

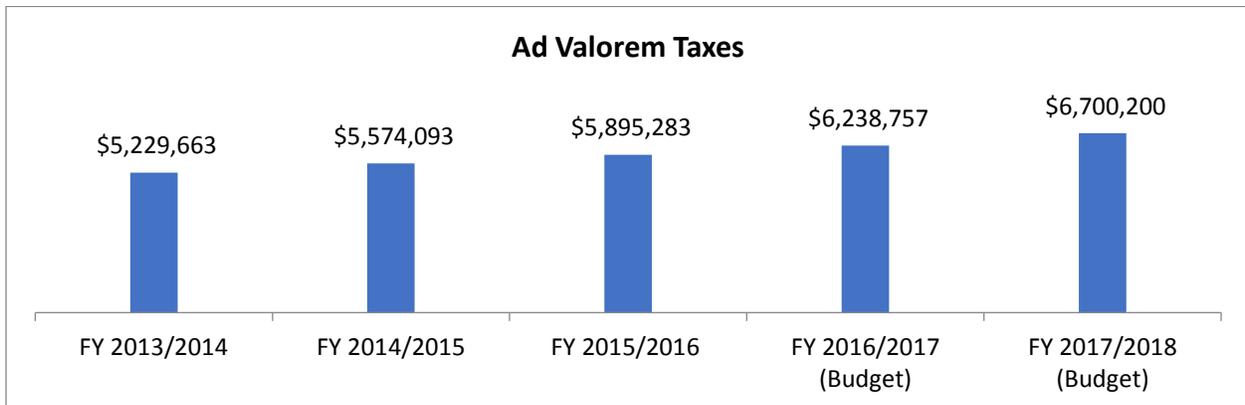
General Fund, the City’s primary operating fund, containing all financial resources of the general government except those required to be accounted for in another fund.

Ad-Valorem (Property) Tax

The City’s largest revenue source at 58.2% of General Fund revenues, the ad valorem tax is budgeted at \$6,700,200—approximately 6.89% more than FY 2016/2017. This increase is derived mainly from increasing property values and is based on the gross taxable value assessment certified by the Brevard County Property Appraiser. The property appraiser also collects the ad valorem taxes for the City.

After the Property Appraiser certifies the gross taxable value, the ad valorem tax amount is calculated by multiplying the City’s gross taxable value by the millage rate set by the City Council. This makes budgeting for ad valorem tax revenue very precise. The budget uses the millage rate of 8.1518 mills and 97% of the total ad valorem revenue. (The maximum millage rate allowed by State law is 10 mills.) The City receives a large portion of its ad valorem revenues from November through March, as the tax bills go out in November and become due on March 31.

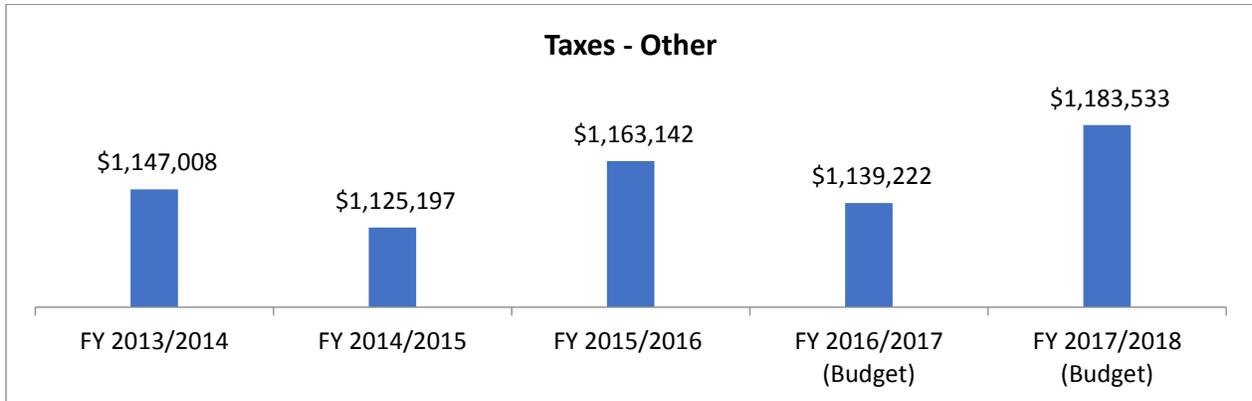
As indicated above, ad valorem revenue is heavily affected by property values. Based on market indicators for Satellite Beach properties, the City predicts property values will continue to rise gradually over the next several years.



