

# *Section Two: Major Revenue Sources*

# 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 adventitious and that it advances tracking and accuracy in predicting future revenues.

## Major revenues:

Ad Valorem Tax

Building Permits

Communications Tax

Contributions from Enterprise Operations

Culture & Recreation

Franchise Fees

General Sales & Use Tax

Judgments and Fines

Other Fines and Forfeits

Physical Environment

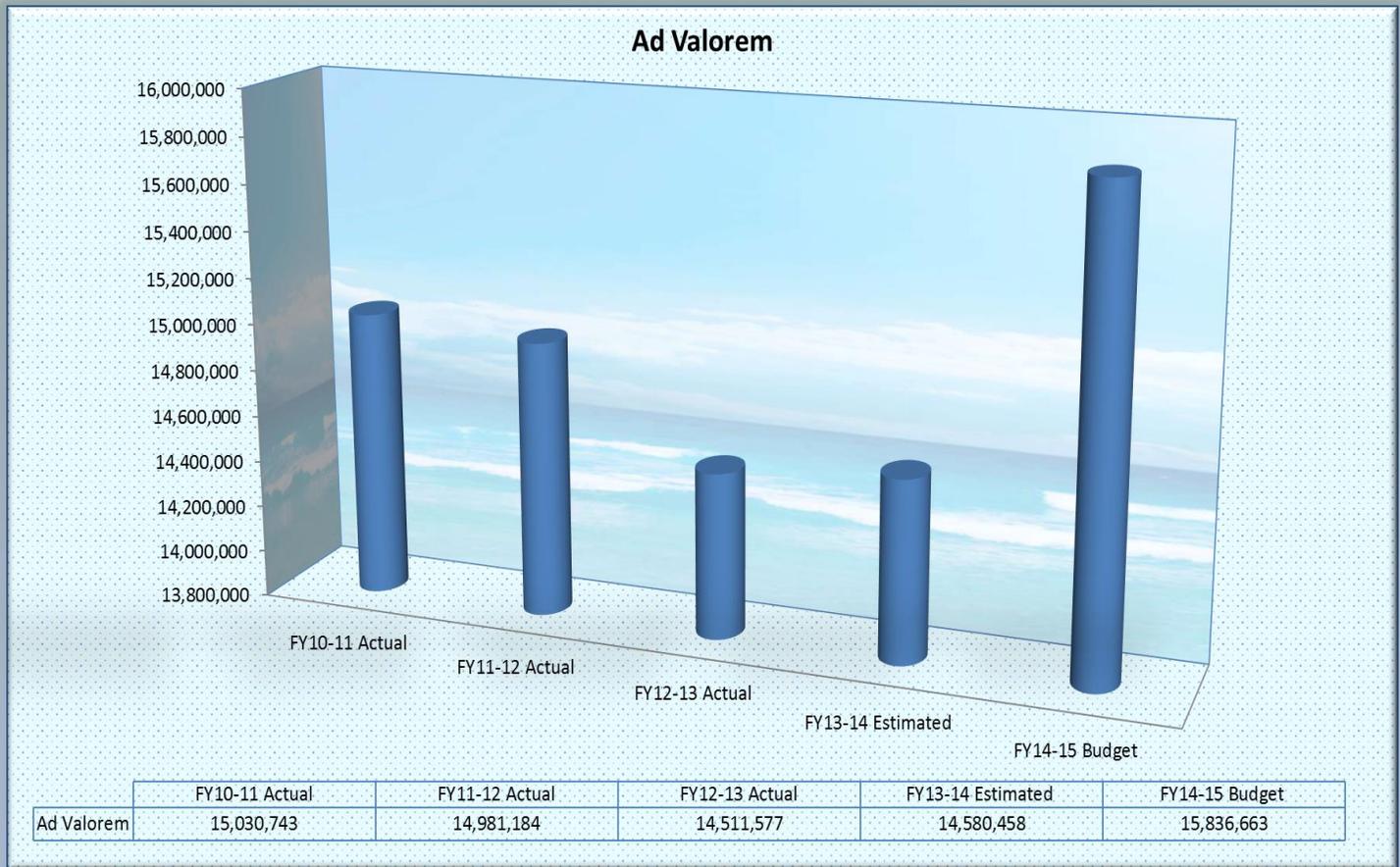
Rents and Royalties

State Shared Revenue

Utility Service Tax

# Major Revenue Sources

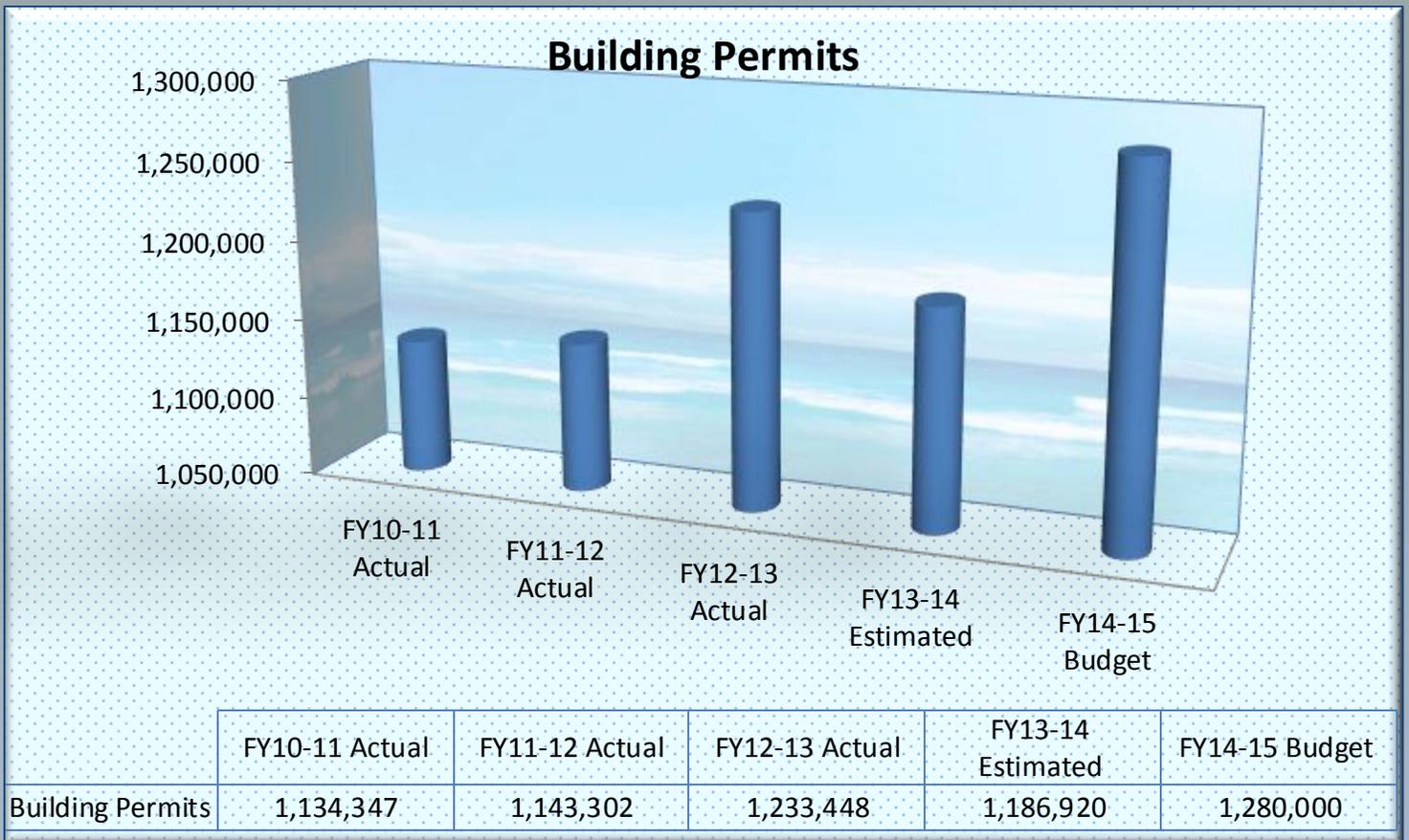
## Ad Valorem Tax



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 2014/15 is 7.9336. The adopted rate for the prior year was 