

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

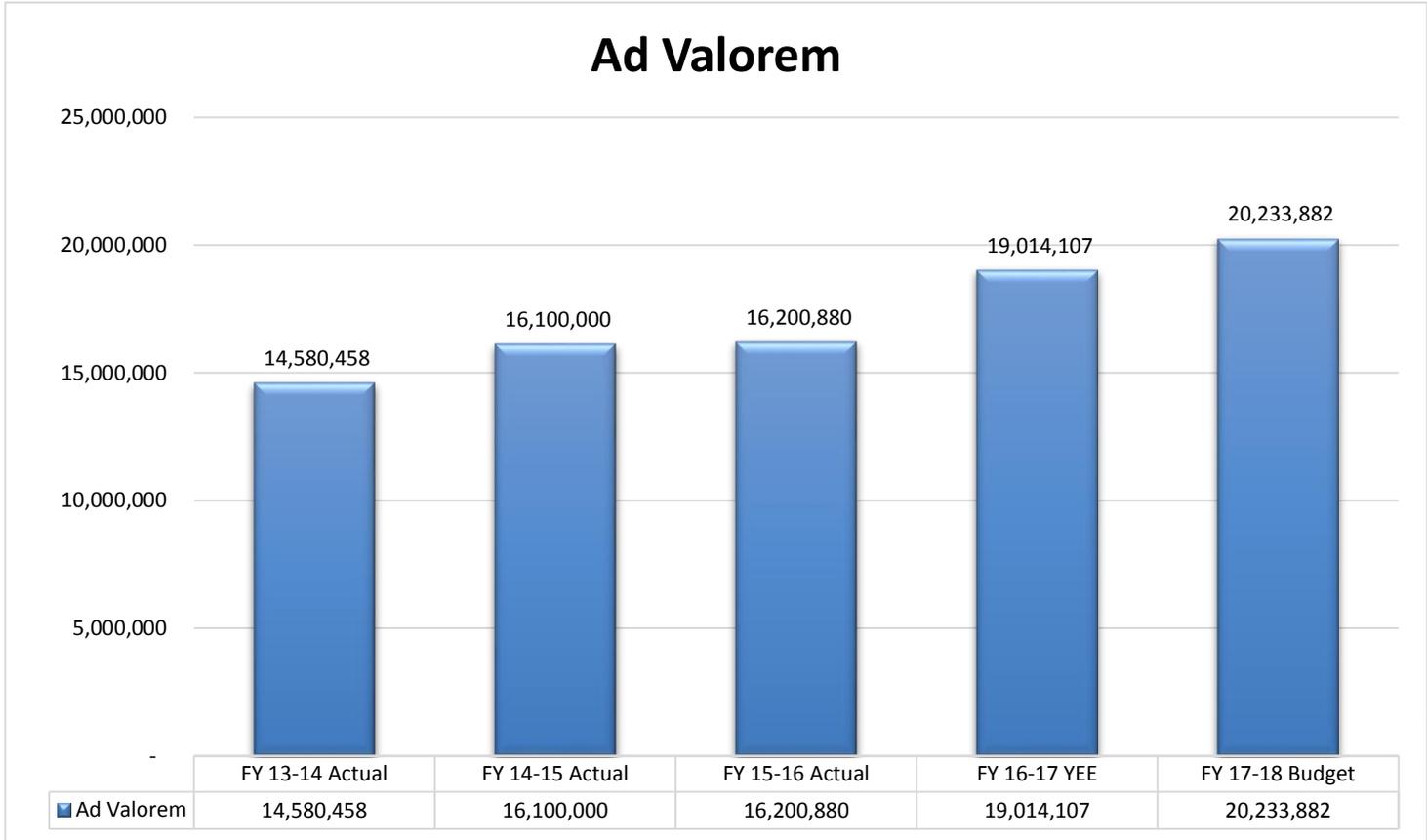
Rents and Royalties

Physical Environment

General Sales & Use Tax

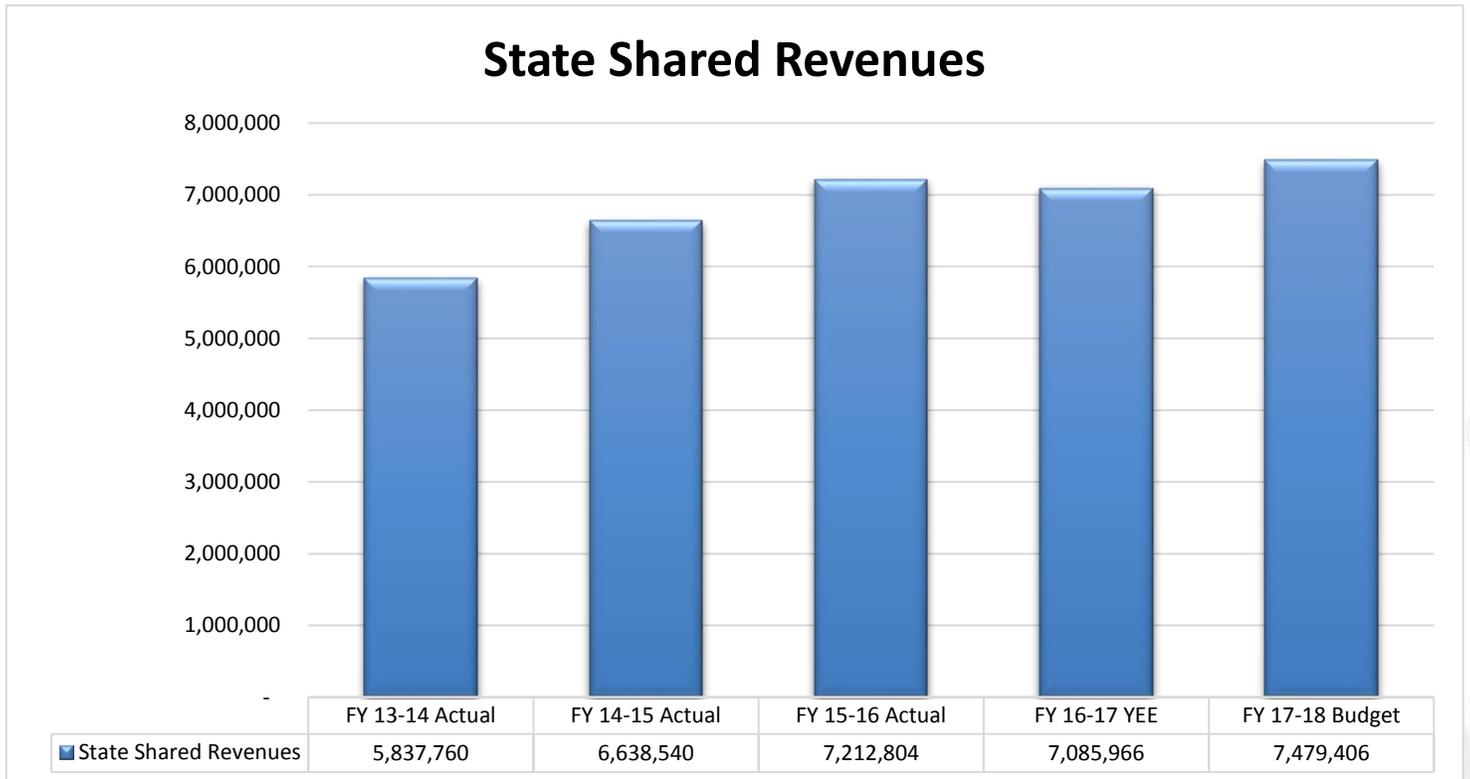
Culture & Recreation

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 2017/18 is 7.5000. The adopted rate for the past two years has been 7.5000. The year-end