

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

State Shared Revenue

Contributions from Enterprise Operations

Franchise Fees

Other Fines and Forfeits

Utility Service Tax

Communications Tax

Judgments and Fines

Rents and Royalties

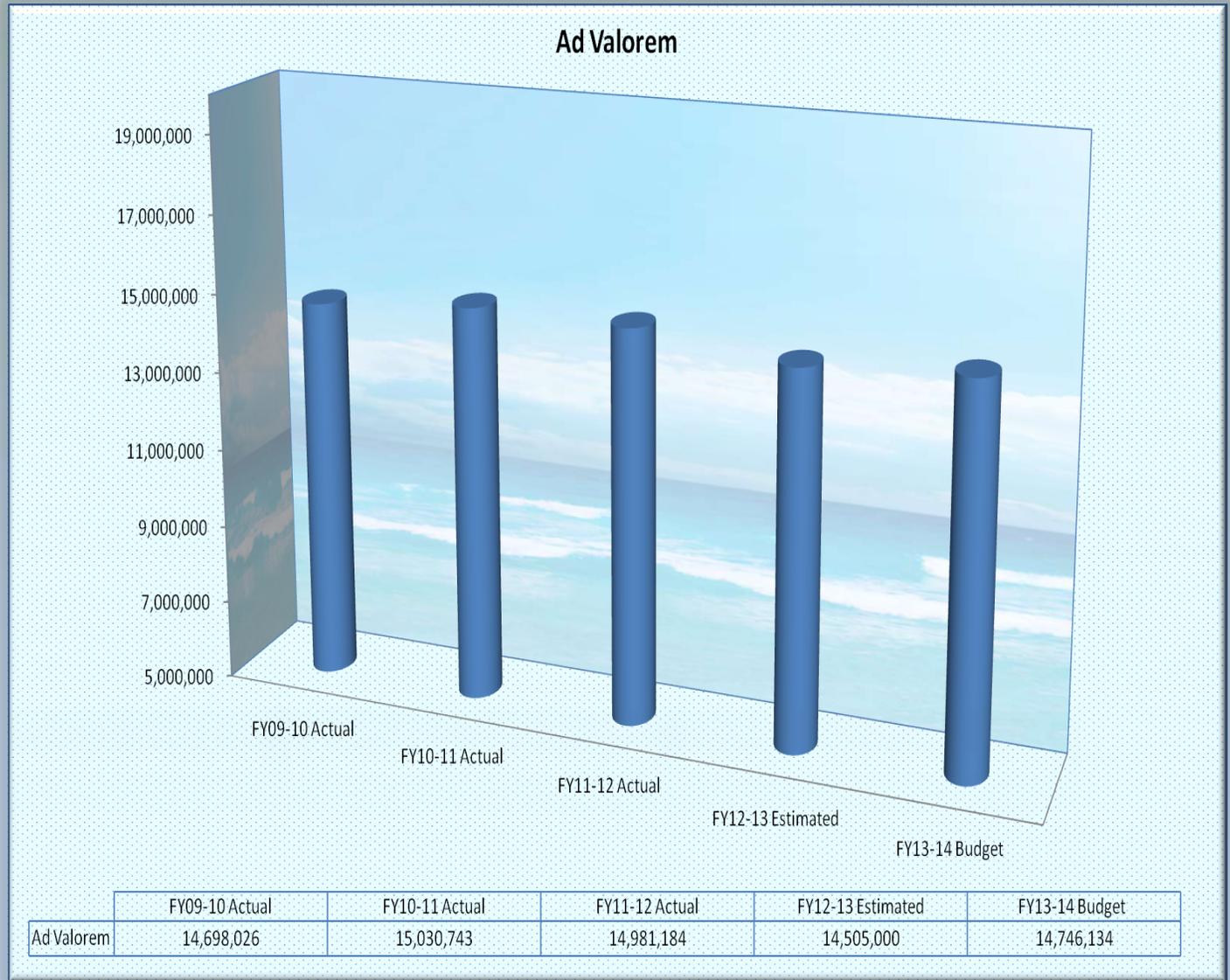
Physical Environment

General Sales & Use Tax

Culture & Recreation

Major Revenue Sources

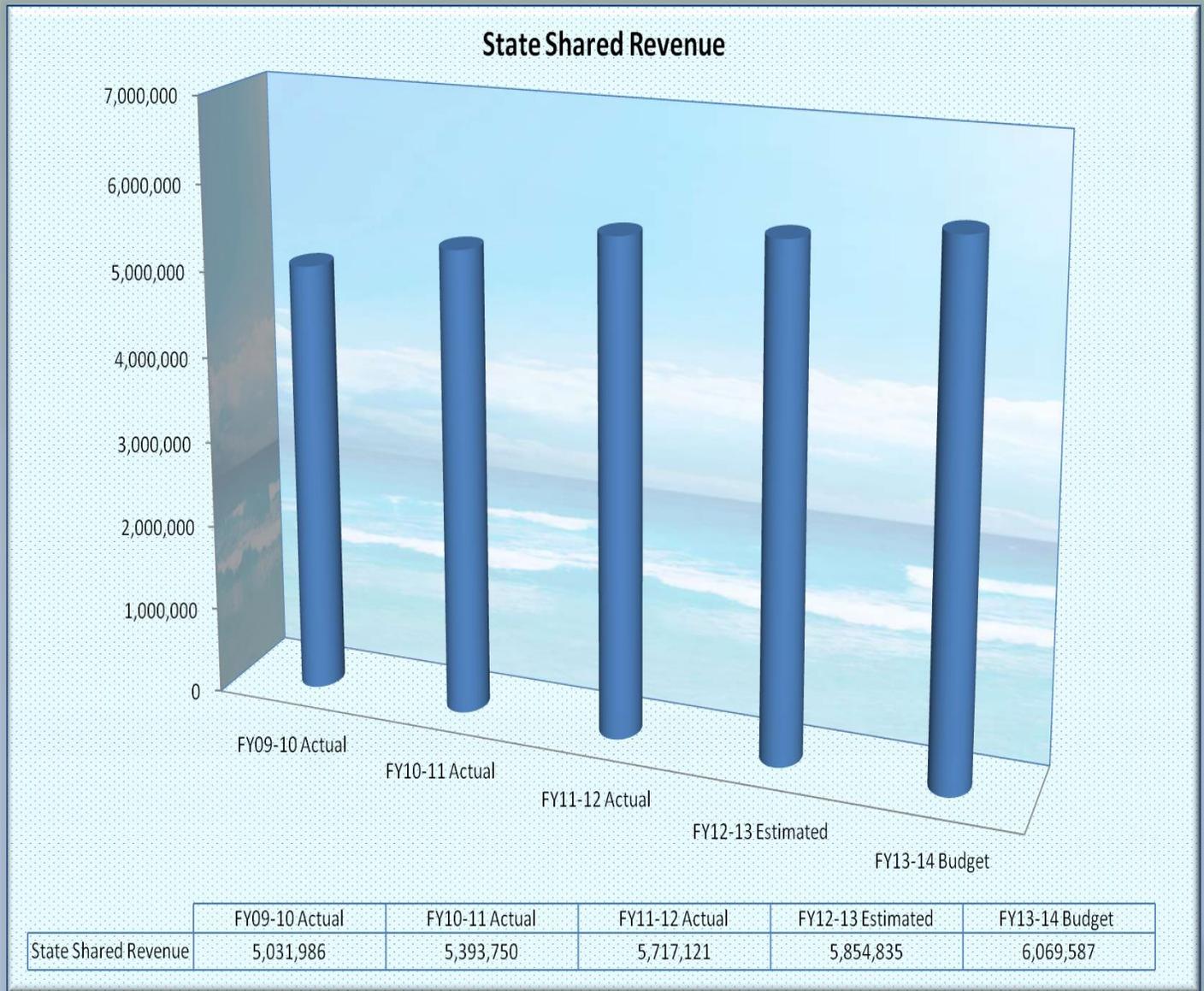
Ad Valorem Tax



