

Section Two:

Major Revenue Source

Major Revenue Sources

This section on major revenue sources was developed as a reference for the primary revenues collected. Tracking, forecasting, and reporting revenue will aid the public and its decision makers in understanding the resources that support the public services the City provides to its community.

The Office of Management and Budget uses a variety of quantitative and qualitative tools to analyze revenue trends for the purpose of forecasting the future. A few of the analytic tests used for this year's revenue forecast include a moving average model, an exponential smoothing model, a mean deviation test, and the rule of the penultimate year.

This methodology is advantageous and that it advances tracking and accuracy in predicting future revenues.

Major revenues:

Ad Valorem Tax

Building Permits

Communication Tax

Contributions from Enterprise Operations

Culture & Recreation

Franchise Fees

General Sales & Use Tax

Judgments and Fines

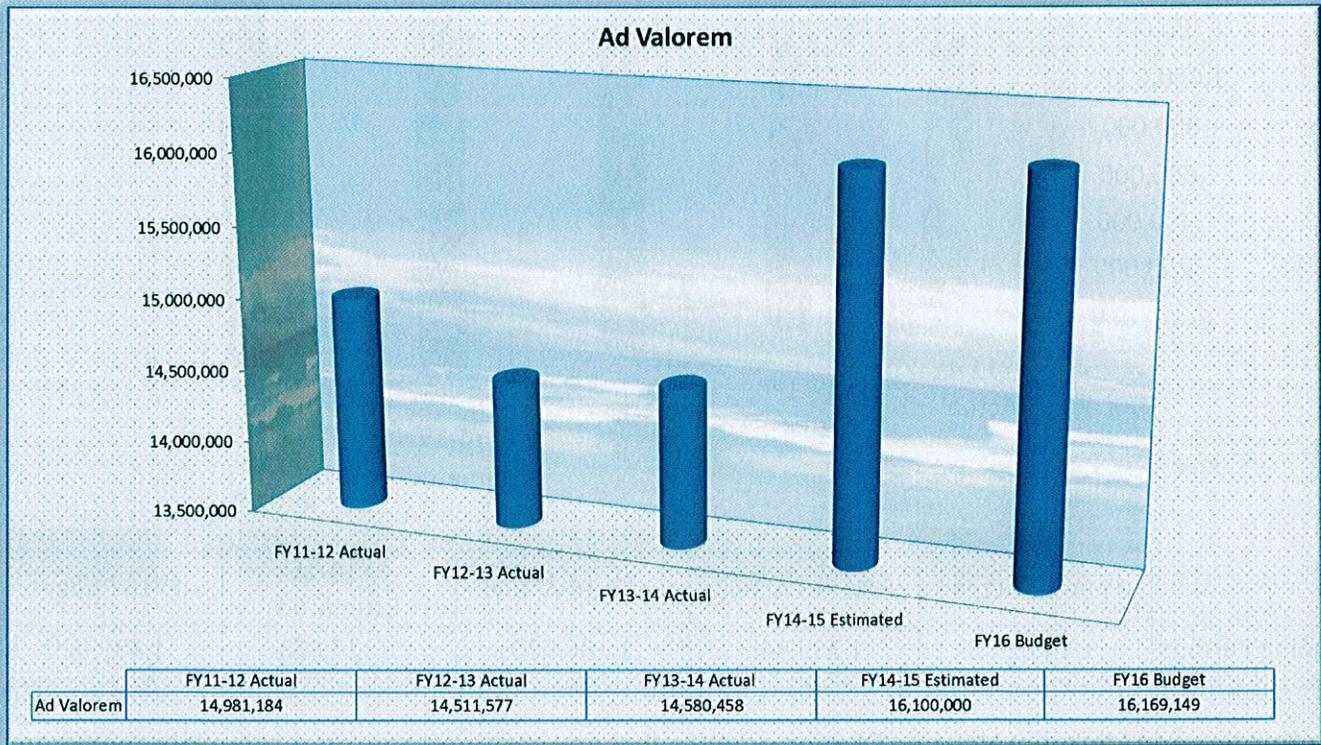
Other Fines and Forfeits

Rents and Royalties

State Shared Revenue

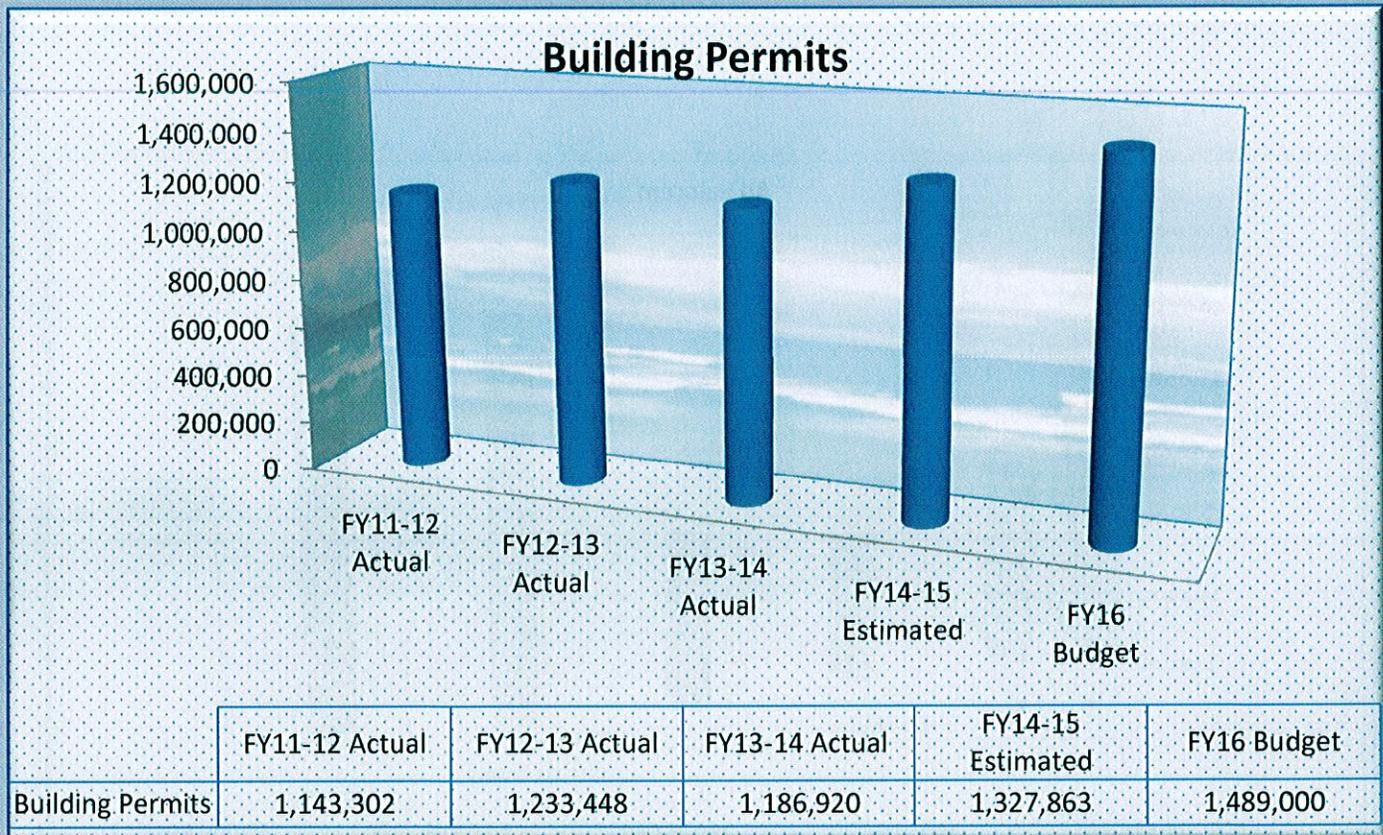
Utility Service Tax

Ad Valorem Tax



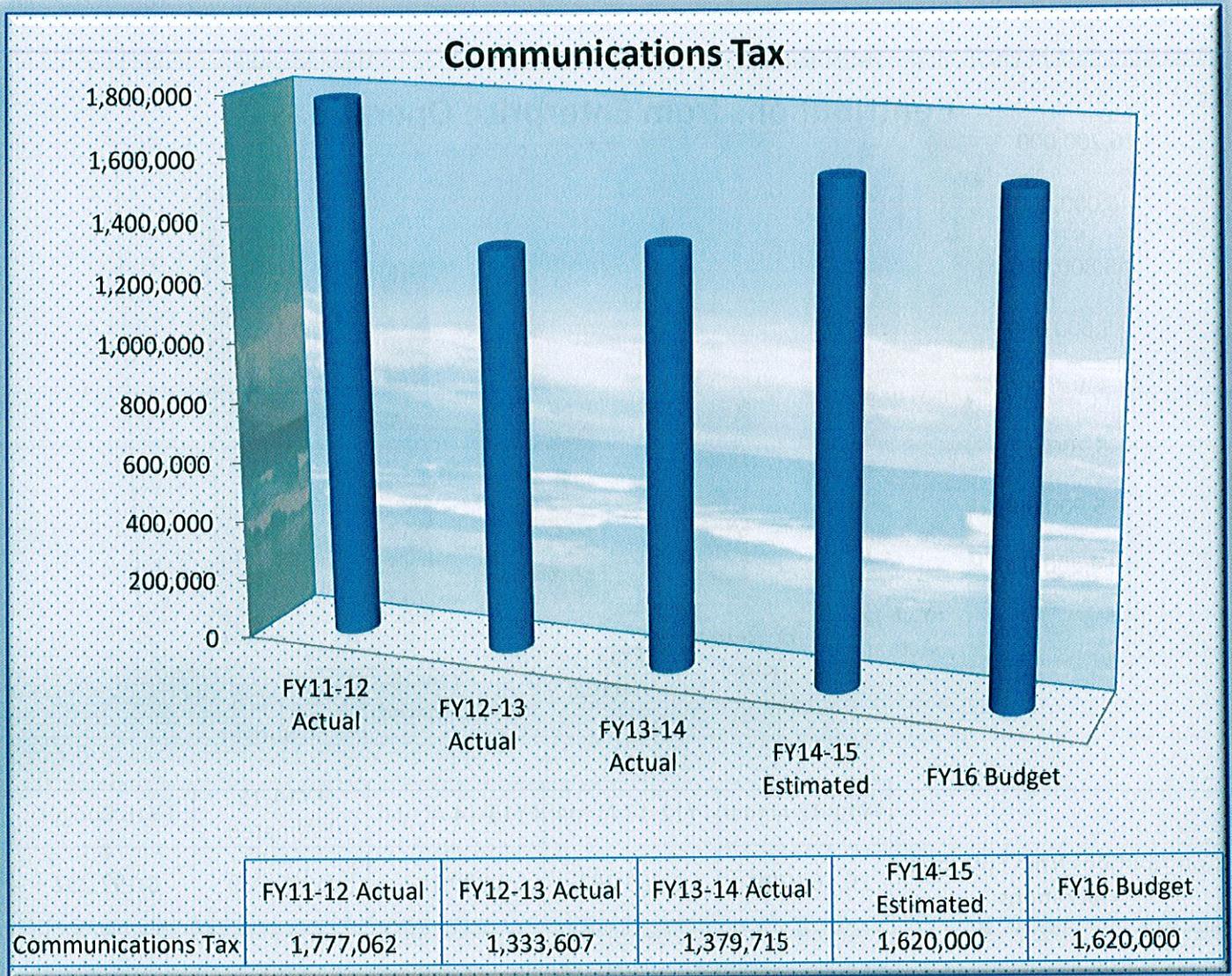
Ad valorem is a levy against the taxable value of real and personal property. The City Council sets the millage rate annually prior to October 1st. One mill is \$1 of tax per \$1,000 of taxable assessed value. The adopted operating millage for FY 2015/16 is 7.9336. The adopted rate for the past three years has been 7.9336. The year-end estimate for FY14-15 is \$16,100,000. Ad Valorem tax revenue for FY15-16 is budgeted at \$16,169,149, which demonstrates a slight increase.