Other Taxes

Other taxes, such as the Local Option Gas Tax and the Communications Service Tax, make up 10.3% of General Fund revenues. The City’s second-largest revenue source, these taxes are budgeted at \$1,183,533, and also include Insurance Premium Tax and Local Business Tax. The State collects the Local Option Gas Tax and the Communications Service Tax and in turn distributes those collections to local governments, usually in the month following collection. Based on the economy and trend analysis, the state provides annual estimates on the Local Option Gas Tax and the Communications Service Tax for budgeting purposes. The revenues from

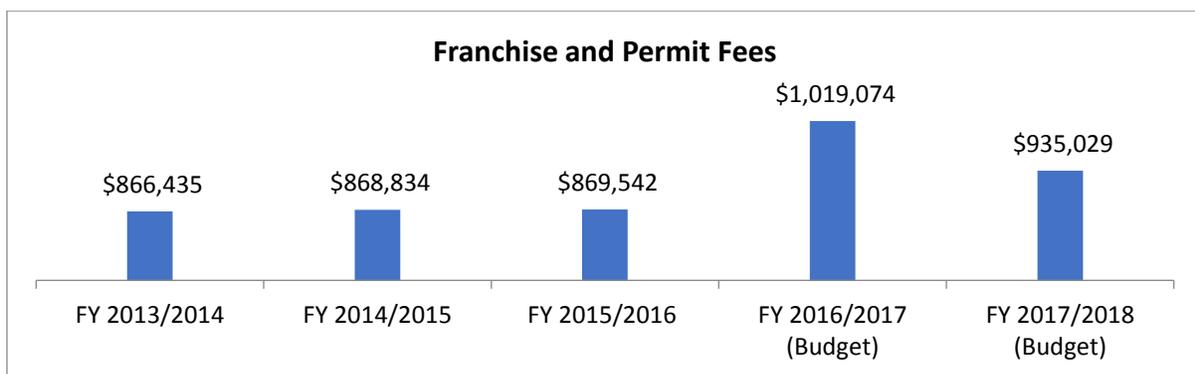
other taxes have remained consistent from year to year and are expected to remain consistent into the future.



Franchise and Permit Fees

The City receives franchise fees from solid waste, electricity, and natural gas providers within the City. Budgeted at \$935,029, these fees represent 8.2% of General Fund revenues. A consistent revenue stream for the City, franchise fees are contingent upon the terms of franchise agreements, which include automatic fee increases over the long-term. The other component of this revenue category is permit fees for building, fire, and alarm permits.

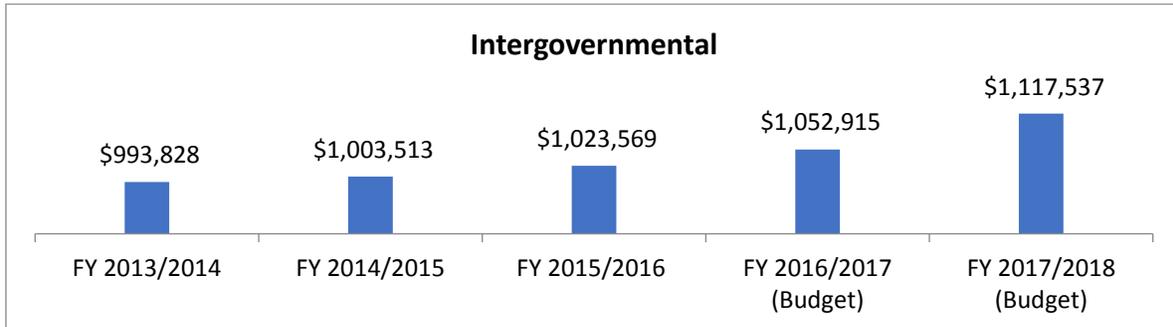
The City has experienced an increase in building permit revenues over the past two years. In FY 2016/2017 new construction began in the City, therefore we saw an increase in building permit revenue. As we continue to budget on the conservative side it is anticipated to receive more revenue in FY 2017/2018 for construction.