7.9336. The year-end estimate for FY13-14 is \$14,580,458. Ad Valorem tax revenue for FY14-15 is forecasted (budgeted) at \$15,836,663, which demonstrates a slight increase.

# Major Revenue Sources

## Building Permits

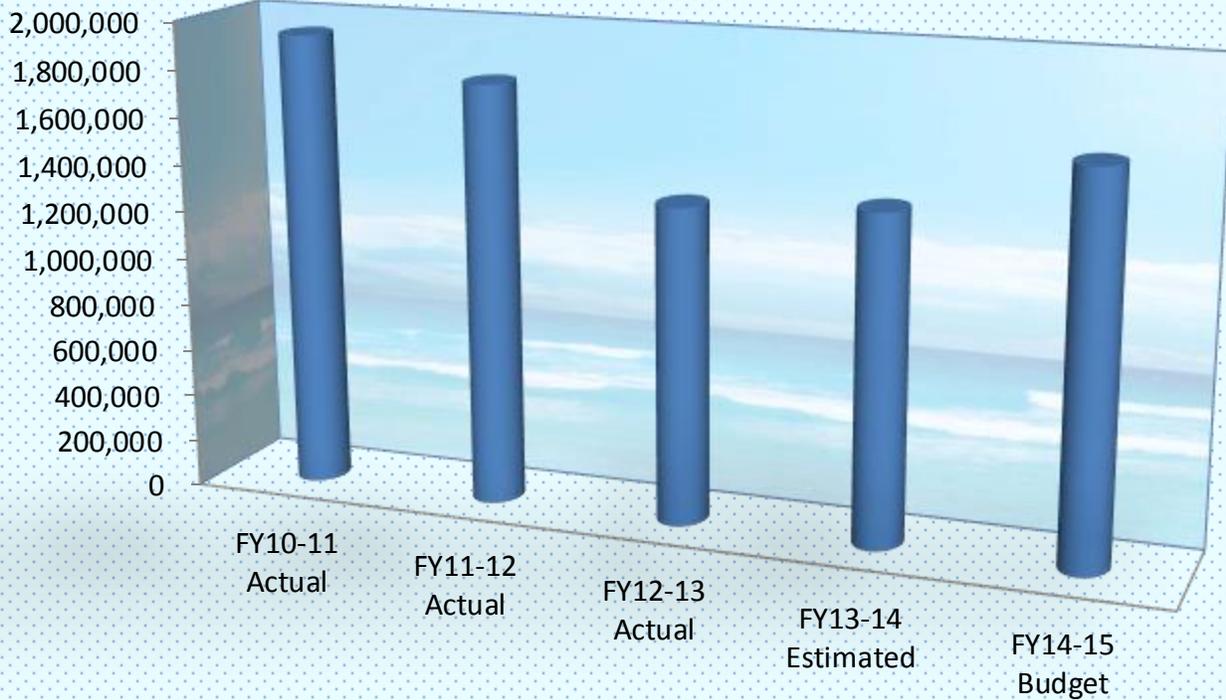


The Building and Minimum Housing Division ensures that any improvements on residential or commercial property such as new construction, interior renovation, structural demolition, or other installations are reviewed prior to the commencement of the work and inspected both during and after the completion 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. Revenue for FY14-15 is forecasted at \$1,280,000. That's a slight increase from FY13-14 year end estimate of \$1,186,920.