Building Permits



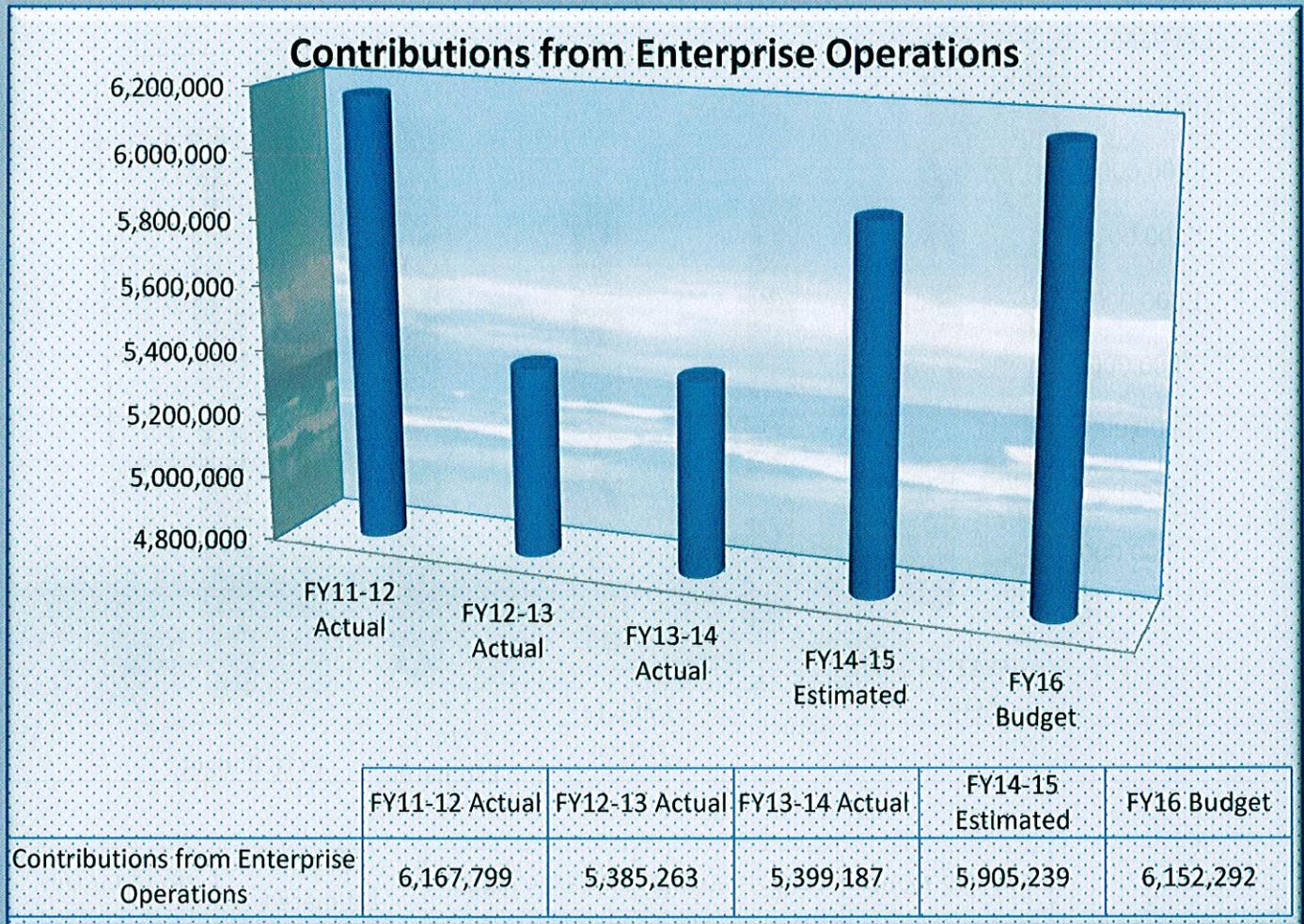
The Building and Minimum Housing Division ensures that any improvements on residential or commercial property such as new construction, interior renovation, structural demolition, or other installations are reviewed prior to the commencement of the work and inspected both during and after the completion of the permitted work. This process ensures that buildings and accessory structures are safe for occupancy and use. The economic downturn impacted the revenue stream generated by the issuance of building permits. Fortunately, two significant projects boosted the City's revenue in FY 2010 with the construction of two multi-story buildings at Johnson & Wales University, and in FY 2011 with the completion of Whole Foods Market. Notably, the construction of the 183.85 acre master planned community - Biscayne Landings – which commenced in FY 2012, will supplement permit revenue throughout the various phases of construction and ultimately contribute to the City's tax base when dwelling units and business space are available for occupancy. Building fund revenue is collected from fees and the sale of permits issued to authorize the renovation, construction, or installation of plumbing, electrical, and plumbing work. Revenues for FY16 are forecasted at \$1,489,000 which is a slight increase from FY15 estimated budget of \$1,327,863.

Communications Tax



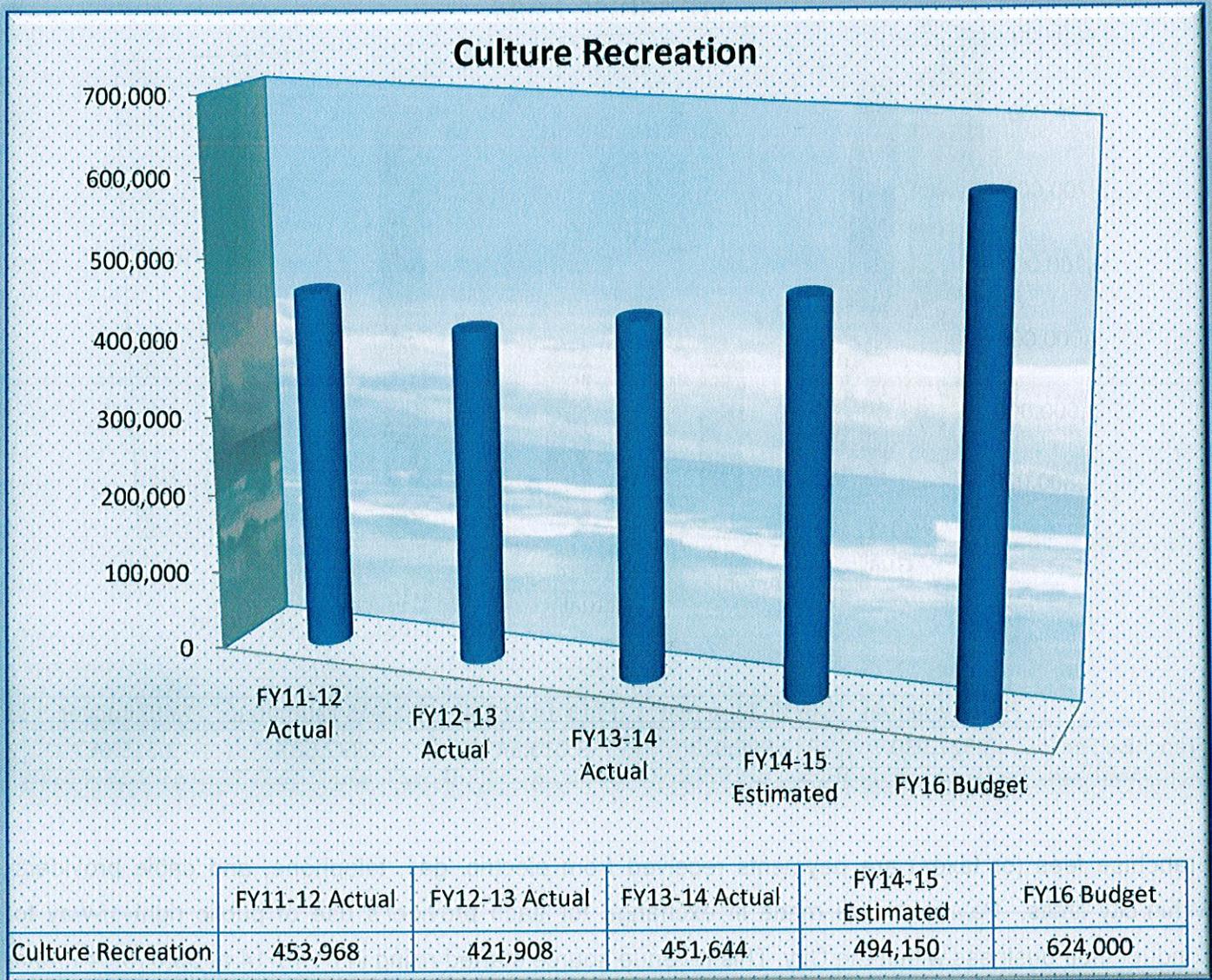
Communication services tax applies to telecommunication, video, direct-to-home satellite, and related communications services. Revenue for FY 15-16 is forecasted at \$1,620,000. That budgeted amount does not change from FY14-15 forecasted total.