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 2013/14 is 7.8149. The adopted rate for the prior year was 8.1000. The year-end estimate for FY12-13 is \$14,505,000. Ad Valorem tax revenue for FY13-14 is forecasted (budgeted) at \$14,746,134, which demonstrates a slight increase.

Major Revenue Sources

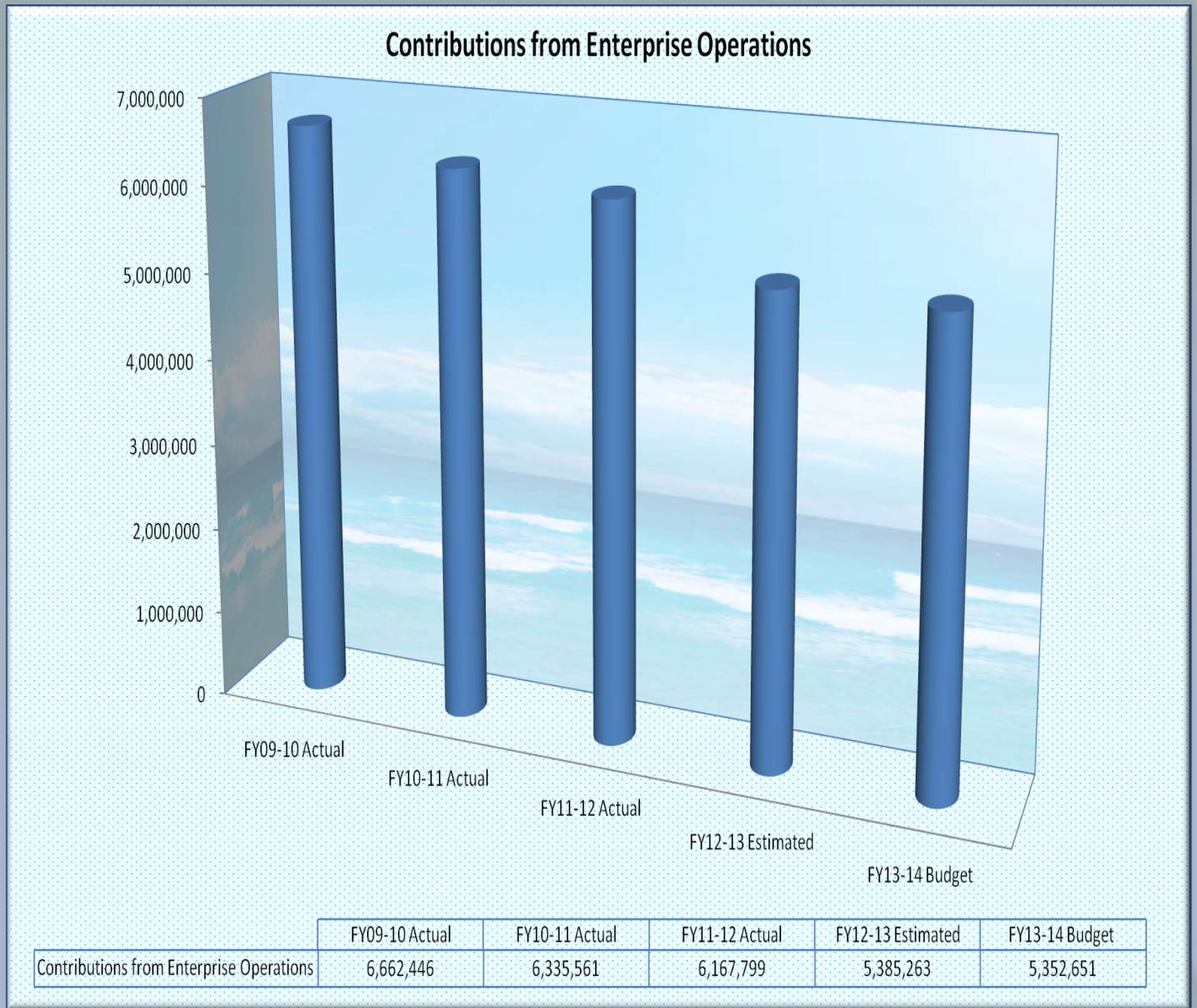
State Shared Revenue



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 FY13-14 is forecasted at \$6,069,587. FY12-13 is estimated at \$5,854,835. This is an upward trend.