estimate for FY16-17 is \$19,014,107. Ad Valorem tax revenue for FY17-18 is budgeted at \$20,233,882, which demonstrates a slight increase.

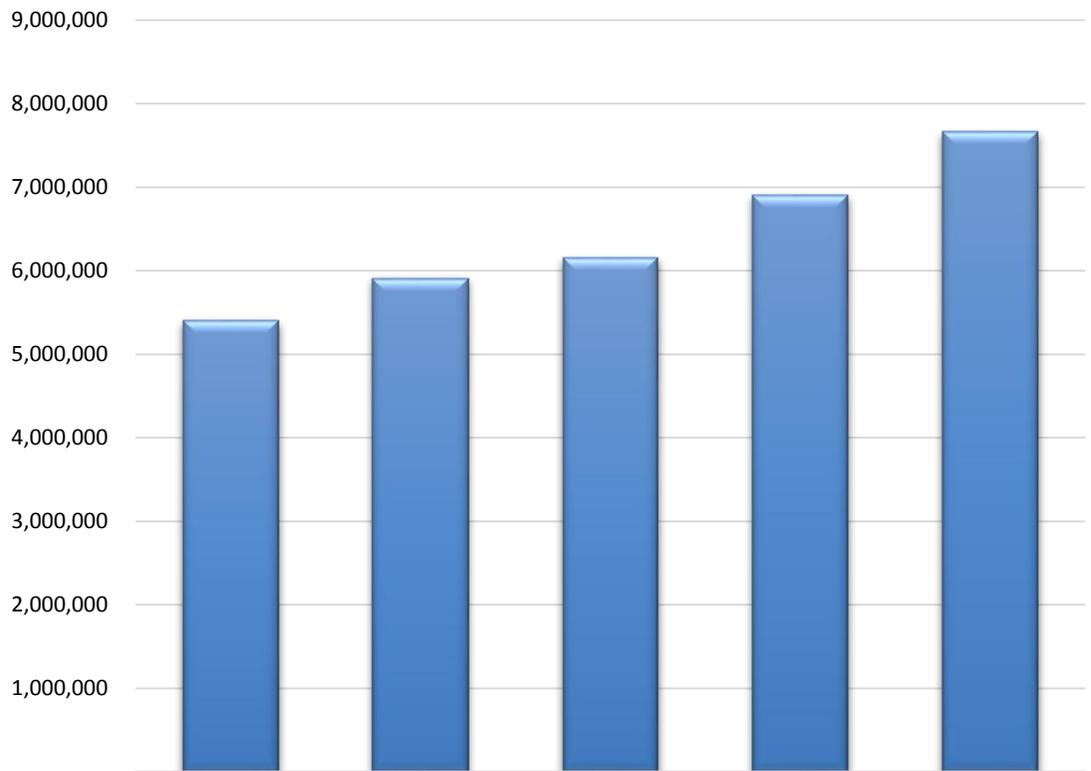
State Shared Revenue



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 FY17-18 is forecasted at \$7,479,406. FY16-17 is estimated at \$7,085,966. This is a slight upward trend.