Contributions from Enterprise Operations



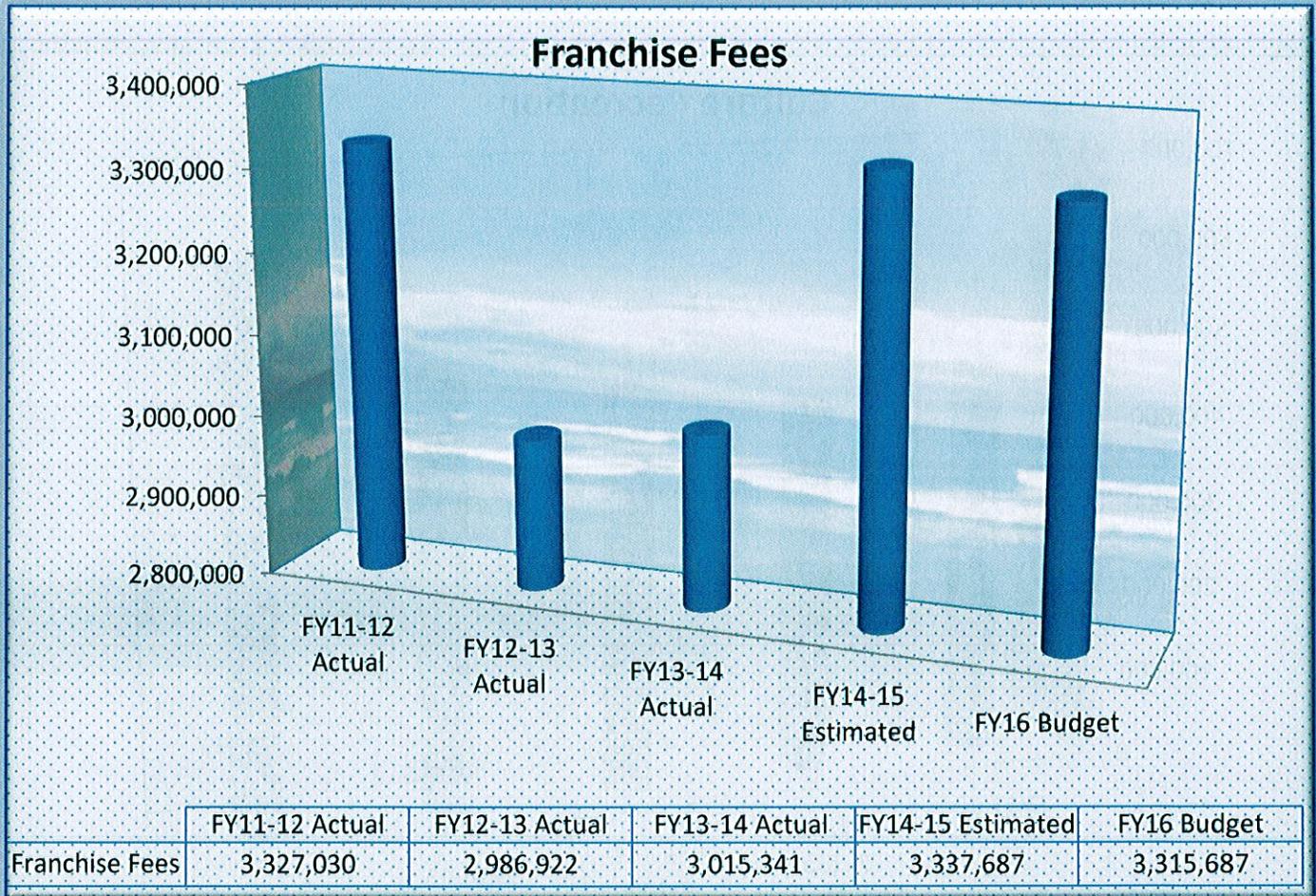
Enterprise funds are used and reported as business-type activities in the government wide financial statements. The City uses enterprise funds to account for its Water and Sewer and Stormwater operations. Solid waste is no longer included. Revenue from enterprise funds for FY 15-16 is forecasted at \$6,152,292. Revenue from FY14-15 is estimated at \$5,905,239.