Major Revenue Sources

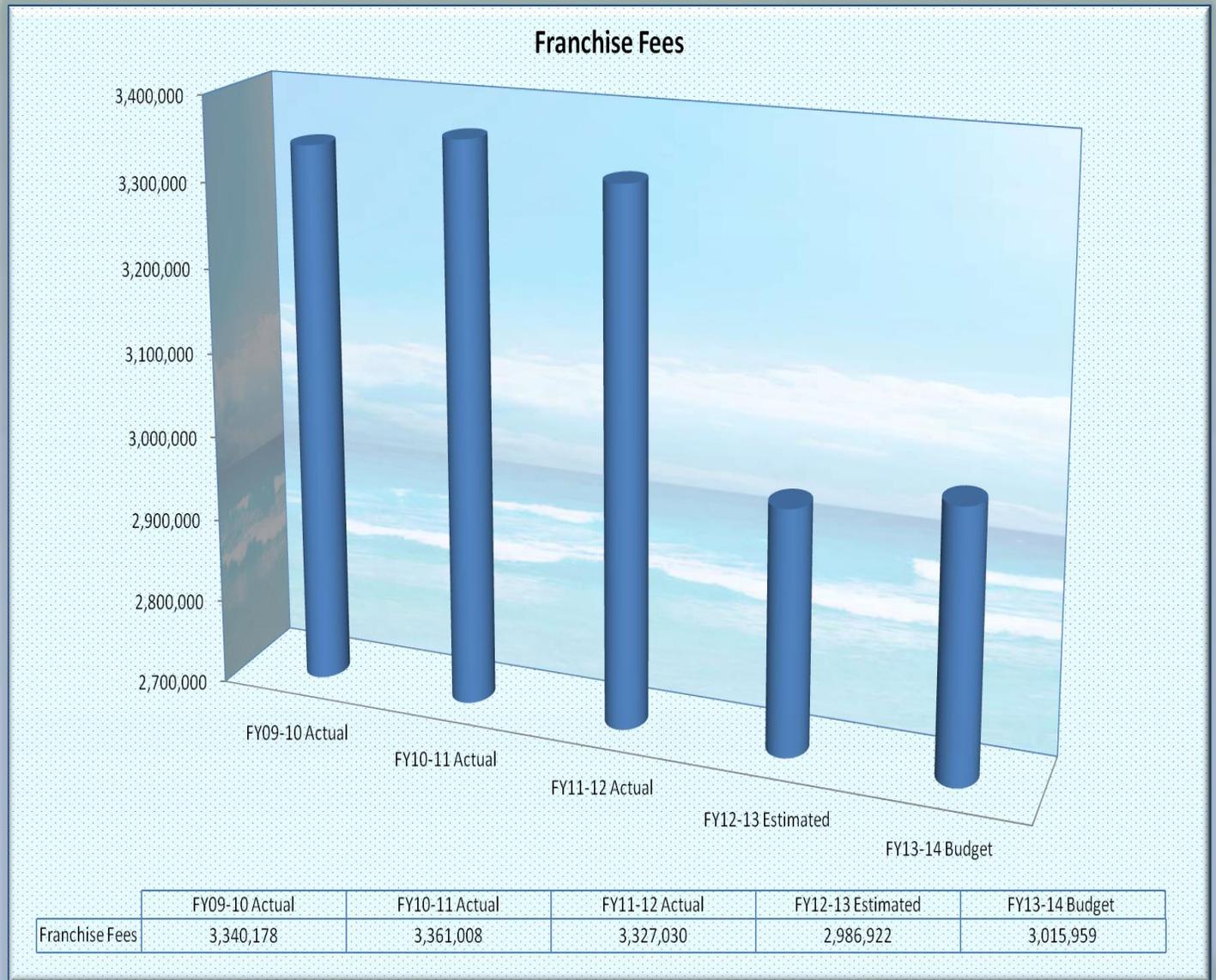
Contributions from Enterprise Operations



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 13-14 is forecasted at \$5,352,651. Revenue from FY12-13 is estimated at \$5,385,263.

Major Revenue Sources

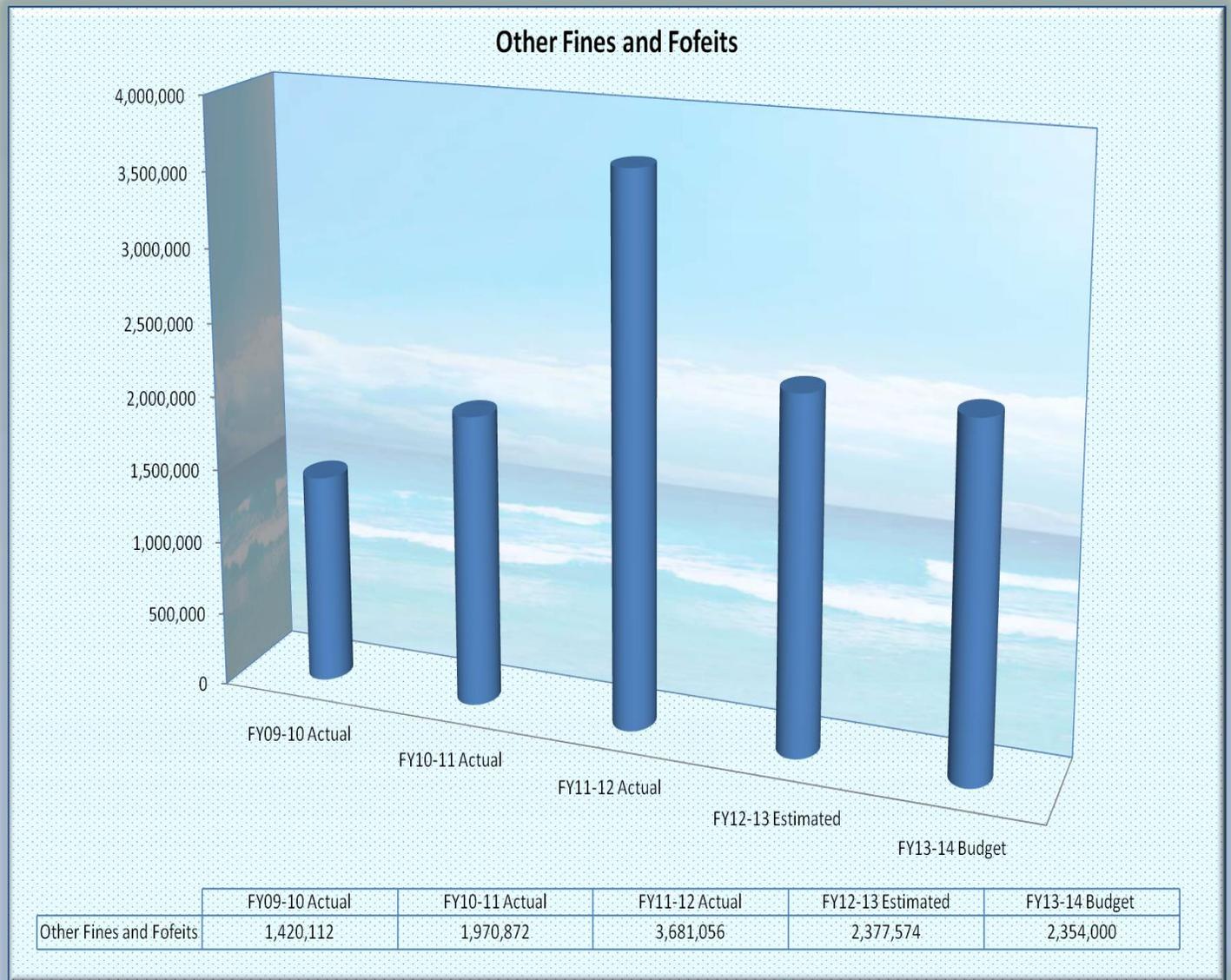
Franchise Fees



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 started dipping in FY12-13 at \$2,986,922, but is forecasted to increase slightly in FY13-14 at \$3,015,959.