# Major Revenue Sources

## Communications Tax

**Communications Tax**

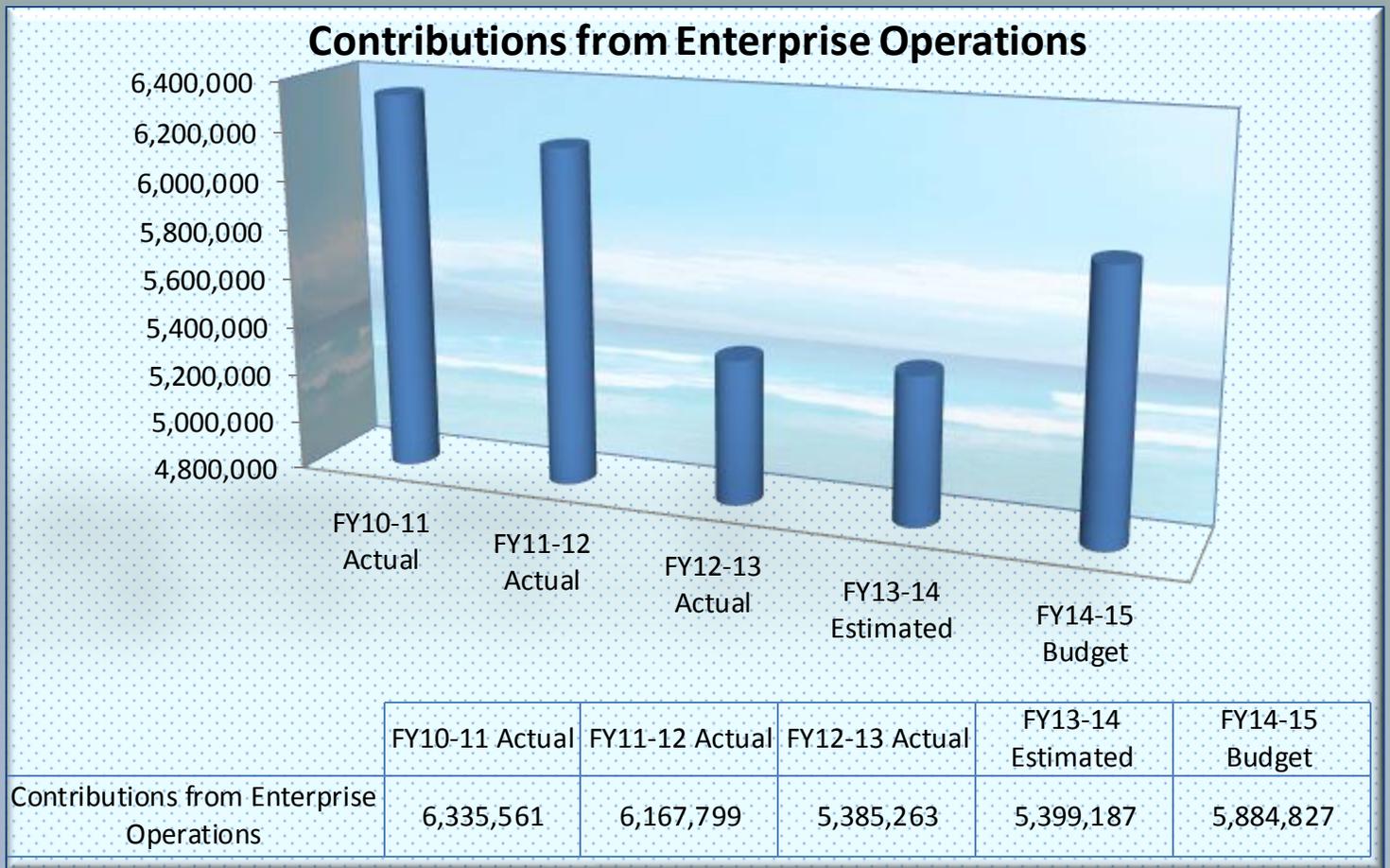


	FY10-11 Actual	FY11-12 Actual	FY12-13 Actual	FY13-14 Estimated	FY14-15 Budget
Communications Tax	1,933,235	1,777,062	1,333,607	1,379,715	1,620,000

Communication services tax applies to telecommunication, video, direct-to-home satellite, and related communications services. Revenue for FY 14-15 is forecasted at \$1,620,000. That is an increase from last year's \$1,379,715.

# Major Revenue Sources

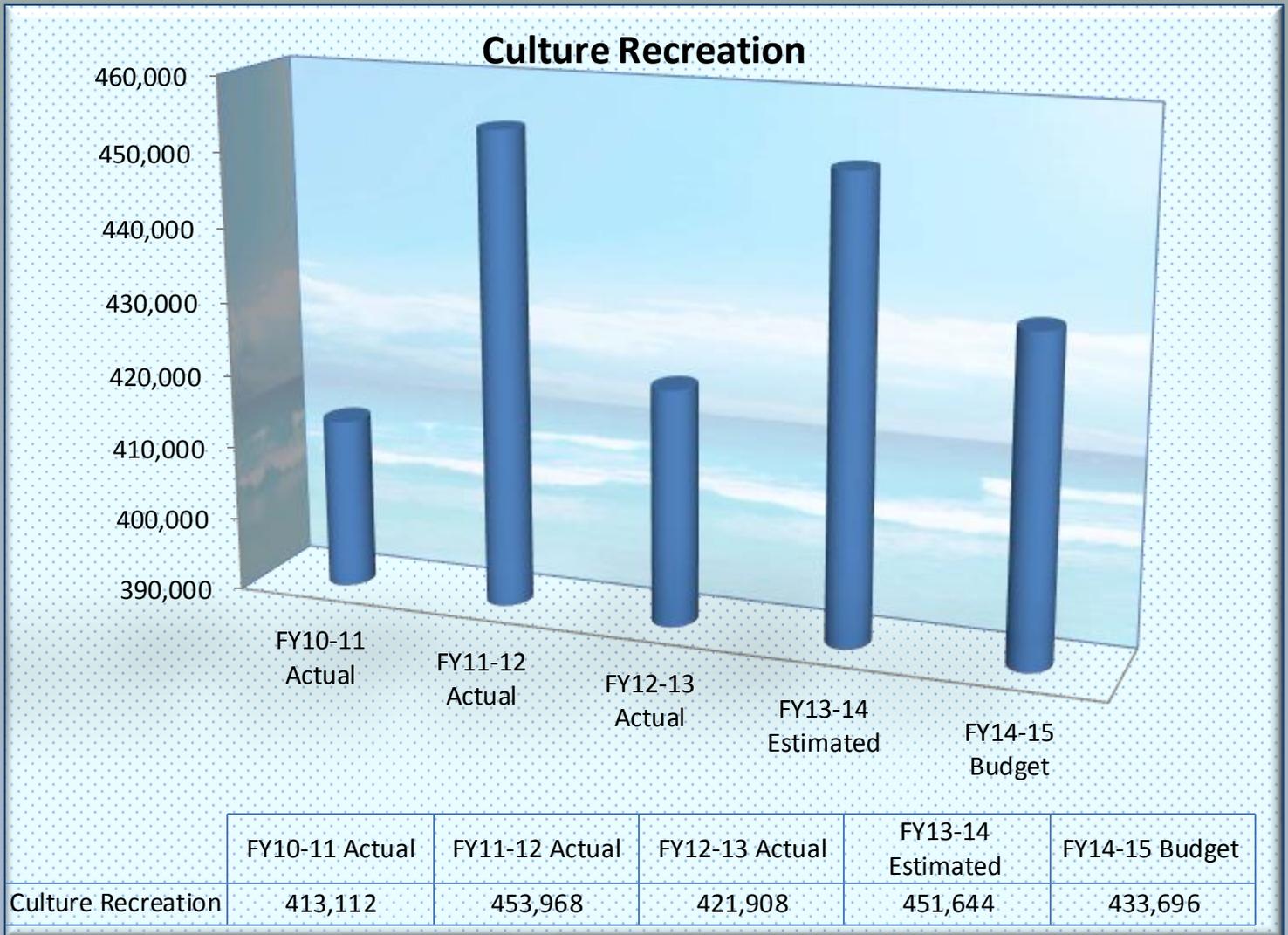
## Contributions from Enterprise Operations



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 14-15 is forecasted at \$5,884,827. Revenue from FY13-14 is estimated at \$5,399,187.