Culture/Recreation



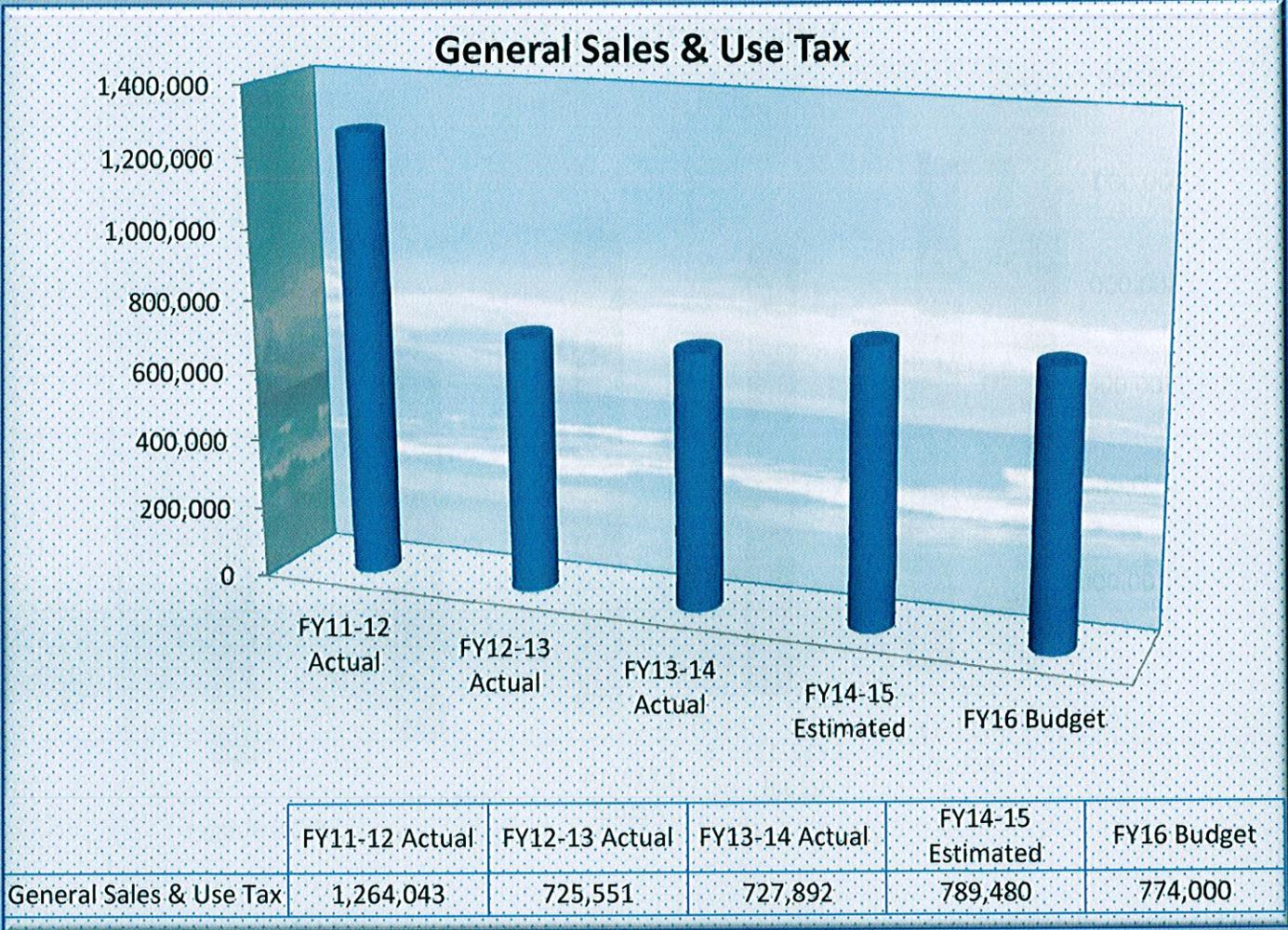
Culture/Recreation revenue includes revenue from adult and youth sports, swimming pool and tennis court fees, nature programs, camps and school programs, recreation facility rentals, athletic stadium and Margolis Center rentals, as well as library subscriber fees. Culture/Recreation budget for FY16 is forecasted at \$624,000 which is a 26% revenue increase from FY15 projected year end estimate of \$494,150.

Franchise Fees



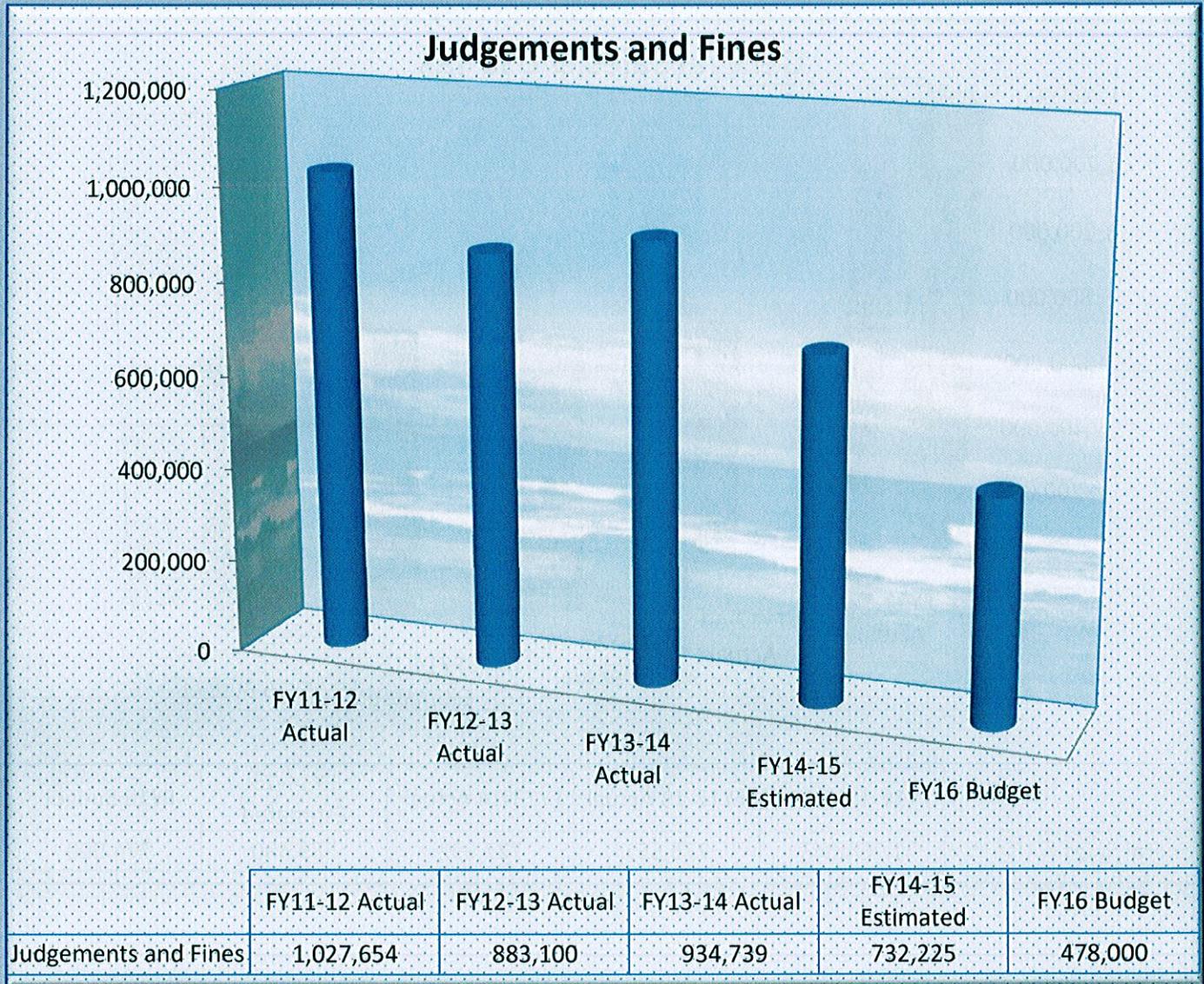
Franchise fees (or taxes) are payments received from electric, gas, telephone, and cable providers within city limits. Payments are made in exchange for each provider's use of public right-of-way to conduct their business within the City. This revenue source started rising in FY13-14 at \$3,015,341, and will continue to rise in FY15-16 with a budgeted amount of \$3,315,687.