Major Revenue Sources

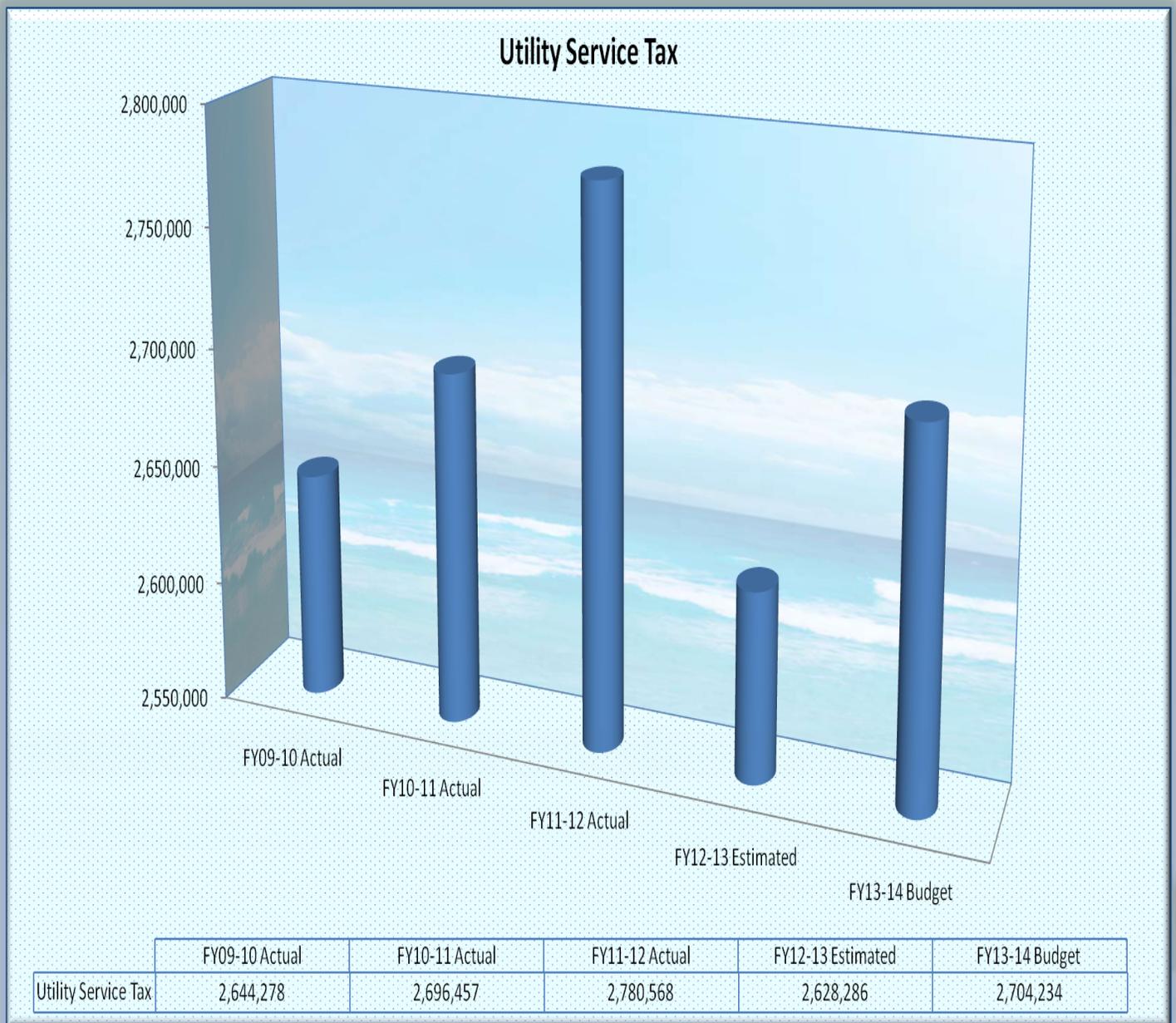
Other Fines and Forfeits



Revenue collected from fines and liens include payments from red light camera, school crossing guard, and parking tickets. Revenue for FY12-13 is estimated at \$2,377,574. FY13-14 is forecasted at \$2,354,000. Although this source peaked in FY11-12, it is showing signs of stabilizing.