# Major Revenue Sources

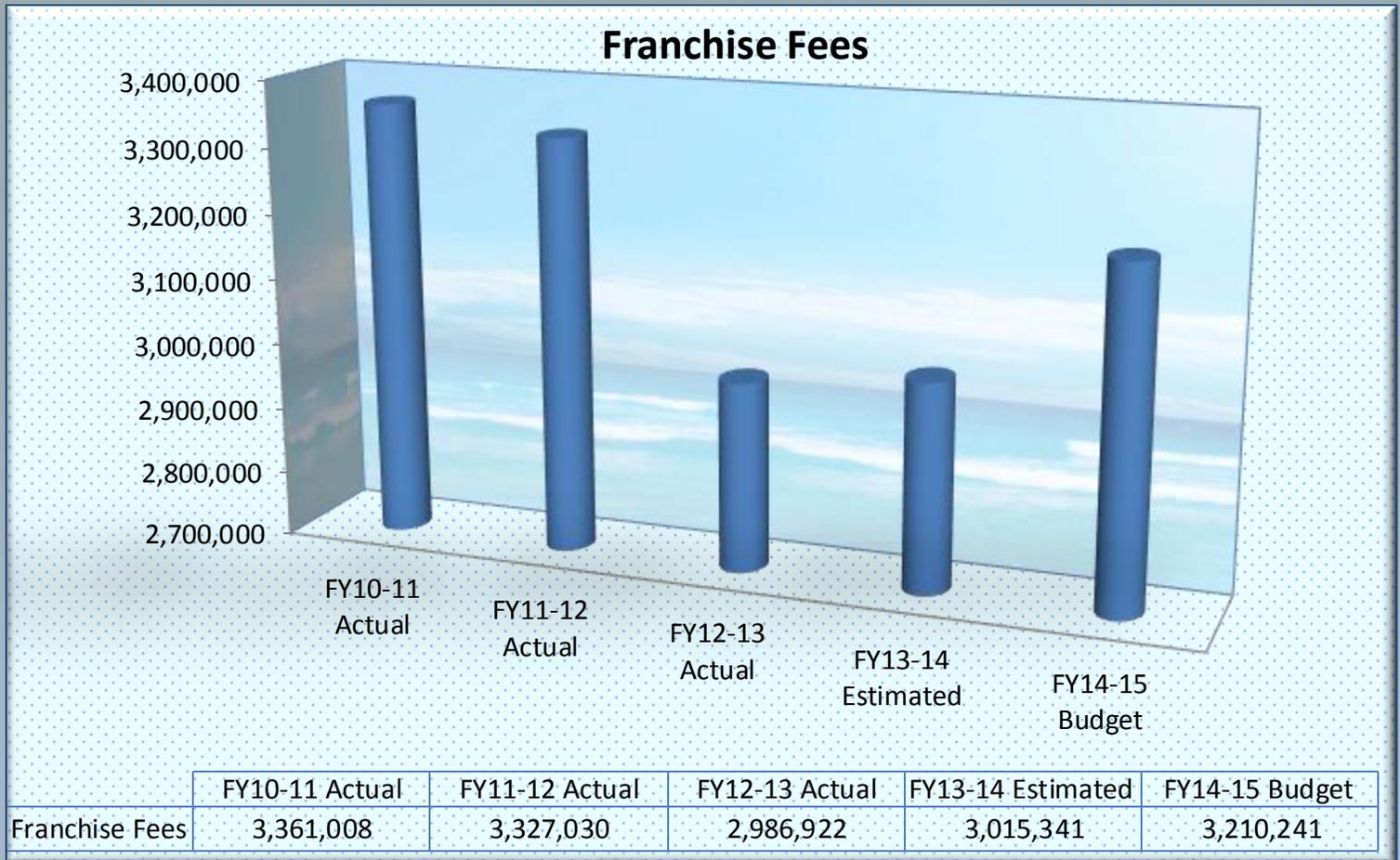
## Culture/Recreation



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. After increasing by nearly \$30,000 from FY12-13 to FY13-14, Culture/Recreation revenue is expected to dip in FY14-15.