Contributions from Enterprise Operations

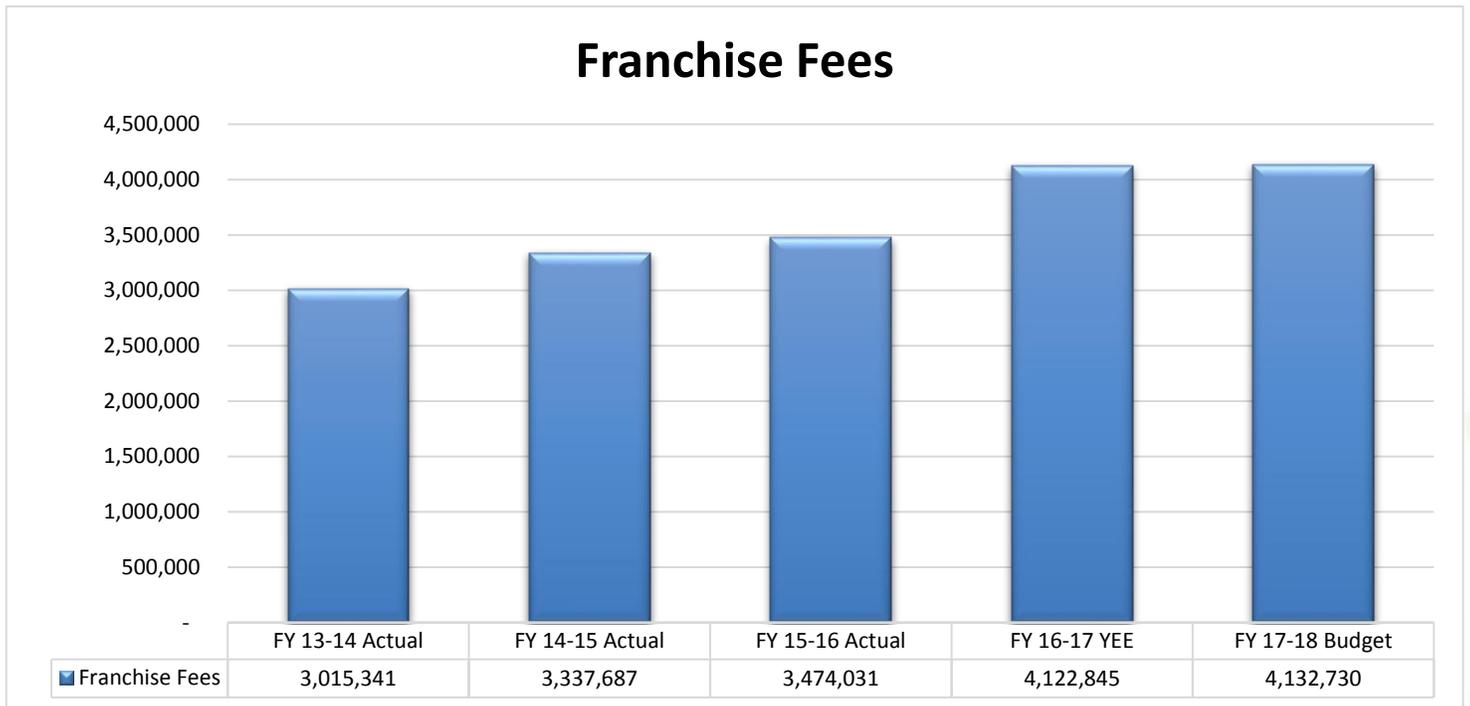
Contributions from Enterprise Operations



	FY 13-14 Actual	FY 14-15 Actual	FY 15-16 Actual	FY 16-17 YEE	FY 17-18 Budget
Contributions from Enterprise Operations	5,399,187	5,905,239	6,151,932	6,904,138	7,662,709

