Debt Service	1,020,613	0
Total Expenditures	15,335,879	9,624,986
Excess of Revenues Over (Under) Expenditures	(5,658,374)	(827,486)
Other Financing Sources (Uses):		
Transfers From Other Funds	0	0
Transfers To Other Funds	0	0
Transfers (To) From Operating Account	0	(1,765,234)
Transfers (To) From Non Operating Accounts	0	0
Loan Proceeds	0	0
Bond Proceeds	0	0
Total Other Financing Sources (Uses)	0	(1,765,234)
Net Increase in Fund Balances or (Decrease in Fund Balances Needed to Finance Expenditures)	(5,658,374)	(2,592,720)
Non-Cash Credits for Depreciation, Prepaid Bond Expense and Loss on Disposition of Fixed Assets	2,548,414	2,558,949
Total Net Increase (Decrease) in Fund Balances	(3,109,960)	(33,771)
Working Fund Balances, Beginning May 1, 2022	7,660,045	760,494
Working Fund Balances, Ending April 30, 2023	4,550,085	726,723

\*\* Indicates Major Fund



**CITY OF CARBONDALE, IL**  
**ALL PROPRIETARY FUND TYPES**  
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**AND CHANGES IN WORKING FUND BALANCES**  
**FY 2023 BUDGET**

<i>COMMUNITY INVESTMENT REPLACEMENT ACCOUNT</i>	<i>DEBT SERVICE</i>	<i>PARKING SYSTEM OPERATIONS FUND</i>	<i>SOLID WASTE MANAGEMENT FUND</i>	<i>RENTAL PROPERTIES FUND</i>	<i>HEALTH REIMBURSEMENT FUND</i>	<i>TOTAL PROPRIETARY FUNDS FY ENDING April 30, 2023</i>
0	0	0	0	0	0	0
0	0	45,000	0	0	0	45,000
880,000	5	210	230	54,302	376	981,373
0	0	76,651	706,500	0	0	9,534,401
0	0	0	295,500	0	4,387,760	4,683,260
880,000	5	121,861	1,002,230	54,302	4,388,136	15,244,034
0	0	0	1,104,371	283,703	0	11,013,060
0	0	278,260	0	0	0	278,260
0	0	0	0	0	4,383,793	4,383,793
4,690,280	0	0	0	0	0	4,690,280
0	1,020,613	0	0	0	0	1,020,613
4,690,280	1,020,613	278,260	1,104,371	283,703	4,383,793	21,386,006
(3,810,280)	(1,020,608)	(156,399)	(102,141)	(229,401)	4,343	(6,141,972)
0	0	0	0	0	500,000	500,000
0	0	0	0	0	0	0
733,536	1,031,698	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
733,536	1,031,698	0	0	0	500,000	500,000
(3,076,744)	11,090	(156,399)	(102,141)	(229,401)	504,343	(5,641,972)
0	(10,535)	62,043	126,493	48,750	0	2,785,700
(3,076,744)	555	(94,356)	24,352	(180,651)	504,343	(2,856,272)
6,104,310	795,241	75,603	369,103	(466,544)	(155,618)	7,482,589
3,027,566	795,796	(18,753)	393,455	(647,195)	348,725	4,626,317