# Major Revenue Sources

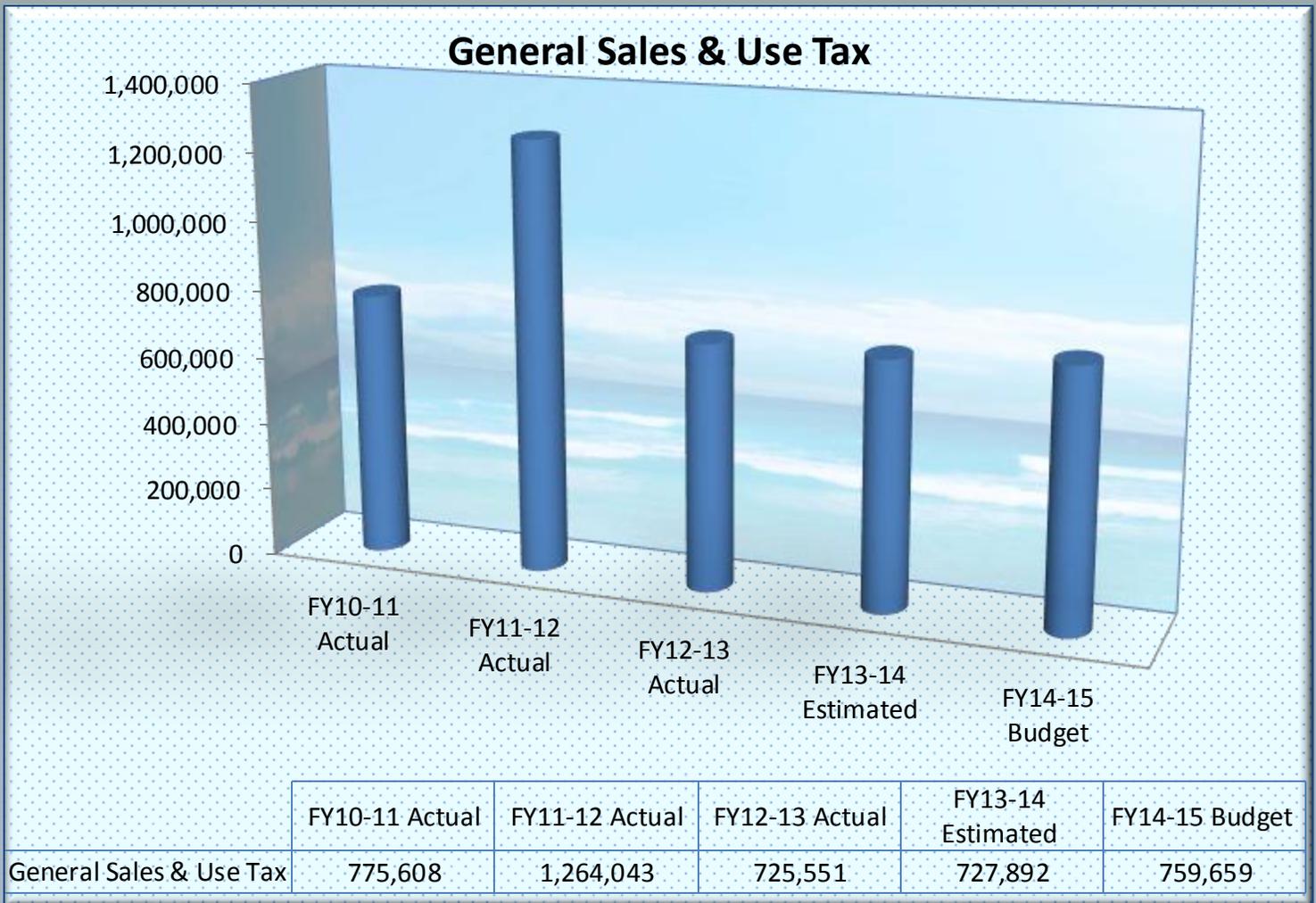
## Franchise Fees



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 dipped in FY12-13 but saw an increase in FY13-14 at \$3,015,341. It is also expected to increase this fiscal year at \$3,210,241. This is an upward trend.

# Major Revenue Sources

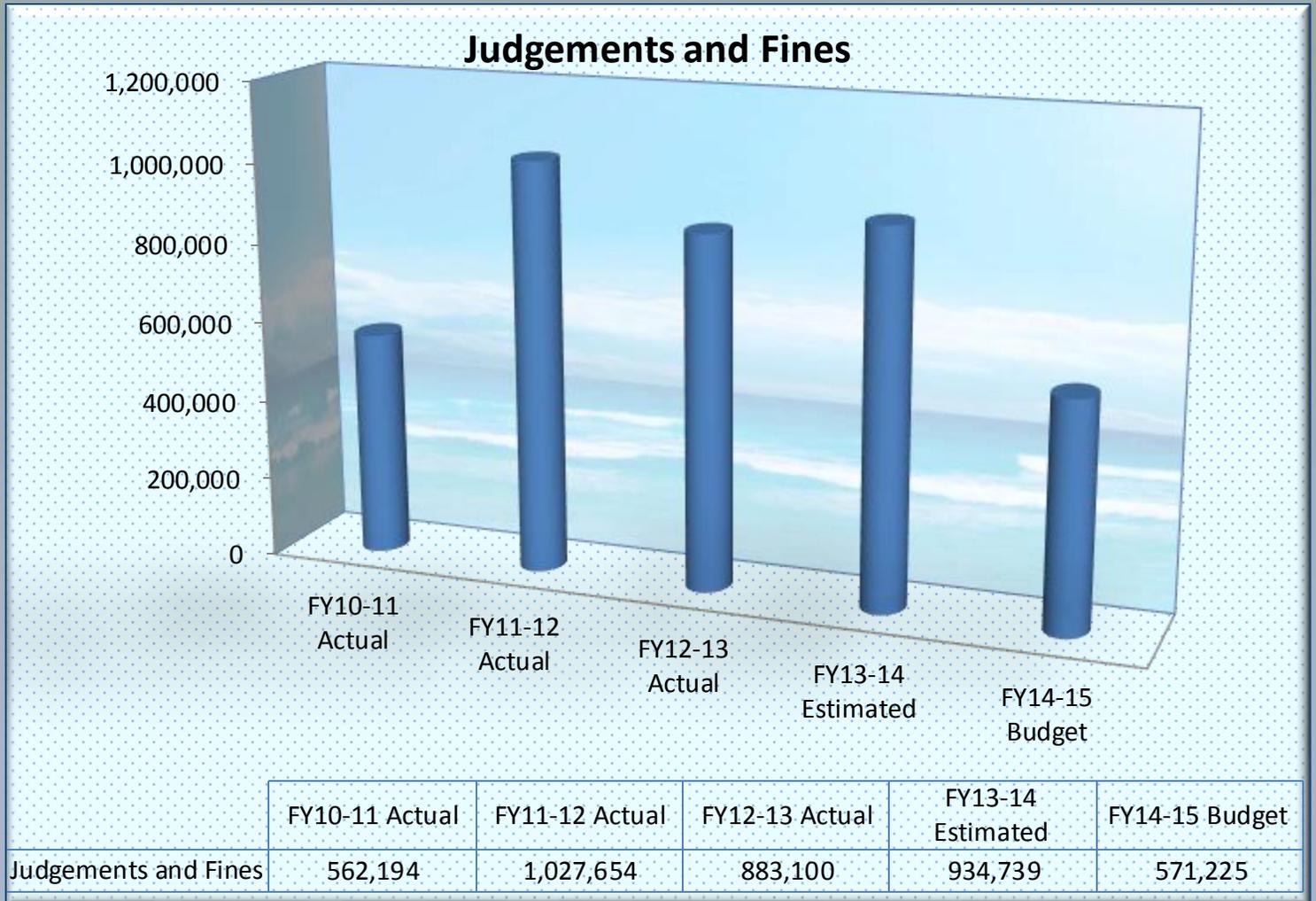
## General Sales and Use Tax



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 an increase from \$727,000 to \$759,659.