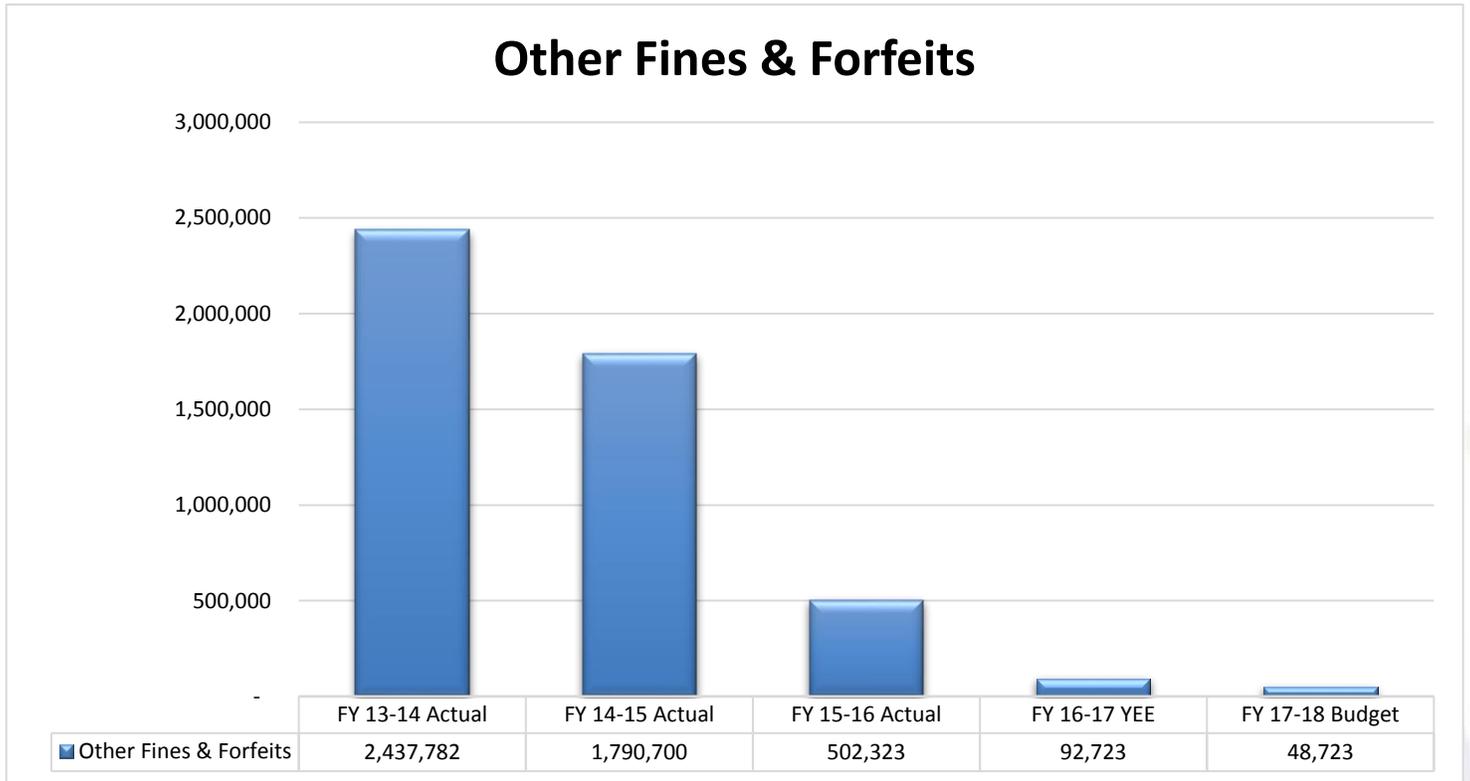
Enterprise funds are used and reported as business-type activities in the government wide financial statements. The City uses enterprise funds to account for its Water and Sewer and Stormwater operations. Solid waste is no longer included. Revenue from enterprise funds for FY 17-18 is forecasted at \$7,662,709. Revenue from FY16-17 is estimated at \$6,904,138.

Franchise Fees



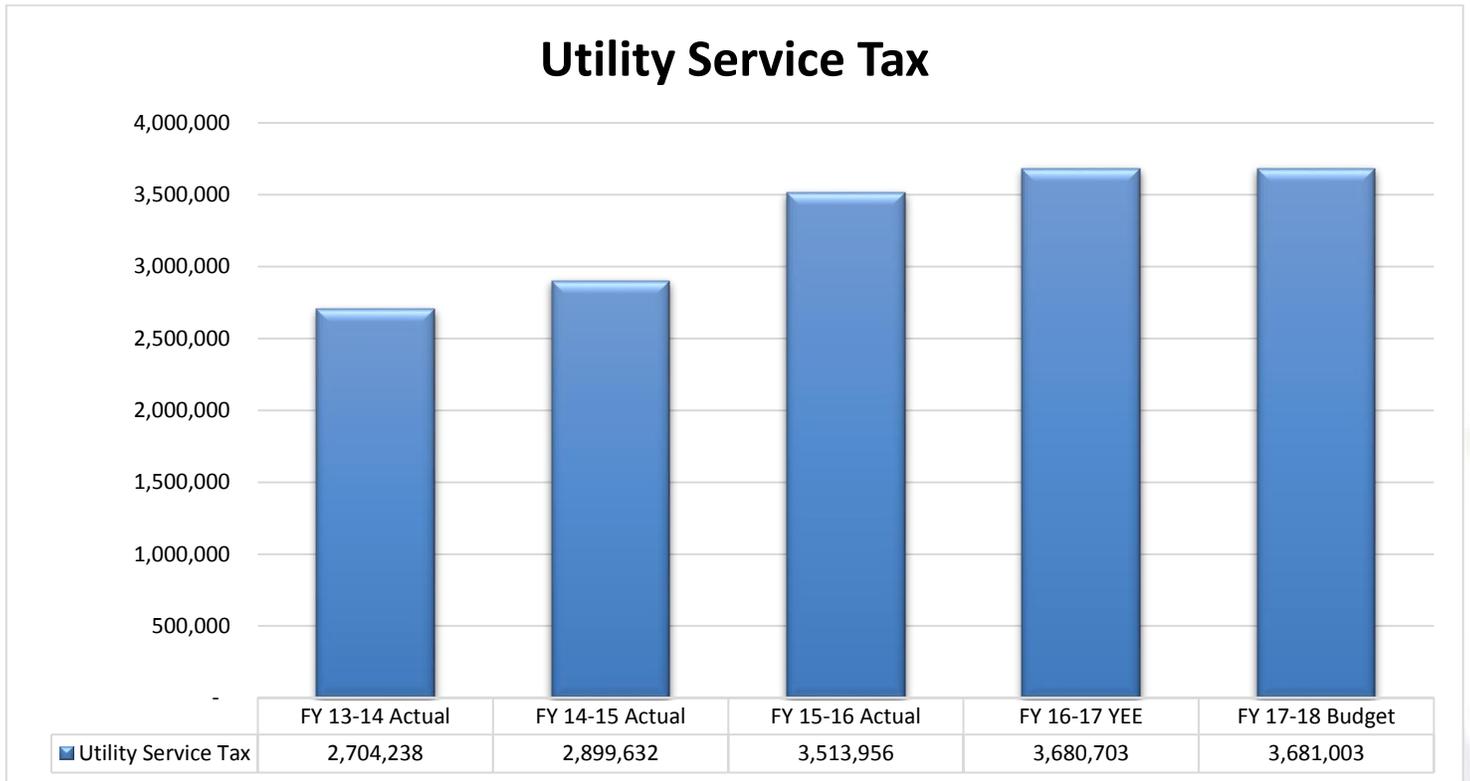
Franchise fees (or taxes) are payments received from electric, gas, telephone, and cable providers within city limits. Payments are made in exchange for each provider's use of public right-of-way to conduct their business within the City. This revenue source started rising in FY13-14 at \$3,015,341, and will continue to rise in FY17-18 with a budgeted amount of \$4,132,730.