Major Revenue Sources

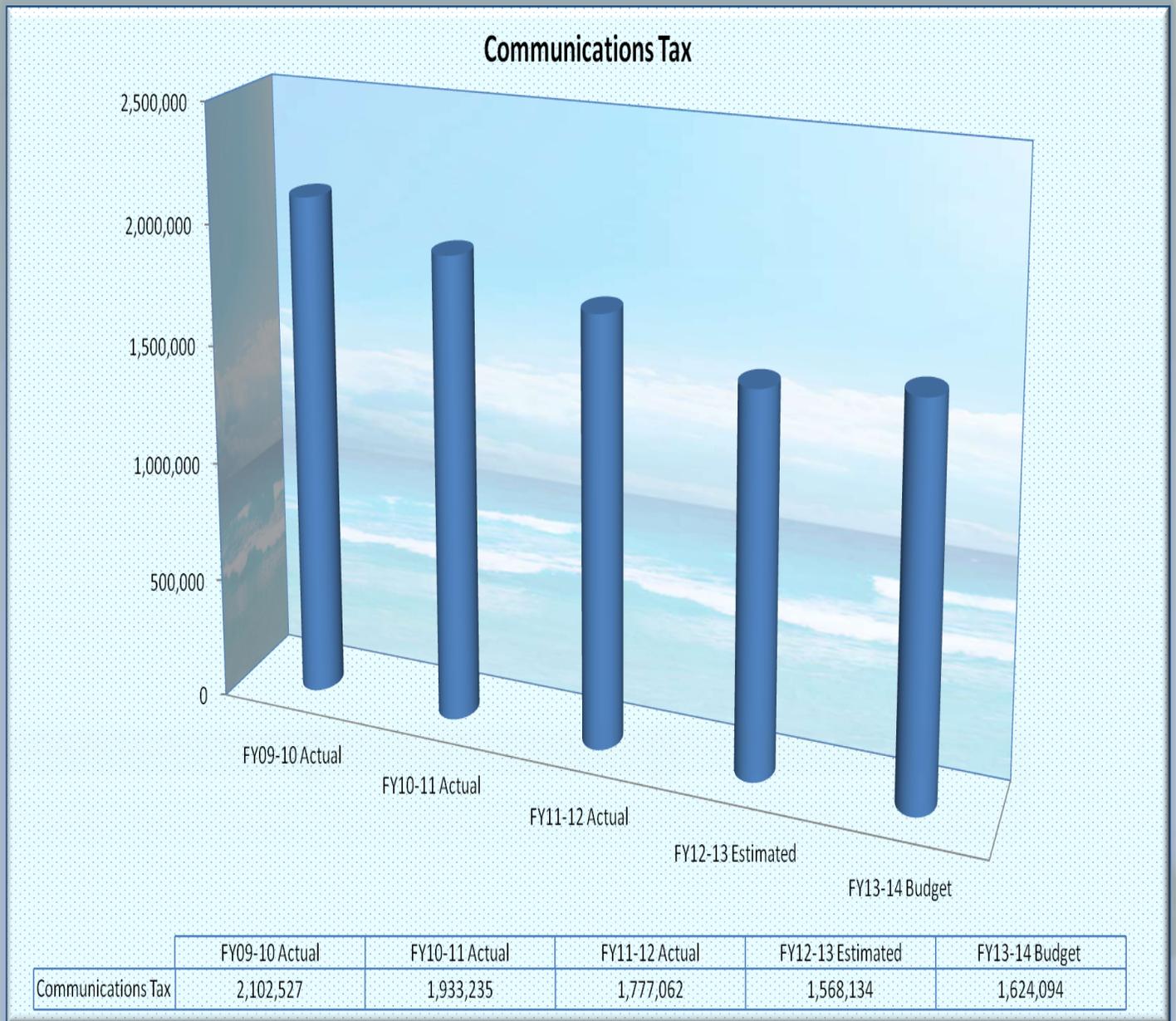
Utility Service Tax



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 FY13-14 is forecasted at \$2,704,234, which is an increase from FY12-13 year end estimate of \$2,628,286.

Major Revenue Sources

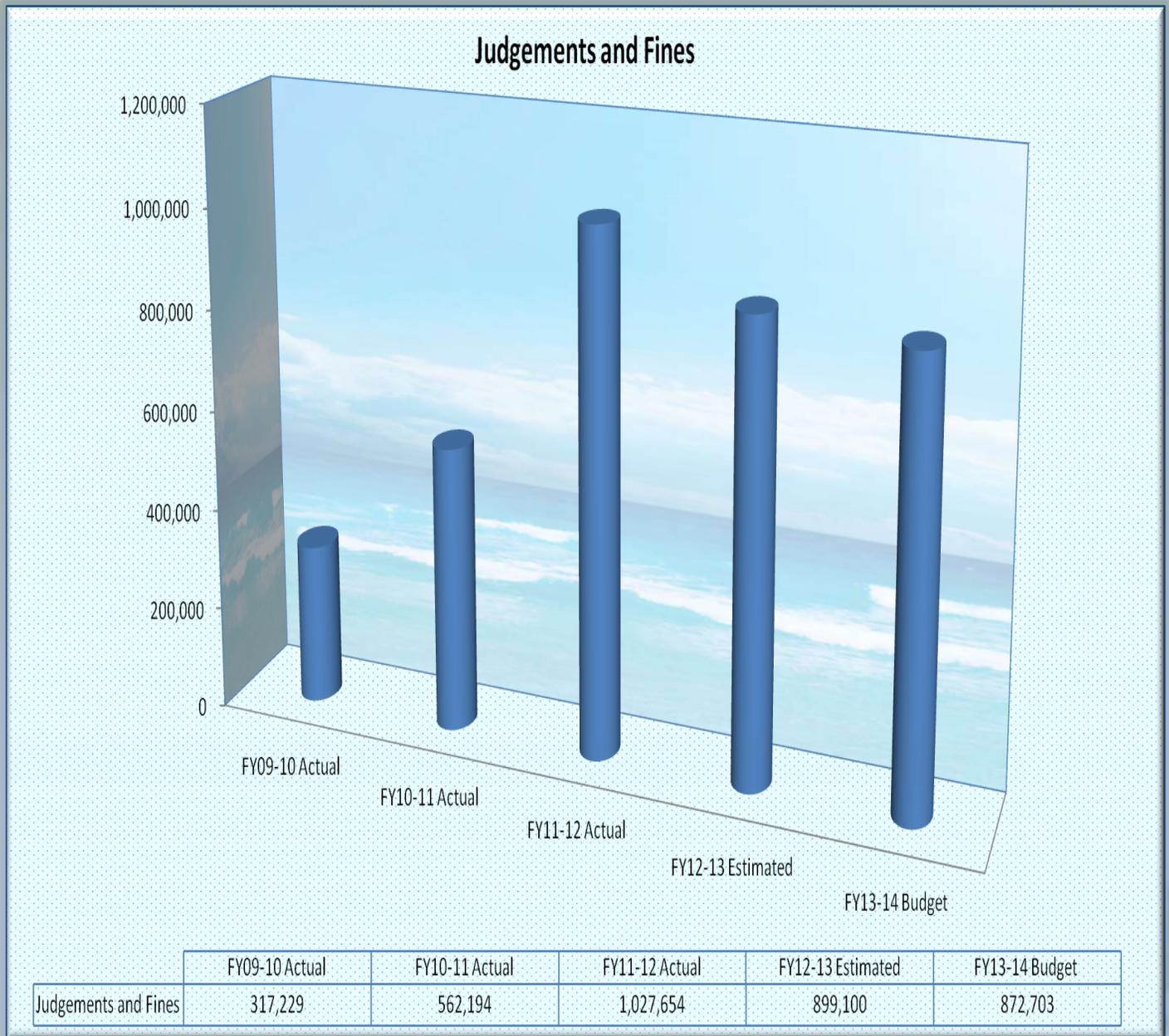
Communications Tax



Communication services tax applies to telecommunication, video, direct-to-home satellite, and related communications services. Revenue for FY 13-14 is forecasted at \$1,624,094. The year end for FY12-13 is estimated at \$1,568,134.