# Major Revenue Sources

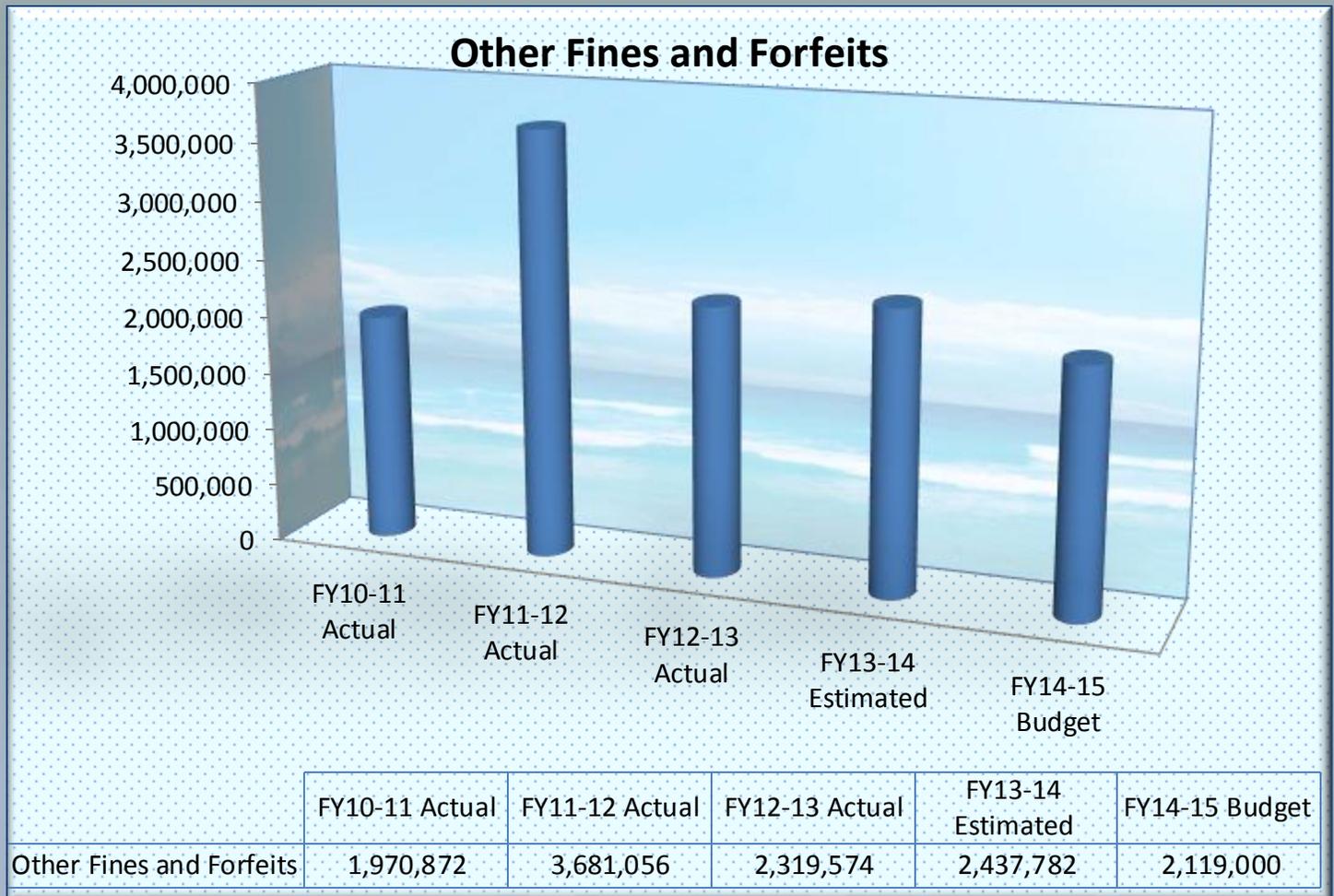
## Judgments and Fines



This revenue category includes fines from metro court, code enforcement, special magistrate, and permit penalties. Revenue for FY14-15 is forecasted at \$571,225; a major decrease from FY13-14 estimated revenue of \$934,739.

# Major Revenue Sources

## Other Fines and Forfeits

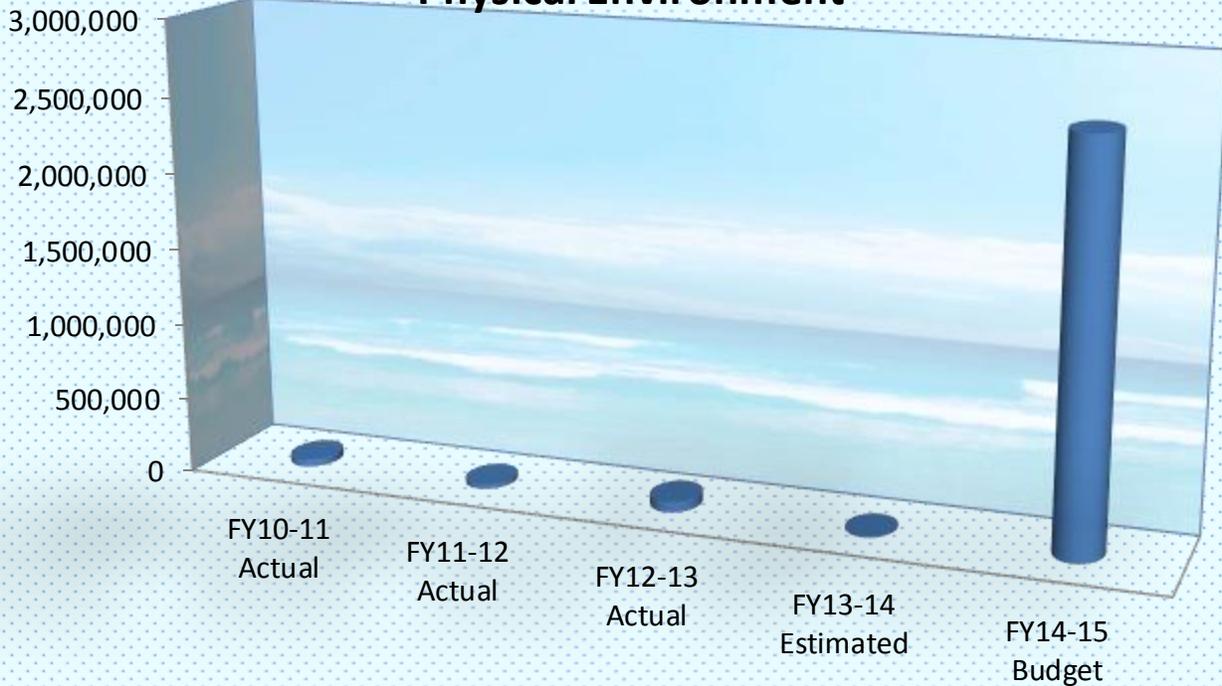


Revenue collected from fines and liens include payments from red light camera, school crossing guard, and parking tickets. Revenue for FY13-14 is \$2,437,782. FY14-15 is forecasted for a slight decrease at \$2,119,000.