General Sales & Use Tax



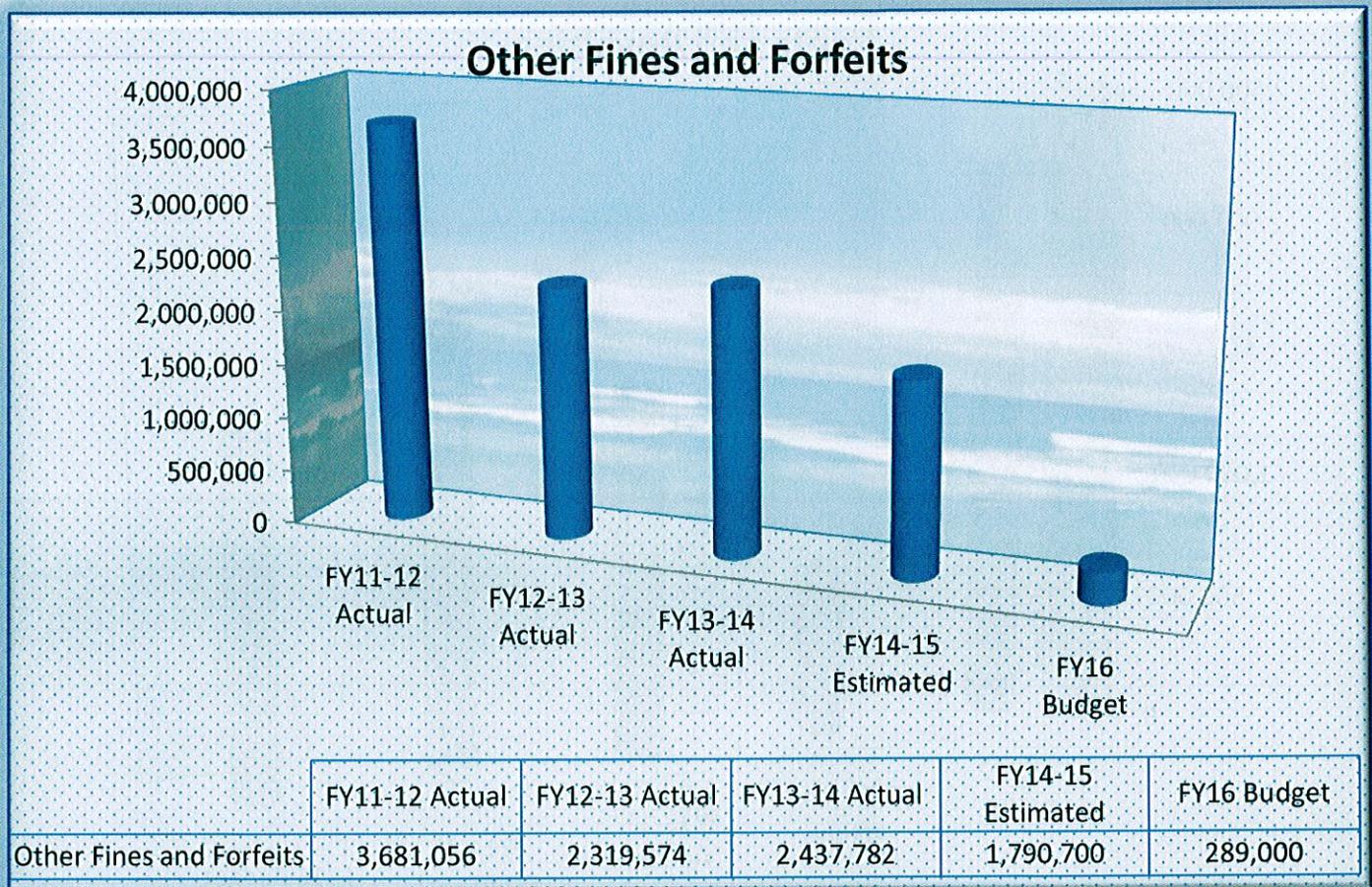
General Sales and Use Tax revenue includes the Local Option Gas Tax. This tax is administered by the State and distributed to the Counties. From the County level it is then distributed to the City of North Miami, which has limited authority in administering this tax. This tax levies on the consumption of fuel. As a result of more fuel efficient vehicles, increased usage in public transportation, and higher gas prices the past few years, revenues have suffered. Nevertheless, this source demonstrated a slight decrease from FY15 estimated revenue of \$789,480 to \$774,000.