Other Fines and Forfeits



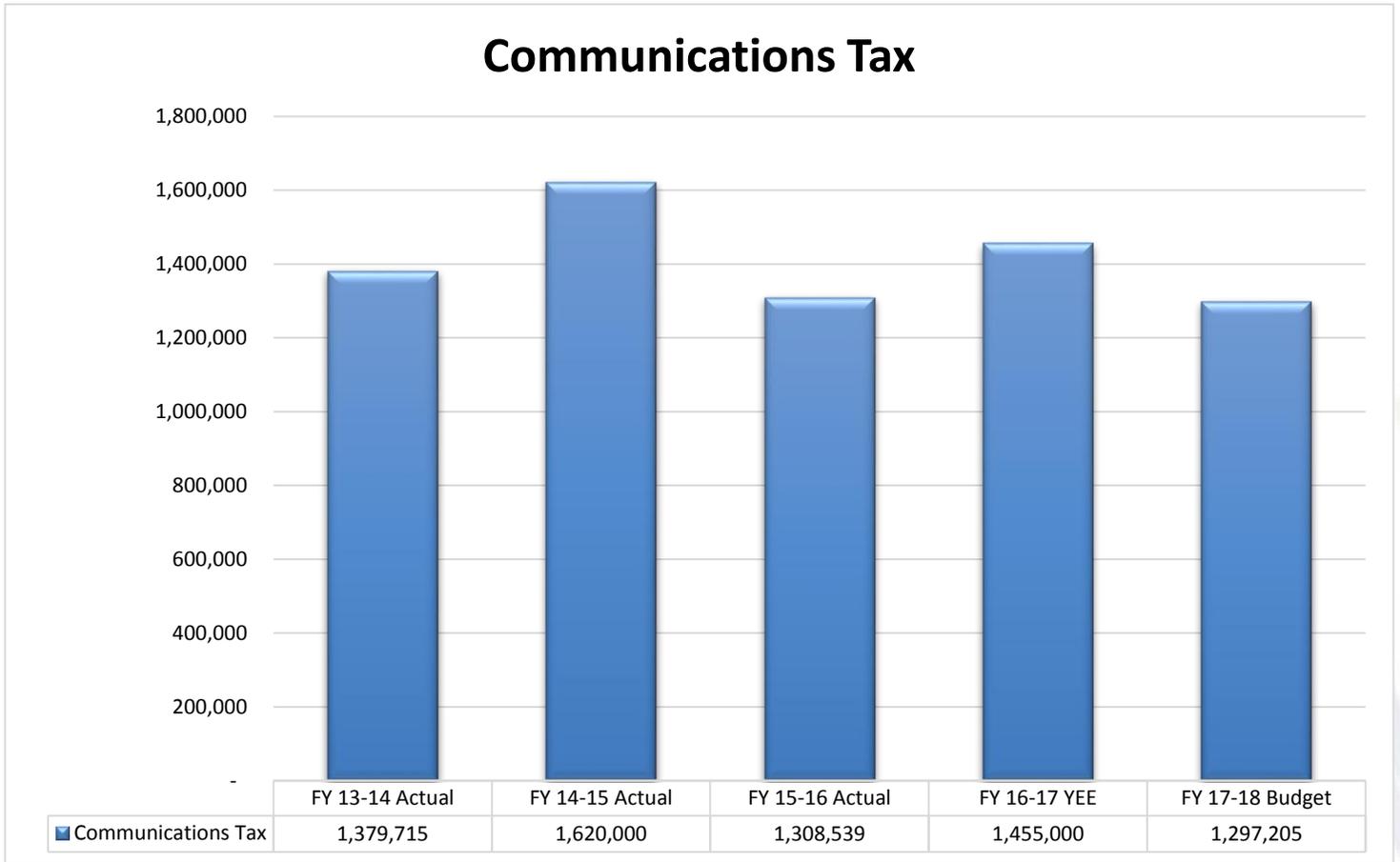
Revenue collected from fines and liens include payments from school crossing guard and parking tickets. This was once a major revenue source but is no longer considered one due to the removal of red light cameras. Revenue for FY16-17 is estimated at \$92,723. FY17-18 is forecasted for a major decrease at \$48,723. This drastic change is due to the elimination of red light camera revenue as mentioned above.

