

FIVE-YEAR FINANCIAL OUTLOOK

The FY 2019-20 Adopted Budget continues our practice of relying solely on recurring revenues to support day-to-day operations and includes targeted enhancements in various critical areas including public safety, parks and recreation activities and public infrastructure needs - all areas critical to the future resilience of our community. We continue to experience a strong economy, which helps to mitigate the loss of the franchise payment from Florida Power and Light beginning in FY 2019-20 (\$28 million in the unincorporated municipal service area (UMSA)).

This five-year financial outlook reflects current service levels, along with targeted future enhancements including new libraries and fire units. However, with the \$28 million franchise revenue loss, the first availability payment for the Civil Courthouse of \$25 million beginning in FY 2023-24 and the annualization of enhancements, the forecast is not balanced, beginning in FY 2020-21. This fiscal challenge will be addressed on an annual basis through the budget development process.

This does not represent a five-year budget; it is a point of departure for future analysis. 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. We have used the best information we have available at this time to project revenues and expenditures for the time period. We will also be facing decisions regarding the funding of municipal services provided in UMSA as we develop future budgets, as municipal boundary changes and the implementation of newly elected offices occur.

Property Tax-Supported Budgets

Ad valorem revenues have exceeded projections for the past several years as a result of robust tax roll growth. However, we do not anticipate this rate of growth to continue and therefore have projected 5.5 percent growth for FY 2020-21, 4.5 percent for FY 2021-22 in the Countywide and Library System property tax rolls and 5 percent thereafter. In the Fire Rescue District, we are projecting 4.5 percent growth for FY 2020-21 and 4 percent thereafter. For UMSA, property tax roll growth of 4 percent is projected for FY 2020-21 and 3.5 percent thereafter. Our assumptions utilize flat millage (tax) rates for the forecast period.

We are projecting moderate growth in non-ad valorem revenues as detailed in the schedules that follow. These projections do not take into account the impact of incorporation or annexation of any of UMSA. While changes in municipal boundaries impact direct service levels and revenues in UMSA, depending on the magnitude of the change, overhead expense for staff that cannot be eliminated will be transferred to the Countywide budget, putting further pressure on that budget. This also applies to the impacts associated with the implementation of Amendment 10 to Florida Constitution, taking effect January 2025 requiring reorganization of sheriff, tax collector and elections functions. 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.

FY 2019-20 Adopted 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 of eight and ten percent in each in order to maintain required reserves in our self-insurance fund.

We have identified \$98.01 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 2018-19 Adopted levels.

Tax Roll Growth

The Countywide and Library System property tax rolls are anticipated to grow 5.5 percent in FY 2020-21, 5 percent in FY 2021-22, and 4.5 percent thereafter. The Fire Rescue District tax roll is projected at 4.5 percent in FY 2020-21 and 4 percent thereafter. For UMSA, the tax roll is anticipated to grow 4 percent in FY 2020-21 and 3.5 percent thereafter.

Inflation*

| <u>Fiscal Year</u> | <u>Inflation Adjustment</u> |
|--------------------|-----------------------------|
| 2021 | 2.5% |
| 2022 | 2.5% |
| 2023 | 2.4% |
| 2024 | 2.3% |
| 2025 | 2.3% |

*Source: Congressional Budget Office

Service Levels

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

Transit Maintenance of Effort (MOE)

The General Fund subsidy for the next five years has been adjusted from the December 2018 Pro-Forma. The plan assumes a series of extraordinary adjustments above the General Fund Maintenance of Effort (MOE) of 3.5 percent beginning in FY 2020-21 (\$113.773 million over five years) to support existing Transit operations and People's Transportation Plan activities.

FY 2019-20 Adopted Budget and Multi-Year Capital Plan

New Facilities

The five-year financial outlook includes future libraries in Doral, Hialeah Gardens, Killian and at the Chuck Pezoldt Park. Also included are one new Aircraft Rescue Firefighting unit, one Fire Suppression unit and one Fire Rescue unit. For FY 2022-23, a new Fire Rescue Station near the planned American Dream Mall (station number 79) will be open.

Personnel cost growth:

Funding for bargaining agreements have been included in the forecast. Health insurance and workers' compensation insurance increases reflect necessary adjustments to fund self-insurance fund reserves.

Emergency Contingency Reserve

It is anticipated the County will reach its target by FY 2024-25.

