FIVE-YEAR FINANCIAL OUTLOOK

The FY 2016-17 Proposed Budget is a sustainable spending plan. We no longer rely upon one-time revenues to support operations and have included targeted enhancements, focusing on the future resilience of our community. In this five-year financial outlook, current service levels, along with planned enhancements including new libraries, fire units, and other facilities are supported, even utilizing conservative revenue estimates for the future. This forecast includes a projection for our four County taxing jurisdictions, as well as selected proprietary functions, including Aviation, Seaport, Solid Waste Management, Water and Sewer, and Transit.

This does not represent a five-year budget, it is a point of departure for future analysis. We have used the best information we have available at this time to project revenues and expenditures for the time period. Just since the last update, we had more than $65 million in unanticipated changes. However, because of our conservative budgeting style, along with our elimination of the use of one-time revenues, we were able to adjust and provide a spending plan for FY 2016-17 that continues our positive direction for service provision. The five-year financial forecast for the four County taxing jurisdictions is balanced and includes contributions to the Countywide Emergency Contingency Reserve.

Property Tax-Supported Budgets

Both ad valorem and total non-ad valorem revenues have been trending higher for the past several years as the economy has turned around. For the past two years, property tax roll growth has been sustained above nine percent. We do not anticipate this rate of growth will continue and have projected 6.5 percent growth in the Countywide and Library System jurisdictions and 5.5 and 5.0 percent growth in the Fire Rescue and UMSA jurisdictions, respectively, over the next five years. Our assumptions utilize flat millage (tax) rates for the forecast period.

While certain non-ad valorem revenues have been impacted by legislative and other unanticipated changes, in total we are projecting continued growth as detailed in the schedules that follow. Taking into account planned new service, our four taxing jurisdictions are balanced over the forecast period. 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, and other things we cannot anticipate. However, given our current projections and achieving our reserve goal in FY 2019-20, service expansion or tax rate reduction may be possible in coming years.

Our forecast assumes the provisions included in our negotiated collective bargaining agreements, but does not assume future cost of living adjustments. Another personnel-related cost that has greatly impacted our forecasts is the cost of employee health care. Over the next few years, we are projecting increases of eight percent in order to maintain required reserves in our self-insurance fund.

We have identified $133 million in unmet service needs, 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 2015-16 Adopted levels.

Tax Roll Growth

The Countywide and Library System property tax rolls are anticipated to grow 6.5 percent a year in FY 2017-18 and 5.5 percent thereafter and the Fire Rescue district and UMSA property tax rolls are anticipated to grow 5.5 and 5.0 percent, respectively.

Inflation*

Fiscal Year	Inflation Adjustment
2018	2.30%
2019	2.40%
2020	2.40%
2021	2.40%

*Source: Congressional Budget Office

Incorporations and Annexations

The forecast does not assume any adjustments due to incorporations or annexations. However, as a number of these actions are anticipated to be considered by the Board in the near future, we will be updating our impact analysis and include that in the forecast included in our final adopted budget document.

Service Levels

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

Transit Maintenance of Effort (MOE)

The General Fund subsidy to the Department of Transportation and Public Works to support public transit has been increased by 5.8 percent above FY 2015-16. This subsidy will continue to increase above the 3.5 percent MOE requirement in order to fund debt service requirements for system maintenance and expansion.

New Facilities

The five year forecast anticipates the opening of a new library at Town of Bay Harbor, and future openings of the Doral, Hialeah Gardens and Killian libraries, and the deployment of a new Fire Rescue Unit in the North Miami Area in FY 2016-17 and a new Suppression Unit in FY 2017-18.

Personnel cost growth:

Elements of negotiated collective bargaining agreements have been included in the forecast, but future cost of living adjustments have not been projected. Health insurance cost reflects increases necessary to fund self-insurance fund reserves

Emergency Contingency Reserve

Planned transfers to the Countywide Emergency Contingency Reserve will allow the County to reach its target of $100 million in FY 2019-20.