Utility Service Tax



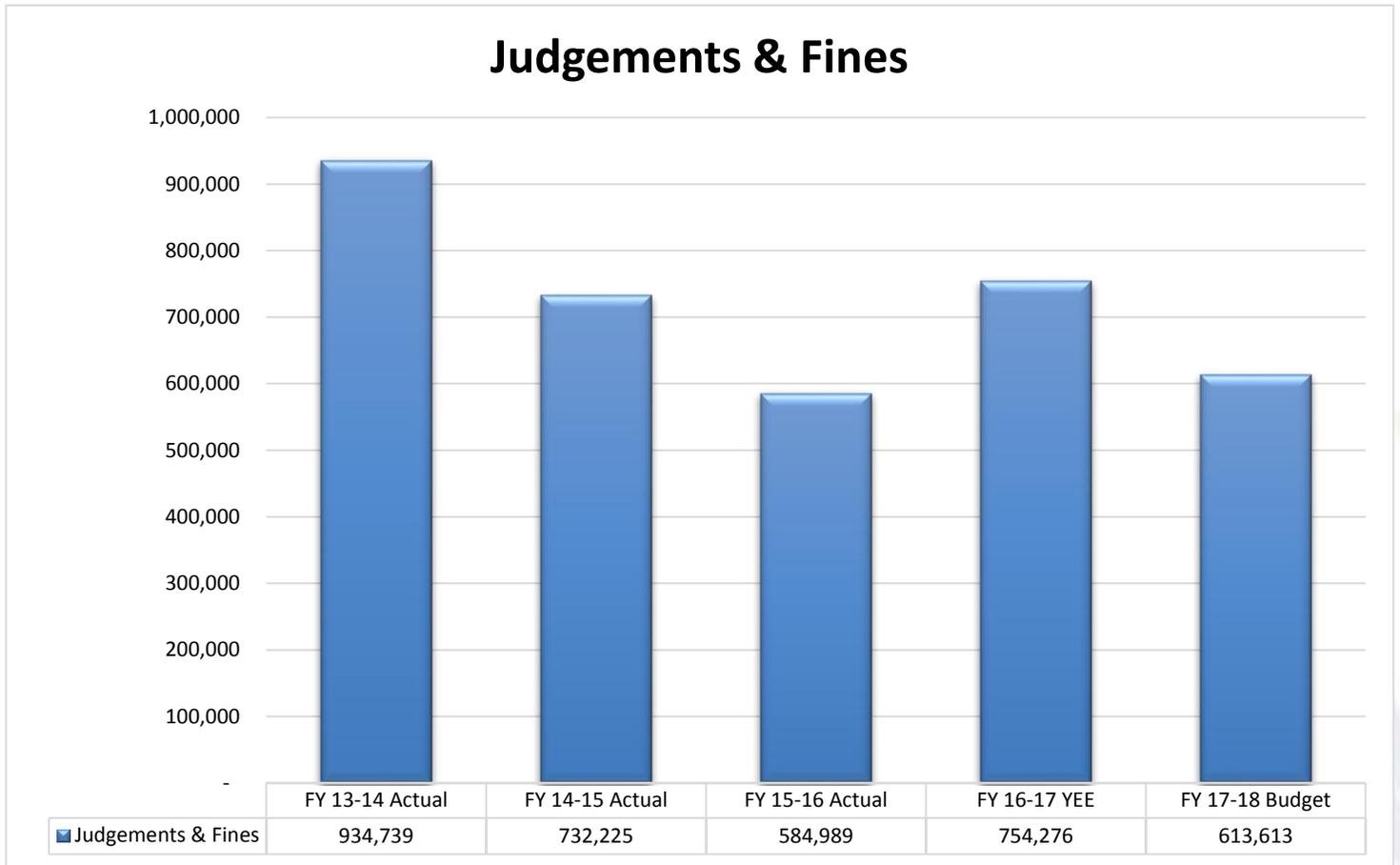
A Utility Service Tax or Public Service Tax is levied on the purchase of electricity. It is derived from taxes on fuel oil, natural gas, and FP&L. Revenue for FY17-18 is forecasted at \$3,681,003, which is a slight increase from FY16-17 projected year-end estimate of \$3,680,703.