Major Revenue Sources

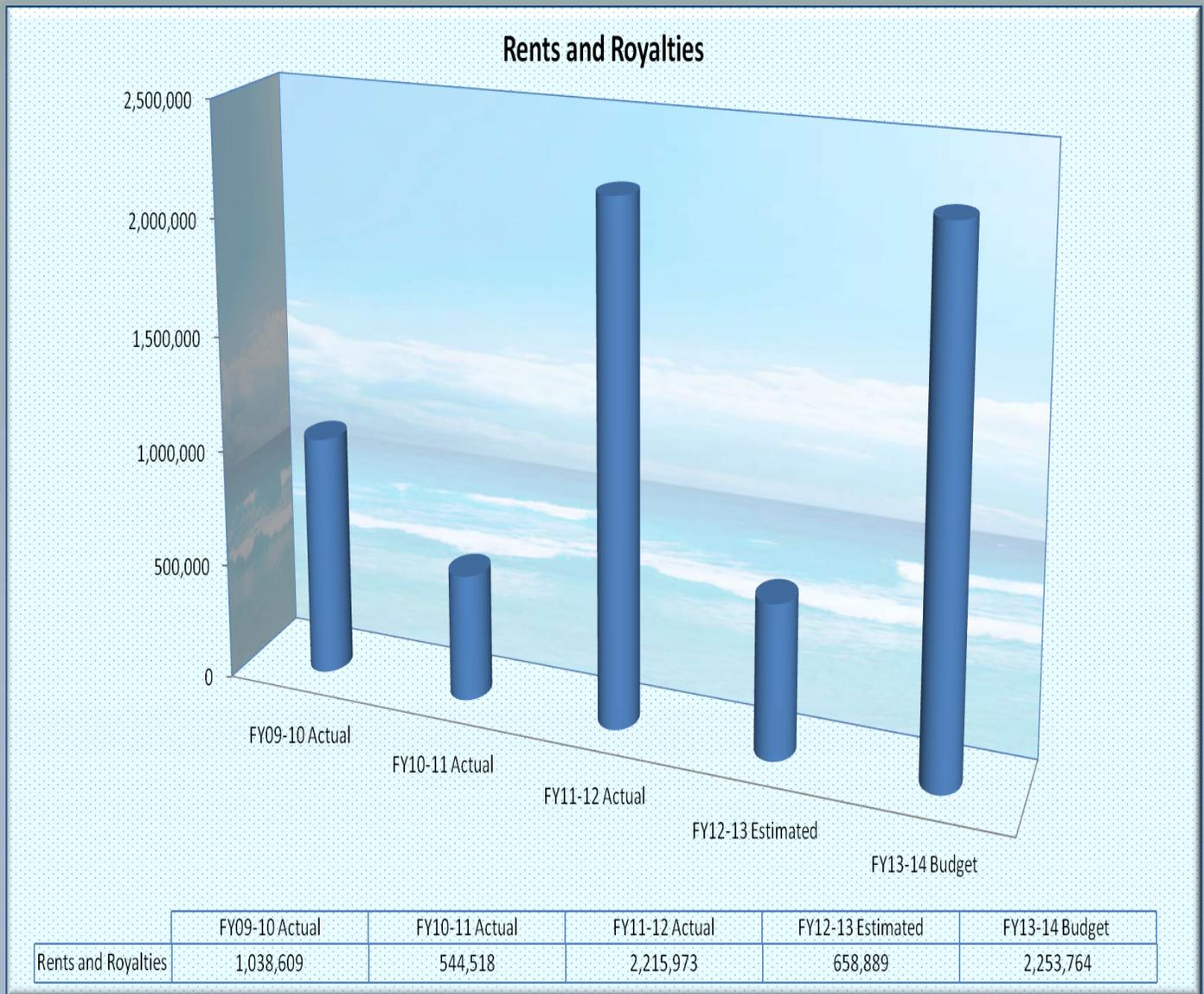
Judgments and Fines



This revenue category includes fines from metro court, code enforcement, special magistrate, and permit penalties. Revenue for FY13-14 is forecasted at \$872,703. FY12-13 revenue was estimated at \$899,100. Although this source peaked in FY11-12, it is showing signs of stabilizing.