Judgements and Fines



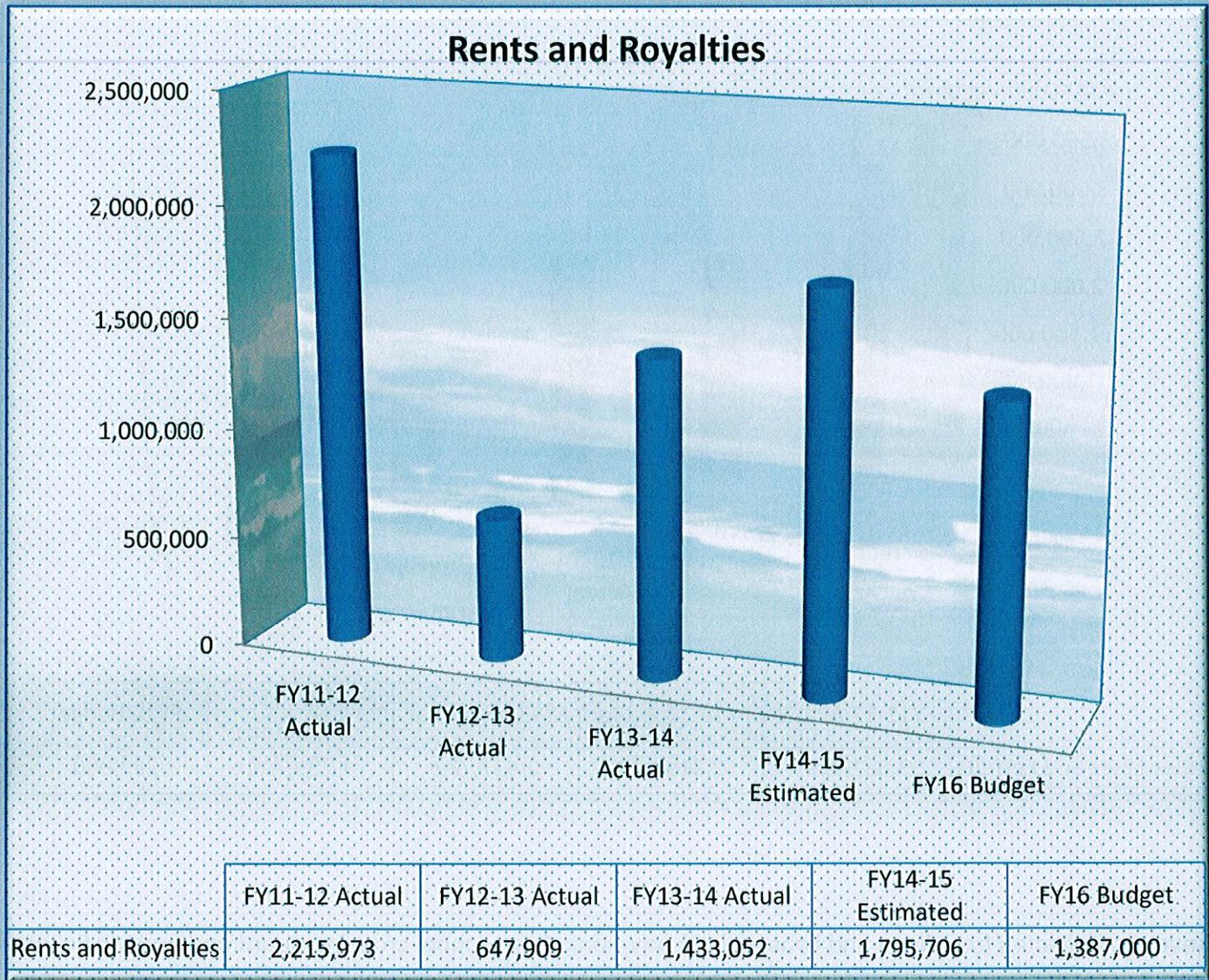
This revenue category includes fines from metro court, code enforcement, special magistrate, and permit penalties. Revenue for FY15-16 is forecasted at \$478,000; a major decrease from FY13-14 revenue of \$934,738 and FY14-15 projected revenue of \$732,225.

Other Fines and Forfeits



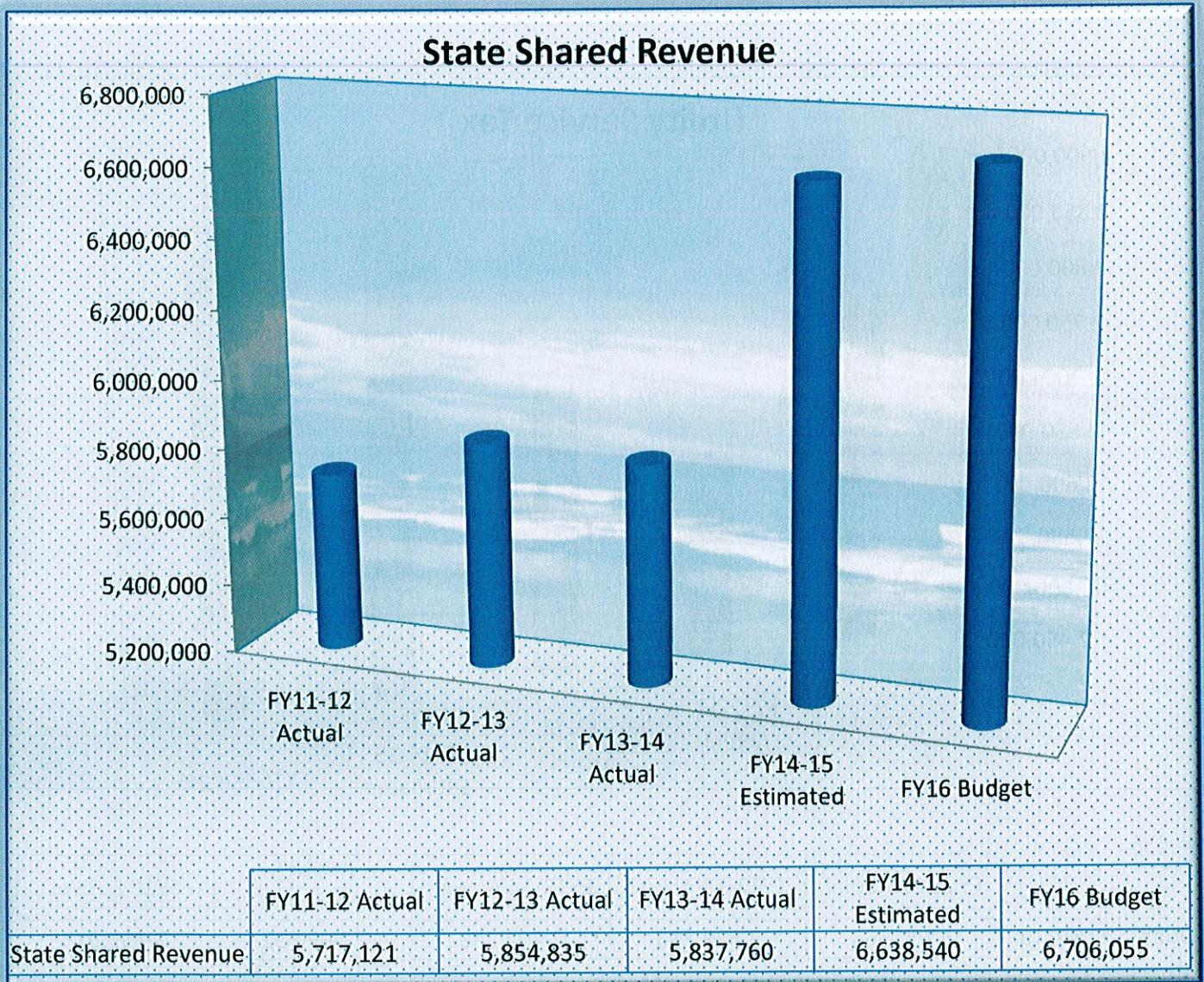
Revenue collected from fines and liens include payments from school crossing guard and parking tickets. This was once a major revenue source but is no longer considered one due to the removal of red light cameras. Revenue for FY14-15 is estimated at \$1,790,700. FY15-16 is forecasted for a major decrease at \$289,000. This drastic change is due to the elimination of red light camera revenue as mentioned above.