Intergovernmental (Revenue Sharing)

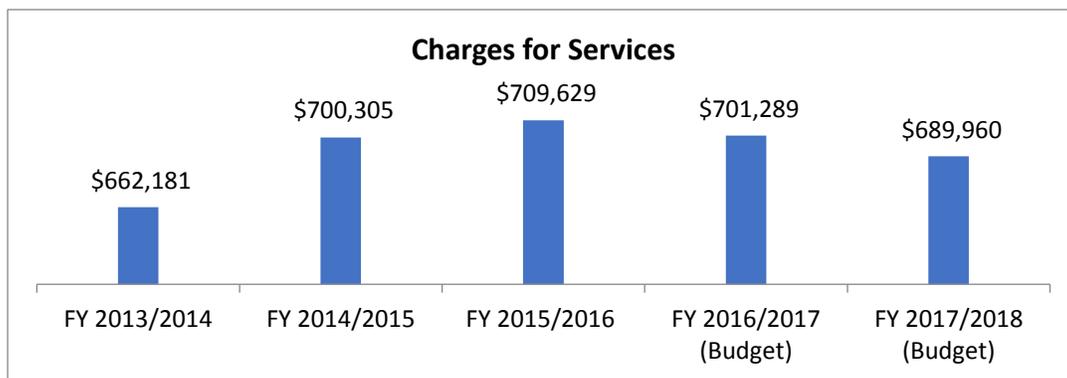
The City receives revenue from the State of Florida under the Florida Revenue Sharing Act of 1972, which allows a portion of monies collected by the State to be returned to counties and municipalities. The City also accounts for various other intergovernmental revenues within this

category. The Intergovernmental revenues represent 9.7% of General Fund Revenues. Based on the economy and trend analysis, the state provides annual estimates on the State Revenue Sharing for budgeting purposes. The revenue from revenue sharing has typically increased on average of about \$12,000 from year to year and is expected to increase in the same manner in FY 2017/2018.



Charges for Services

The City charges user fees for certain activities and services it provides to the community. Budgeted at \$689,960 they are 6.06% of General Fund revenues. Fees generated by fire inspections fund the City’s part-time Fire Inspector. Fees for recreation programs provide 75% of the Recreation Department’s operating budget.



Fines and Forfeits

These revenues are generated by certain regulatory-enforcement fines, such as parking tickets and traffic citations. While some fines are budgeted as revenues, code-enforcement fines are not, as they are too sporadic to predict. Fines and Forfeits are budgeted at \$44,620 (0.39% of General Fund revenues).

Miscellaneous

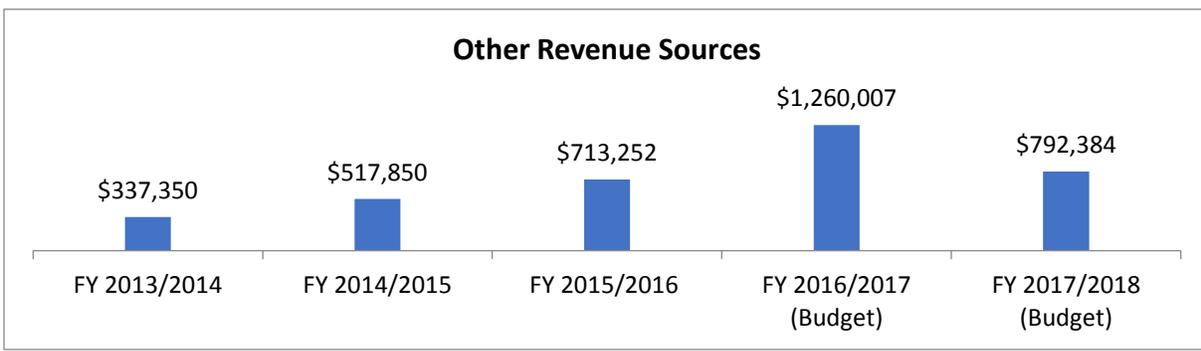
Revenues that do not fit into other categories are accounted for in Miscellaneous. These revenues typically cannot be predicted and represent a very small portion of General Fund revenues. Examples of miscellaneous revenues are contributions, donations, insurance proceeds, and miscellaneous grants. Budgeted at \$44,117, they represent 0.39% of General Fund revenues.