Major Revenue Sources

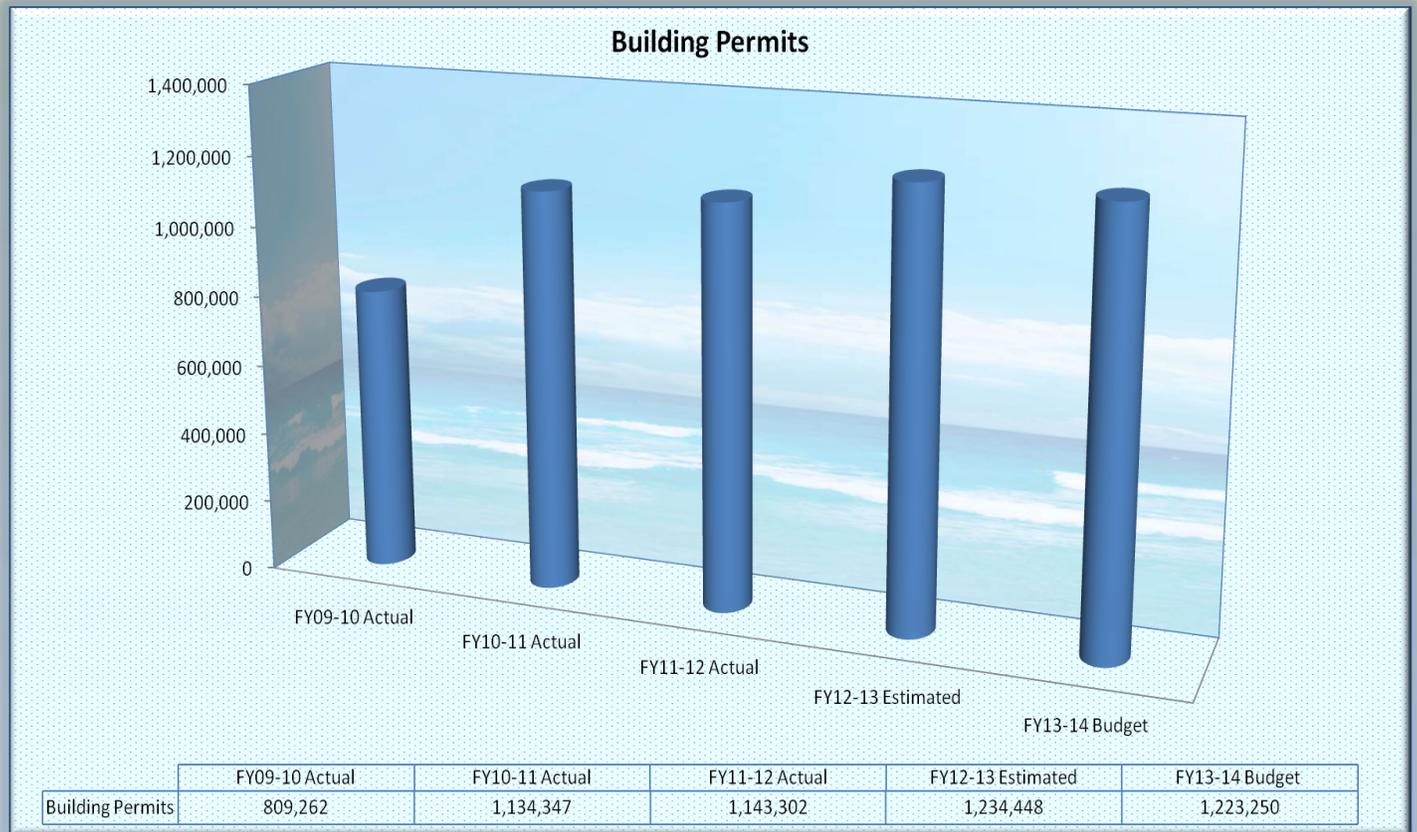
Rents and Royalties



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, rental revenue from the library. Revenue for FY13-14 is expected to increase to \$2,253,764 from FY12-13 year end estimate of \$658,889.

Major Revenue Sources

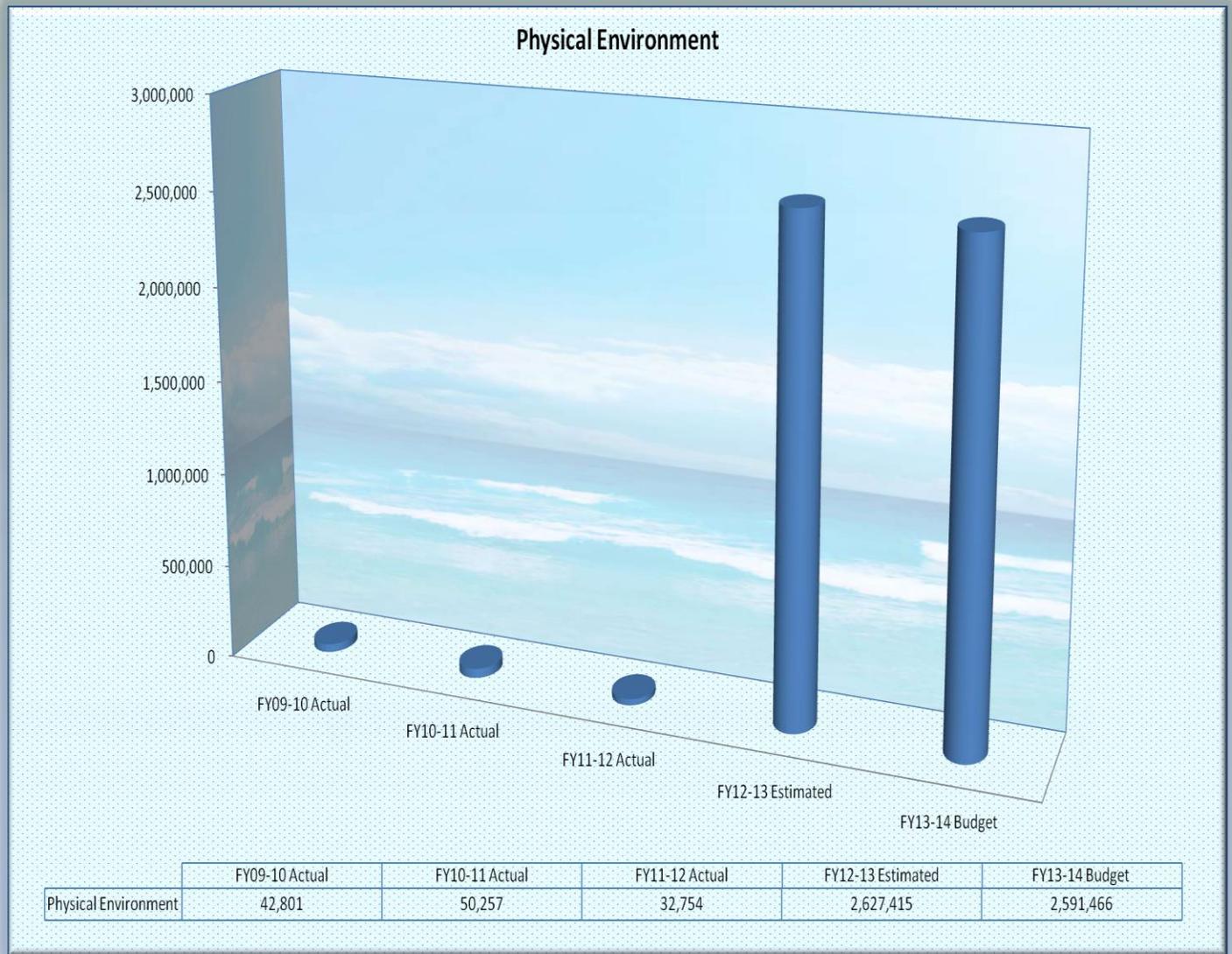
Building Permits



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 FY13-14 is forecasted at \$1,223,250.