Rents and Royalties



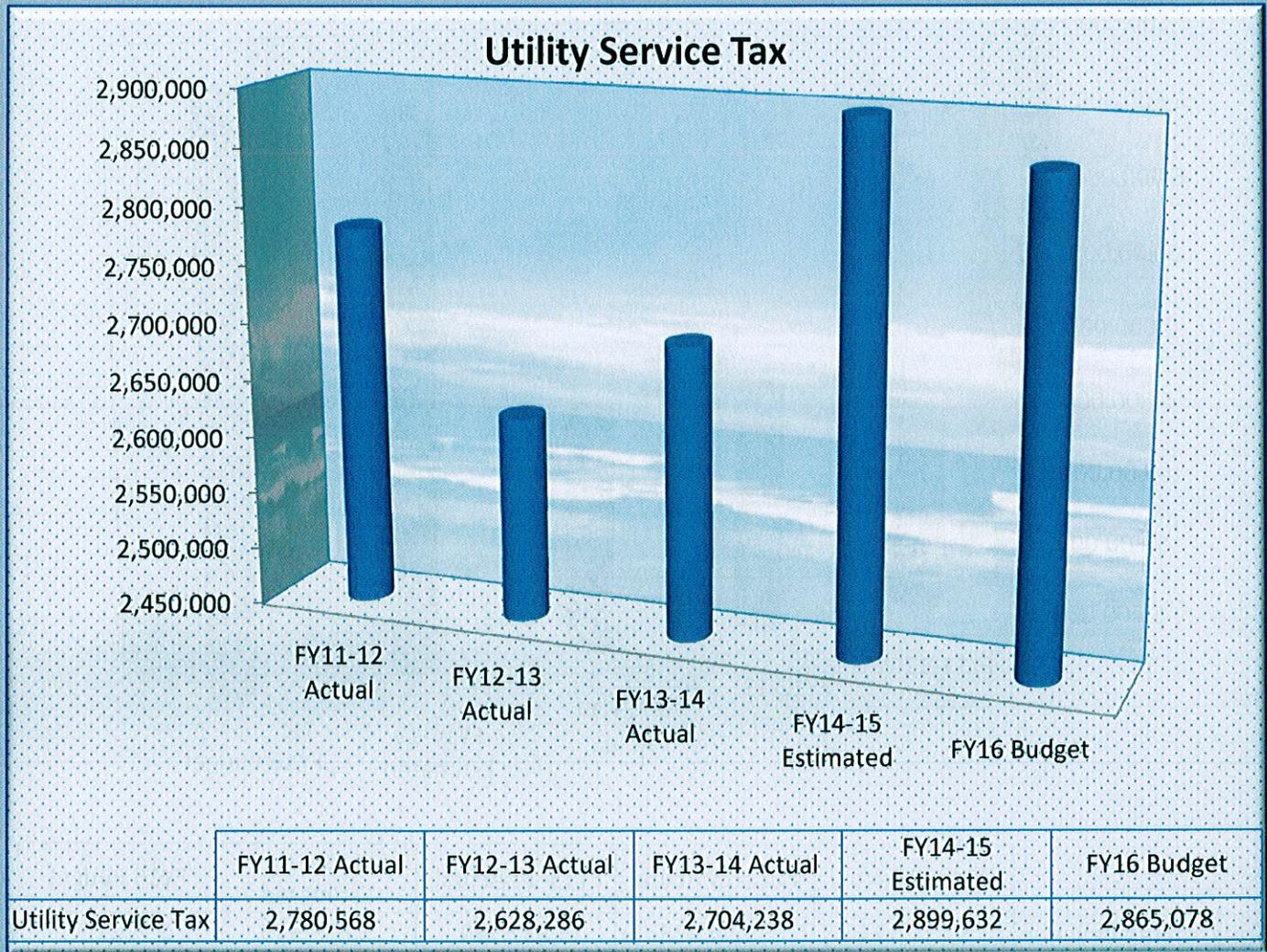
This revenue source includes rents and royalties from City Council approved leases and other agreements. Examples of these agreements include Bellsouth mobility lease, Biscayne Landing lease, and rental revenue from the library. Revenue for FY15-16 is expected to decrease to 1,387,000 from FY14-15 year end estimate of \$1,795,706.

State Shared Revenue



The State of Florida's Department of Revenue administers the Revenue Sharing Program, which shares a net of cigarette tax collections and sales and use tax collections with local governments. Revenue for FY15-16 is forecasted at \$6,706,055. FY14-15 is estimated at \$6,638,540. This is a slight upward trend.

Utility Service Tax



A Utility Service Tax or Public Service Tax is levied on the purchase of electricity. It is derived from taxes on fuel oil, natural gas, and FP&L. Revenue for FY15-16 is forecasted at \$2,865,078, which is a slight decrease from FY14-15 projected year-end estimate of \$2,899,632.