# Major Revenue Sources

## Physical Environment

**Physical Environment**

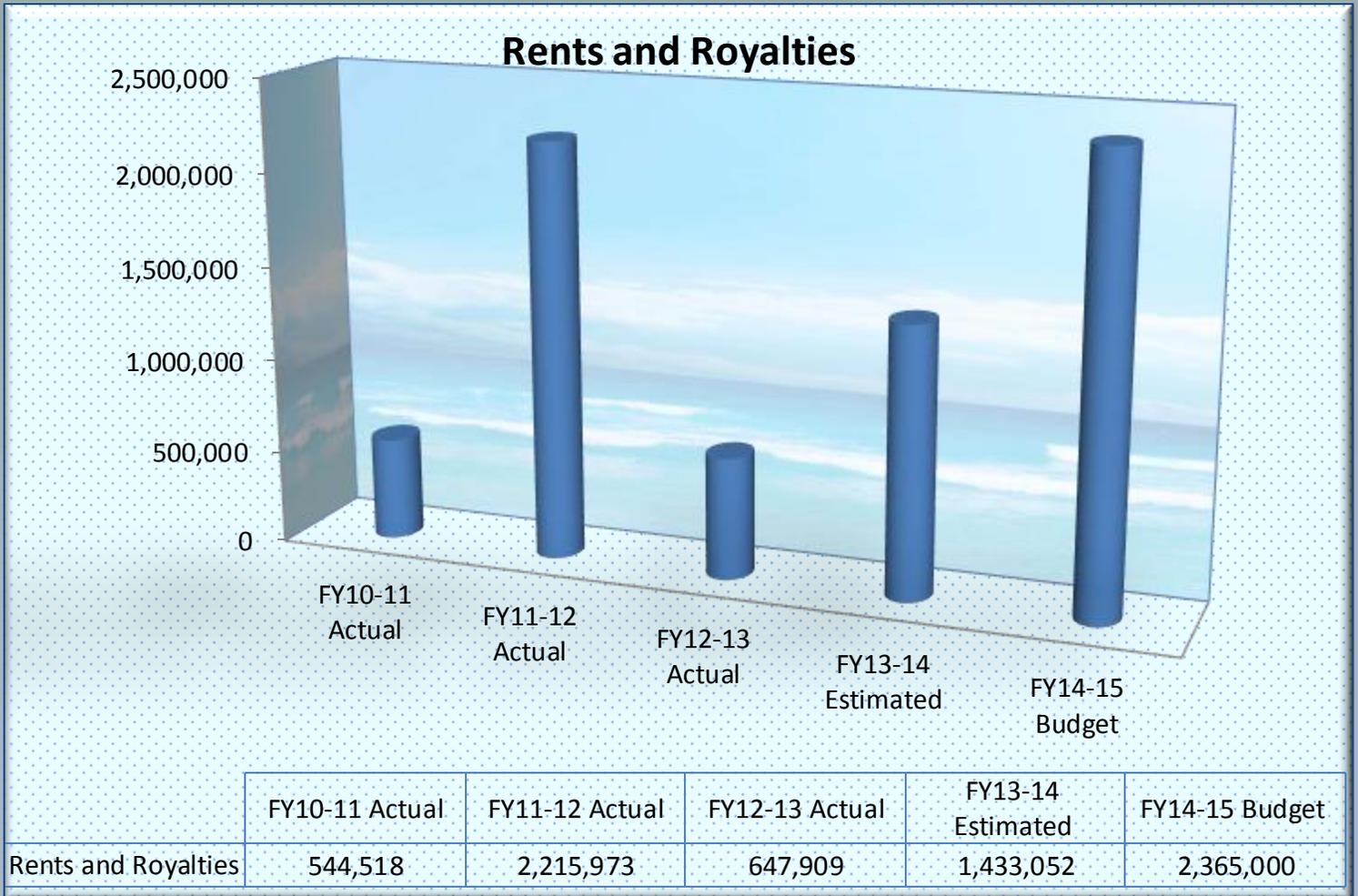


	FY10-11 Actual	FY11-12 Actual	FY12-13 Actual	FY13-14 Estimated	FY14-15 Budget
Physical Environment	50,257	32,754	70,949	8,432	2,595,000

Physical Environment revenue includes metered sale of water, fire service revenue, new service connections, water impact fees, sewer revenue, inspection fees, and service charges. Revenue for FY14-15 is forecasted at \$2,595,000, which is a significant increase from FY13-14 estimate of \$8,432.