Communications Tax



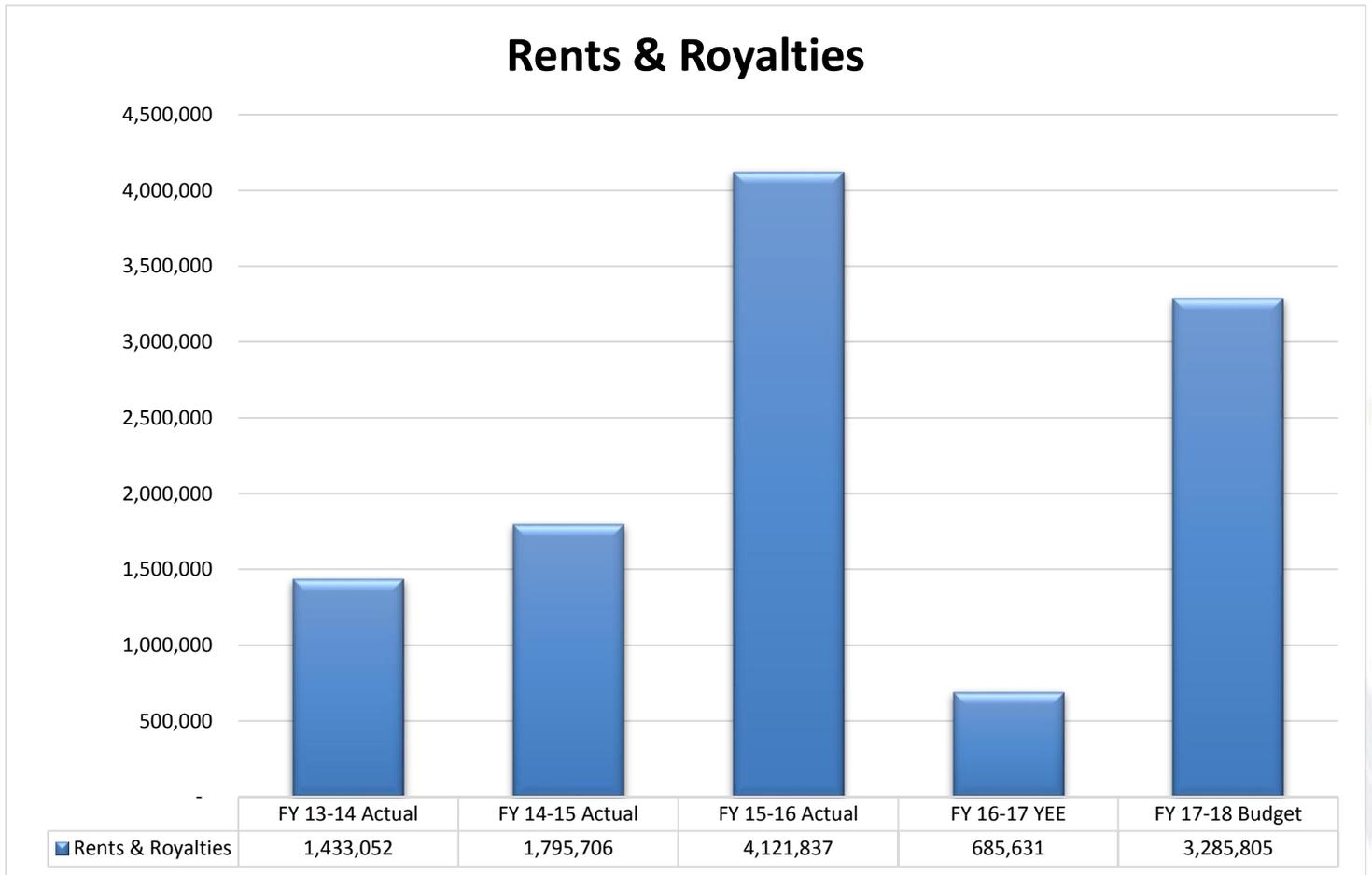
Communication services tax applies to telecommunication, video, direct-to-home satellite, and related communications services. Revenue for FY 17-18 is forecasted at \$1,297,205. This is a slight decrease from FY16-17 projection of \$1,455,000.

Judgements and Fines



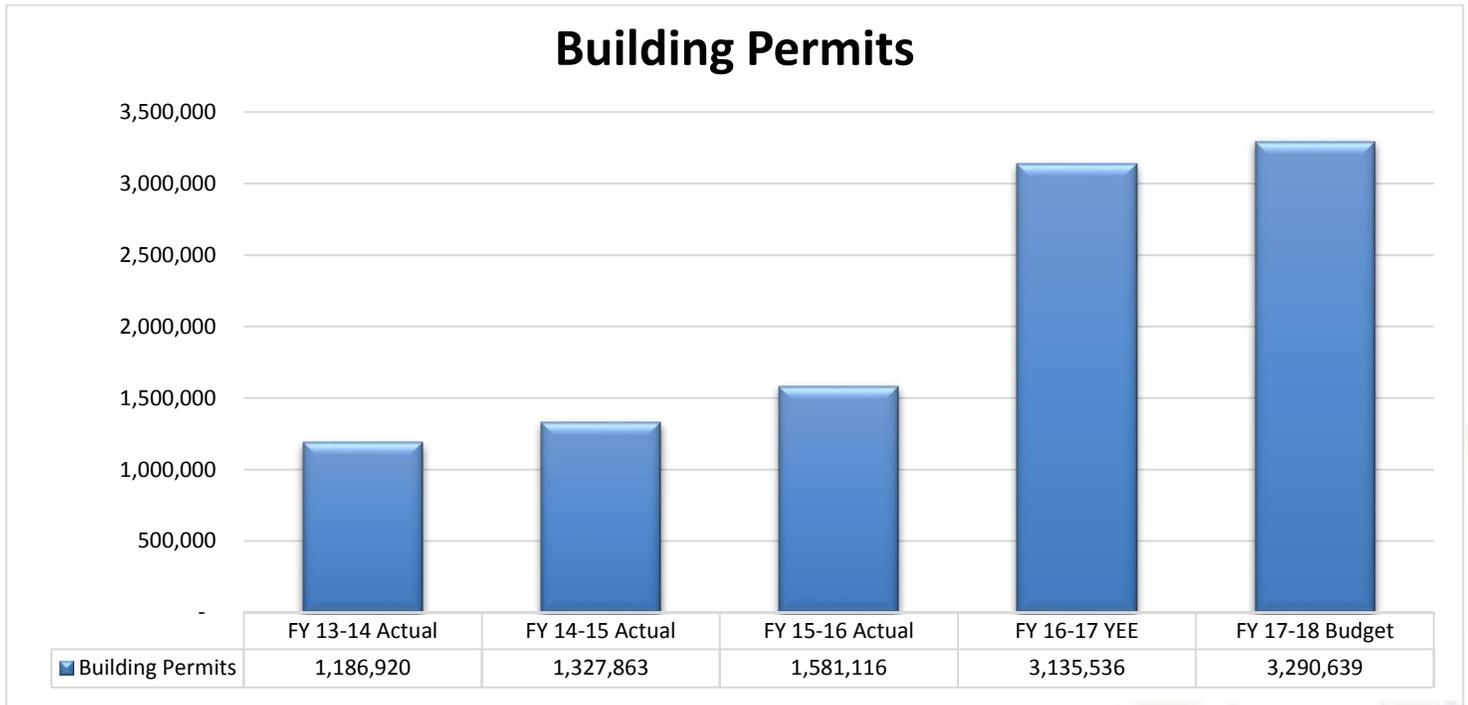
This revenue category includes fines from metro court, code enforcement, special magistrate, and permit penalties. Revenue for FY17-18 is forecasted at \$613,613; a 19% decrease from FY16-17 projected revenue of \$754,276.