Other Revenue Sources

Other Revenue Sources include revenues transferred from General Fund reserves (Fund Balance), as well as inter-fund transfers from other funds to reimburse the General Fund. These revenues vary from year to year and depend solely on the fund balances in other Funds and actions taken by Council during the budget process. Budgeted at \$792,384, these revenues represent 6.9% of General Fund revenues.

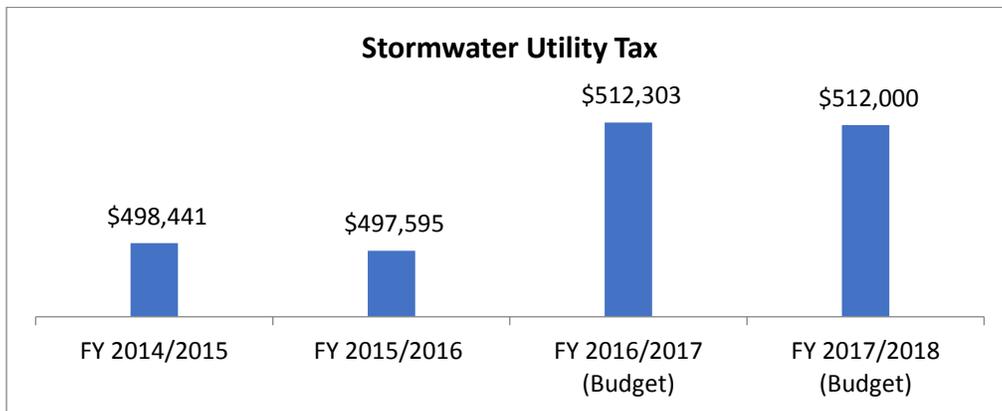
In FY 2016/2017, the large increase in Other Revenue Sources is a result of the City utilizing \$493,451 from the Unrestricted Fund Balance to purchase three contiguous properties for the purpose of stormwater retention and treatment for the Jackson Ave and DRS Community Center basin.

In FY 2017/2018, the Community Redevelopment Agency is returning a portion of unspent tax dollars back to the City in the amount of \$259,506 in accordance with Florida Statutes. The return of taxes back to the City represents the funds remaining of the numerous other major capital improvements projects scheduled to be constructed in the FY 2017/2018 Capital Assets Fund.



Stormwater Utility Fund (“Stormwater Fund”): With revenues obtained from the stormwater utility fee (an annual assessment on each property in the City at \$104 per single family home, less for multi-family residences, and varying rates for commercial properties depending on size), this fund is used only for stormwater-drainage system improvements and maintenance.

Pursuant to the provisions of F.S. § 403.0893, a stormwater utility fee was created and imposed on all real property located within the stormwater management system benefit area for services and facilities provided by the city's stormwater management program. Such stormwater utility fee shall constitute a non-ad valorem assessment, pursuant to the provisions of F.S. § 403.0893. Annual stormwater utility assessments are collected and enforced in the same manner that ad valorem taxes are collected and enforced. These taxes are expected to remain consistent until the utility fee is adjusted at a later date.



Capital Assets Fund: With revenues obtained from the 10% utility tax on our residents' use of electricity and natural gas (including bottled gas and propane), this fund is used only for capital expenditures or expenditures that replace a capital need (i.e., capital items which cost at least \$2,000 and have a life expectancy of three years).

Utility Tax

The City levies a 10% tax on each and every purchase of electricity, metered natural gas, liquefied petroleum gas (either metered or bottled), and manufactured gas (either metered or bottled).