# Major Revenue Sources

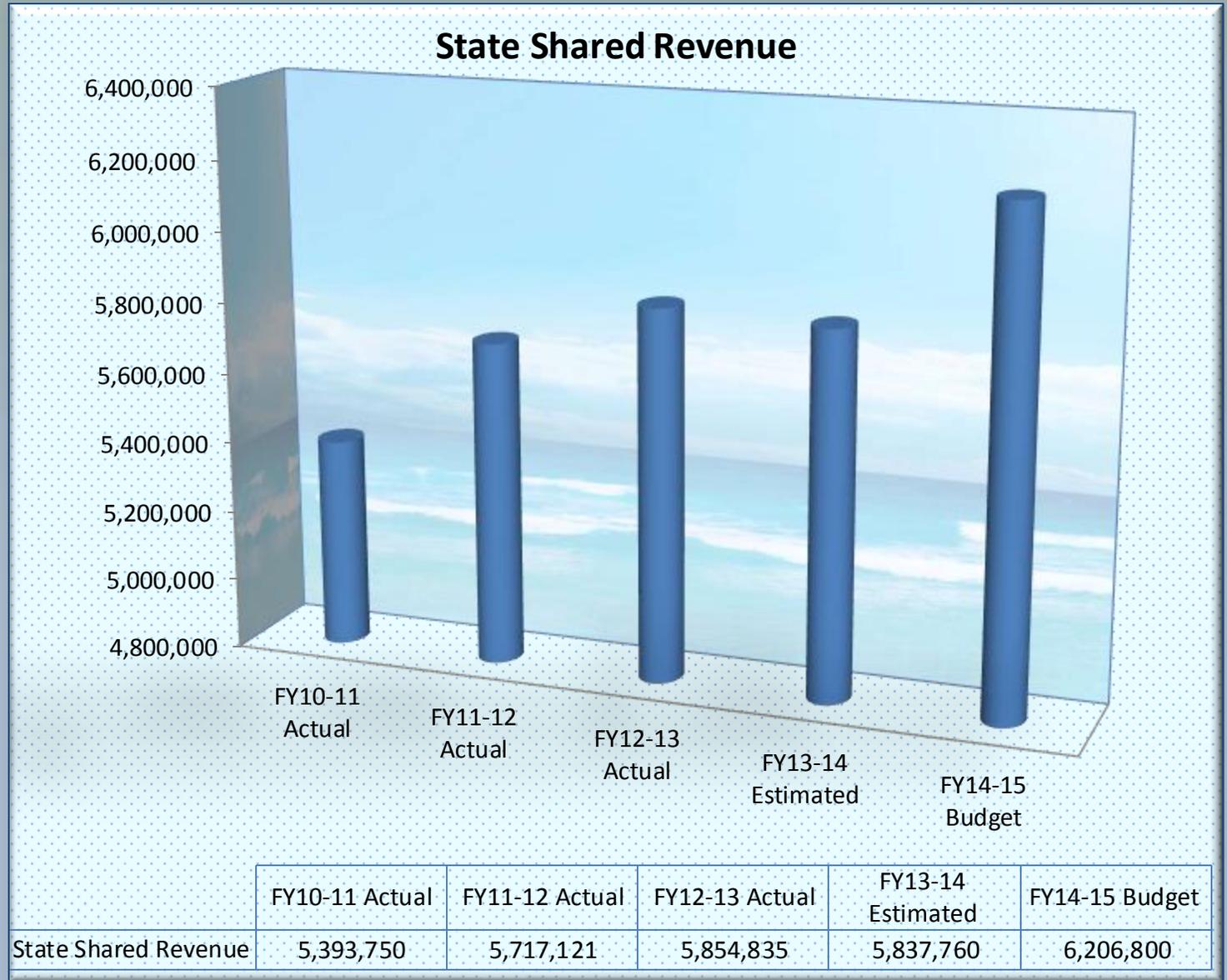
## Rents and Royalties



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 FY14-15 is expected to increase to \$2,365,000 from FY13-14 year end estimate of \$1,433,052.

# Major Revenue Sources

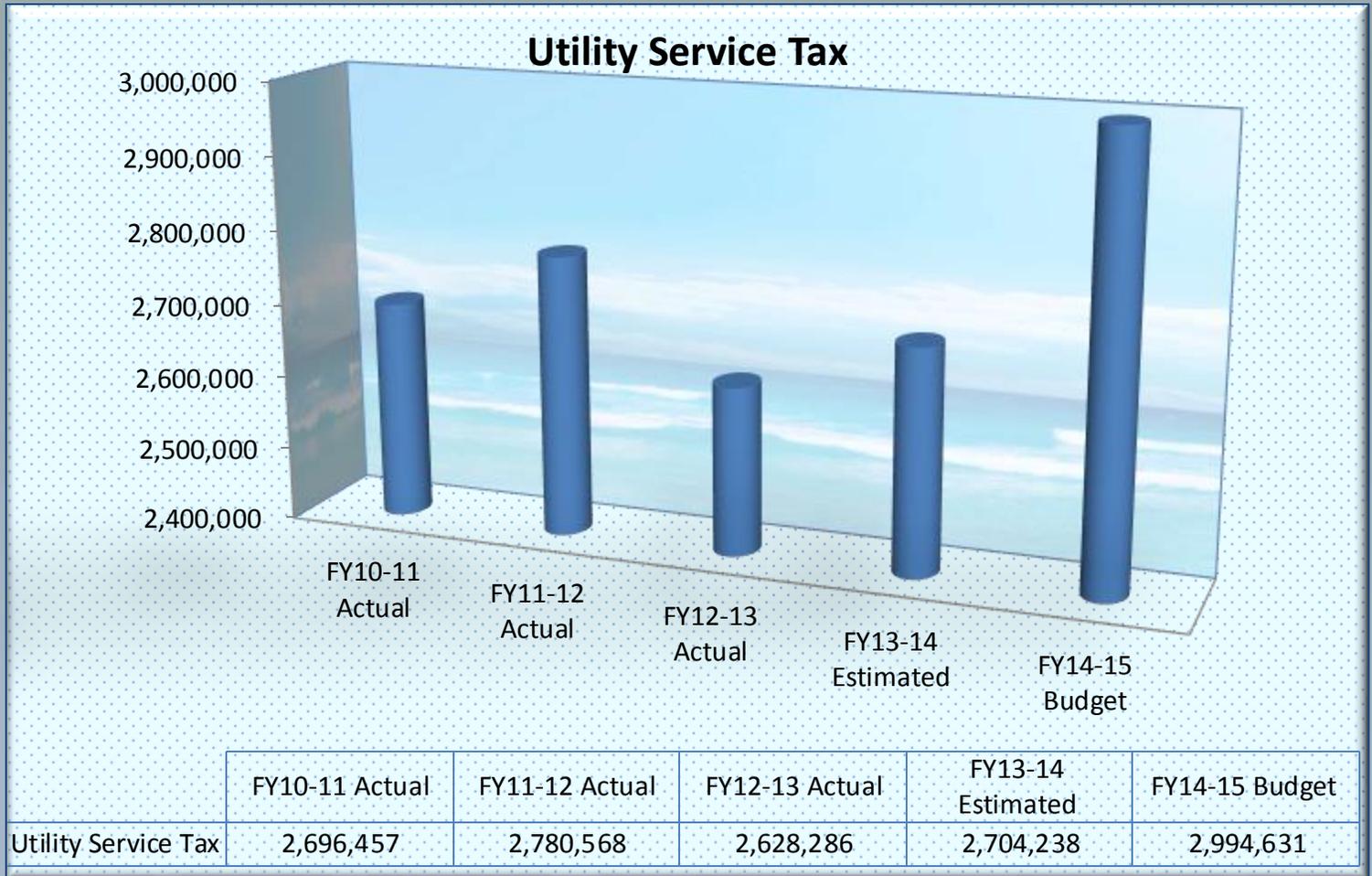
## State Shared Revenue



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 FY14-15 is forecasted at \$6,206,800. FY13-14 is estimated at \$5,837,760. This is an upward trend.

# Major Revenue Sources

## 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 FY14-15 is forecasted at \$2,994,631, which is an increase from FY13-14 total budget of \$2,704,238.