Rents and Royalties



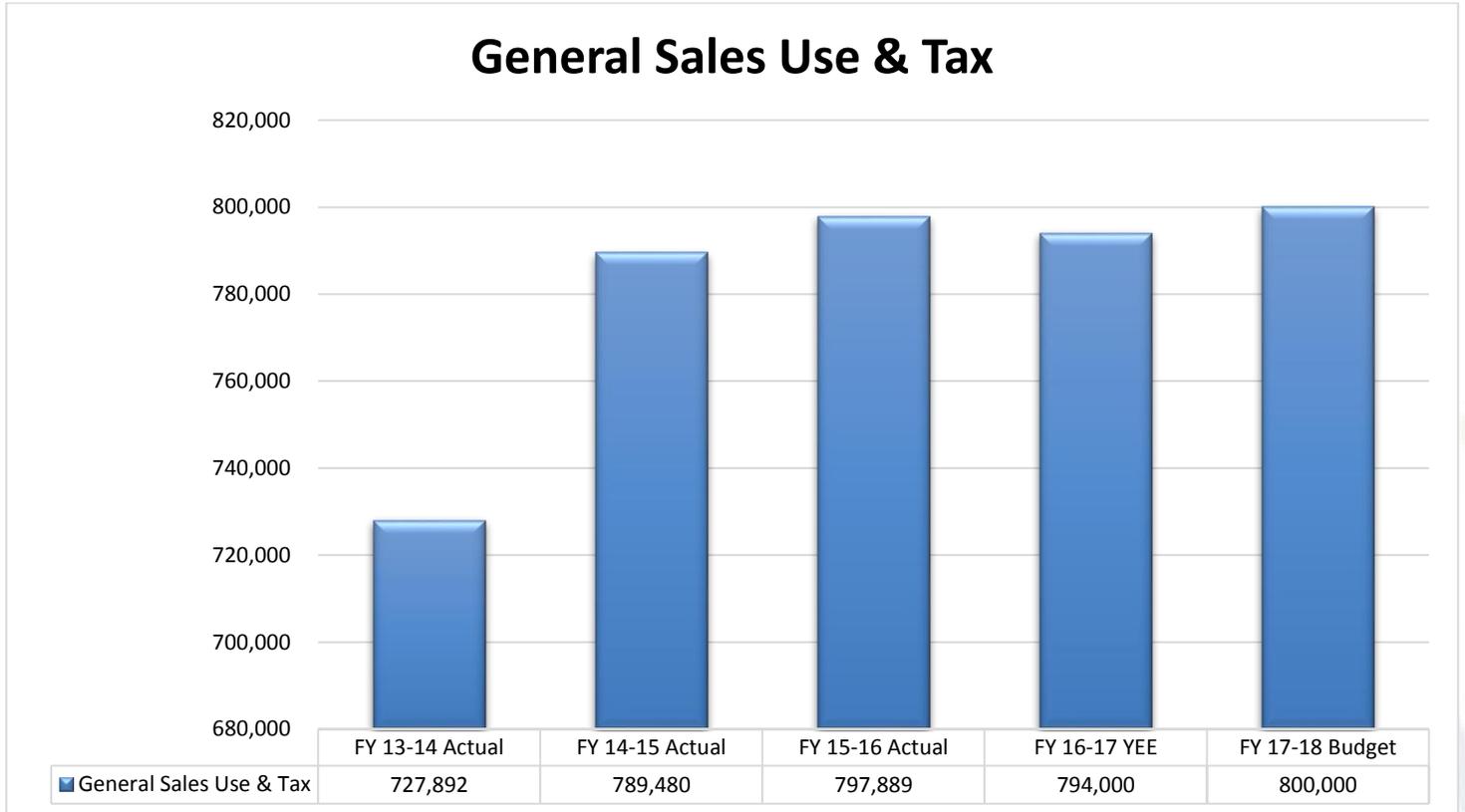
This revenue source includes rents and royalties from City Council approved leases and other agreements. Examples of these agreements include Bellsouth mobility lease, Biscayne Landing lease, and rental revenue from the library. Revenue for FY17-18 is expected to increase to 3,285,805 from FY16-17 year end estimate of \$685,631.

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 FY18 are forecasted at \$3,290,639 which is a slight increase from FY17 estimated budget of \$3,135,536. The last two years saw an increase due to the insourcing of the building department and increased construction activity.

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 increase from FY17 estimated revenue of \$794,000 to \$800,000.