

FIVE-YEAR FINANCIAL OUTLOOK

The FY 2024-25 Proposed Budget continues the practice of relying, primarily, on recurring revenues to support day-to-day operations. Through our deliberate planning and allocation of resources over the years, we are able to assess future revenue and expenditure trends in order to prioritize funding to meet our community's basic needs.

This Five-Year Financial Outlook reflects the stabilization from the resurgence of economically driven revenues since the beginning of the pandemic. Miami-Dade County has realized robust property tax revenues in the last few years due to higher than anticipated demand in local real estate that has contributed to Miami-Dade County being one of the premiere destinations to live and visit. This five-year financial outlook reflects current service levels and reflects fiscal challenges that will be addressed on an annual basis through the budget development process. This forecast includes a projection for our four County taxing jurisdictions and does not represent a five-year budget; it is a point of departure for future analysis.

The forecast is now balanced throughout the five-year period for both the Fire Rescue and Library Districts. At this time and for purposes of this summary, the Countywide General Fund and UMSA General Fund forecasts are not balanced, beginning in FY 2025-26, due to a conservative approach of projecting recurring revenues which are unable to cover recurring expenditures. There are various factors that contribute to the shortfall, most notably in FY 2025-26, a series of extraordinary transfers above the General Fund Maintenance of Effort (MOE) to the Department of Transportation and Public Works of 3.5 percent (\$95 million), is set to begin. Furthermore, for purposes of this financial outlook, we have contemplated base level of service activities for the implementation and transition of the newly established constitutional elected offices, which are set to take place in January 2025. This five-year outlook does not capture any additional and/or future requests for these new offices; due to the uncertainty of the potential requests, further operational funding gaps are anticipated in the five-year outlook. In FY 2021-22, the Board adopted a Constitutional Officer Reserve to start planning for the eventual fiscal impact related to the voter-approved Amendment 10 to the Florida Constitution. The Office of Management and Budget is spearheading efforts with each of the offices to provide a smooth and transparent transition.

Property Tax-Supported Budgets

Ad valorem revenues have exceeded projections for the past several years as a result of a robust tax roll growth. However, we do not anticipate this rate of growth to continue and therefore have projected an 8.5 percent growth for the Countywide and UMSA taxing jurisdictions in FY 2025-26, 5.5 percent in FY 2026-27, 5 percent thereafter. The Fire Rescue and Library taxing districts are projected to have an 8 percent growth in FY 2025-26, 5.5 percent in FY 2026-27, and 5 percent thereafter. Our assumptions utilize flat millage (tax) rates for the forecast period based on the FY 2024-25 proposed rates.

Projections include moderate growth as detailed in the schedules that follow. Again, this should not be seen as a five-year budget, as many of our assumptions can change quickly based on global economic changes, service demands, natural disasters, and other things we cannot anticipate.

FY 2024-25 Proposed Budget and Multi-Year Capital Plan

Our forecast includes funding for collective bargaining agreements. Other personnel-related costs that have greatly impacted our forecasts are the costs of employee health care and workers' compensation insurance. Over the next few years, we are projecting increases to the rates in order to maintain required reserves in our self-insurance fund.

We have identified \$87.9 million in unmet service needs based on our strategic plan, which are not addressed in this forecast. These unmet needs are detailed within each departmental narrative in Volumes 2 and 3.

Assumptions

Millage Rates

Operating millage rates for all four taxing jurisdictions are kept at the FY 2023-24 Adopted levels.

Tax Roll Growth

The Countywide and UMSA property tax rolls are anticipated to grow 8.5 percent in FY 2025-26; the Fire and Library tax rolls are anticipated to grow 8 percent in FY 2025-26. For the remaining years of the five-year forecast, all four taxing districts are assumed to grow 5.5 percent in FY 2026-27, and 5 percent thereafter.

Inflation

<u>Fiscal Year</u>	<u>Inflation Adjustment</u>
2026	3.0%
2027	3.0%
2028	3.0%
2029	3.0%
2030	3.0%

Service Levels

It is assumed that adopted levels of service will continue, as adjusted for known expansions.

FY 2024-25 Proposed Budget and Multi-Year Capital Plan

Transit Maintenance of Effort (MOE)

The General Fund contributions to the SMART Plan have been adjusted from the FY 2023-24 Adopted Pro Forma. The plan still assumes though, a series of extraordinary transfers above the General Fund Maintenance of Effort (MOE) of 3.5 percent beginning now in FY 2025-26 (\$95 million).

New Facilities

The five-year financial outlook includes future libraries in Key Biscayne and at Chuck Pezoldt Park. Also included is a new Fire Rescue Station 71 in Eureka, Station 72 in Florida City and Station 77 at the Homestead Air Force Base.

Personnel cost growth:

Health insurance and workers' compensation insurance increases reflect necessary adjustments to fund self-insurance expenses and fund reserves.

Emergency Contingency Reserve

It is anticipated the County will reach its target by FY 2028-29.