Major Revenue Sources

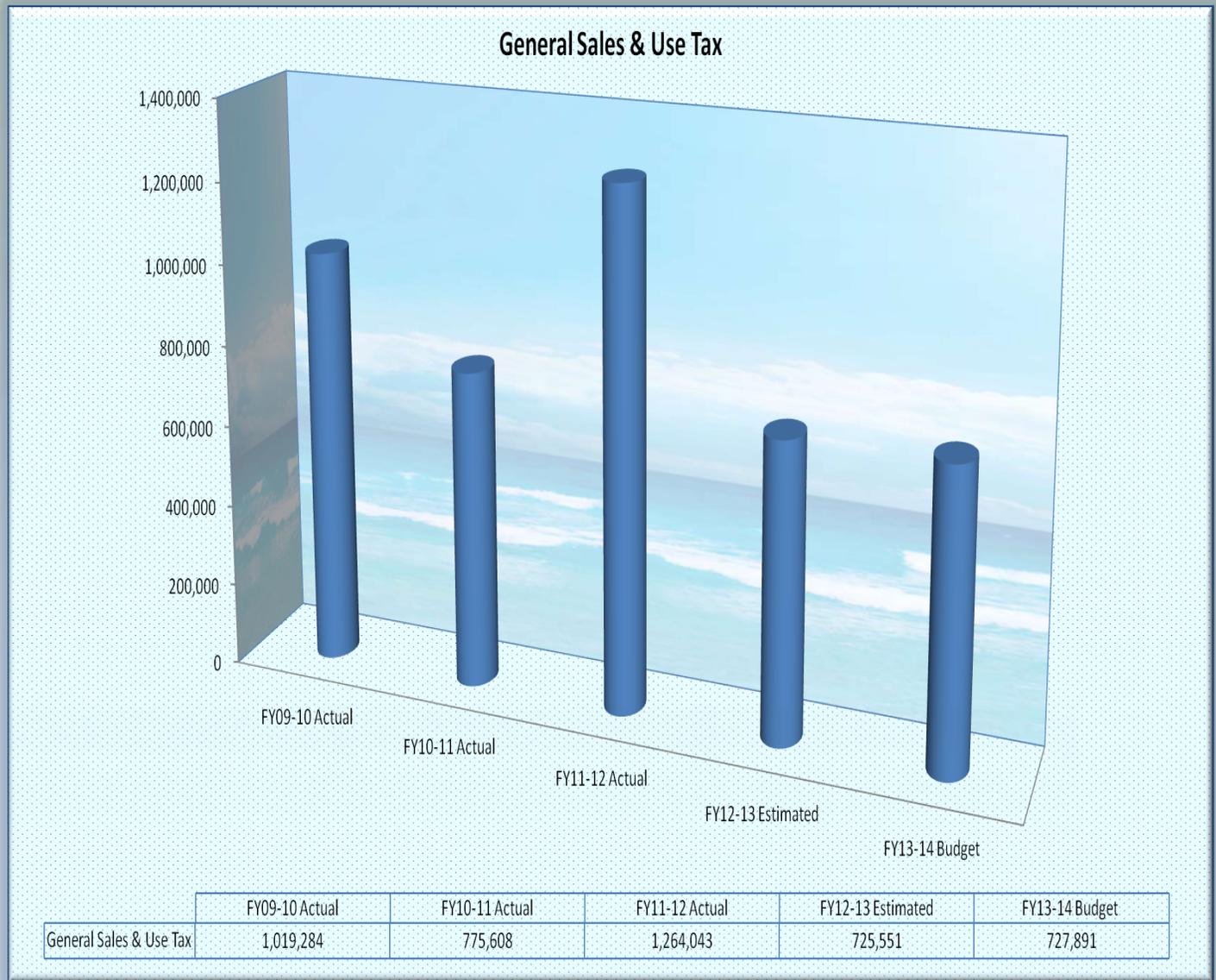
Physical Environment



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 FY13-14 is forecasted at \$2,591,466, which is a slight decrease from FY12-13 year end estimate of \$2,627,415.

Major Revenue Sources

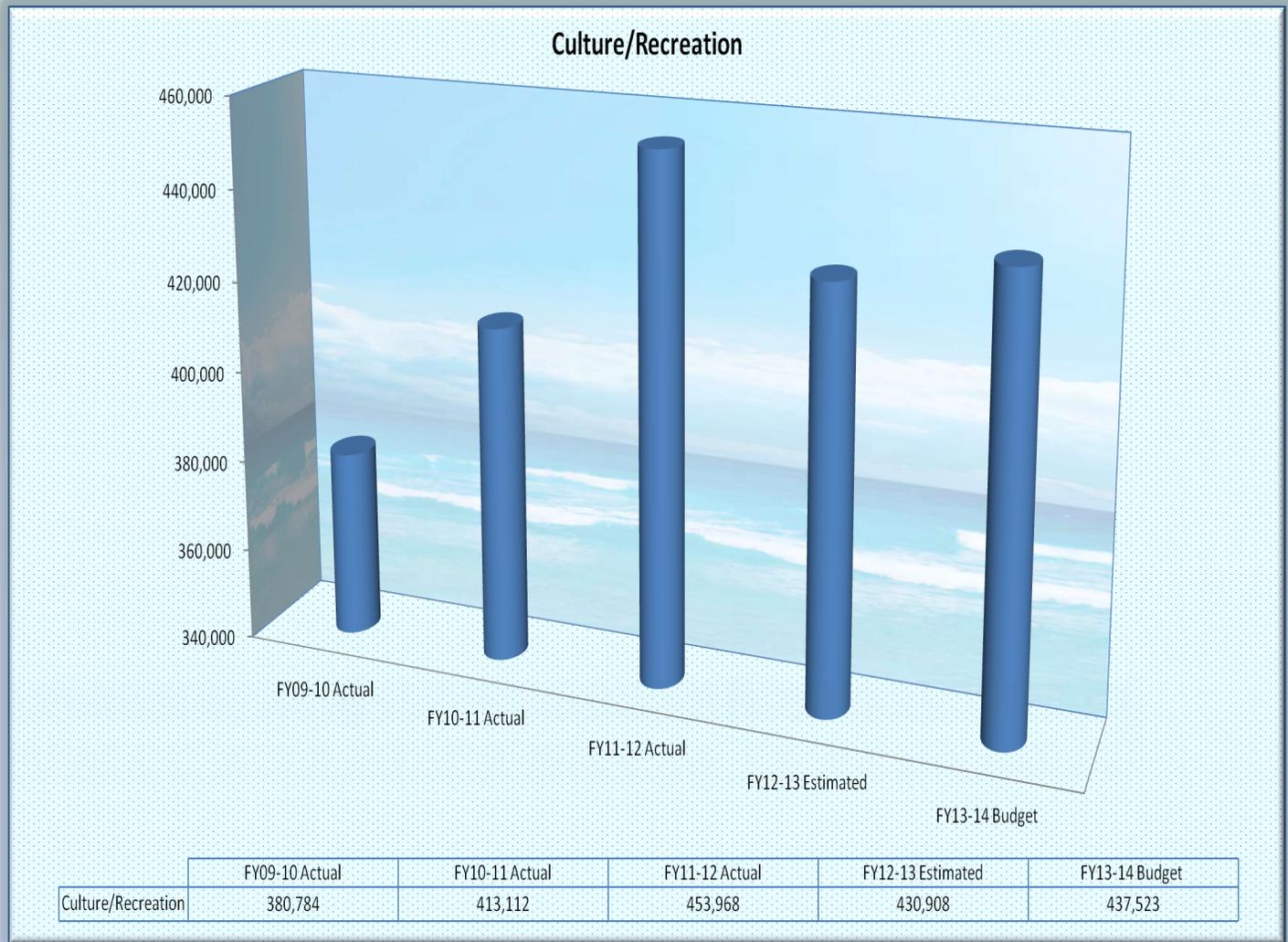
General Sales and Use Tax



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 is stagnant around \$727,000 mark after spiking at more than 1.2 million in FY11-12.

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 dipping by about \$24,000 from FY11-12 to FY12-13, Culture/Recreation revenue is expected to increase to \$437,523 in FY13-14.