

FIVE-YEAR FINANCIAL OUTLOOK

The FY 2025-26 Adopted Budget continues the practice of relying, primarily, on recurring revenues to support day-to-day operations. The Five-Year Financial Outlook is a tool used to assess future financial conditions and to identify areas of concern that may require special attention. 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.

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. Despite the increase, the real estate market appears to be stabilizing. 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 2026-27, due to a conservative approach of projecting recurring revenues which are unable to cover recurring expenditures. Furthermore, for purposes of this financial outlook, as a result of the voter-approved Amendment 10 to the Florida Constitution, we have contemplated a base level of service activities for the implementation and transition of the newly established constitutional elected offices, which began January 7, 2025. This five-year outlook does not capture any additional and/or future requests for these new offices other than regular growth based on historical expenditure trends. Notwithstanding the impact of the newly established constitutional offices, it is important to note that there are numerous factors that contribute to the shortfall, most notably in FY 2026-27, there are substantial anticipated impacts from enacted legislation at the State level, an uncertainty with federal funding, increases to healthcare costs, and a steady decline in other revenues which exacerbates the forecast. In addition, not contemplated in the five-year forecast, is the potential contribution of general fund to the Environmentally Endangered Lands Program which by the end of FY 2025-26 will have exhausted its allocation of Miami-Dade Rescue Plan Funds that were allocated in FY 2023-24.

Property Tax-Supported Budgets

Over the past several years the growth of Ad Valorem Revenues has exceeded projections as a result of a robust tax roll growth. For purposes of this Five-Year Financial Outlook, the rate of growth we have projected mirrors the stabilization of the tax roll to continue and therefore have projected an 7.0 percent growth for the Countywide, UMSA, Library and Fire taxing jurisdictions in FY 2026-27, and 5.5 percent in FY 2027-28, and 5 percent thereafter. Our assumptions utilize flat millage (tax) rates for the forecast period based on the FY 2025-26 adopted rates.

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Another significant limitation on fully realizing the benefits of the County's ad valorem growth is the increasing financial obligation tied to the Tax Increment Financing (TIF) payments to the 15 Community Redevelopment Agencies (CRA). Over time, these payments have grown considerably, closely tracking the rise in property values within CRA boundaries. While CRAs serve an important purpose in revitalizing needed communities, the resulting diversion of revenue limits the County's capacity to reinvest that growth into essential countywide priorities and services. These projections do not account for the creation of new CRAs, expansion of existing boundaries, or extensions of sunset dates.

Revenue and expenditure 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.

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 \$61.684 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 2024-25 Adopted levels.

Tax Roll Growth

The Countywide, UMSA, Library and Fire property tax rolls are anticipated to grow 7.0 percent in FY 2026-27; a growth of 5.5 percent in FY 2027-28 and 5 percent thereafter for the remainder of the five-year forecast.

Inflation

<u>Fiscal Year</u>	<u>Inflation Adjustment</u>
2027	3.0%
2028	3.0%
2029	3.0%
2030	3.0%
2031	3.0%

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Service Levels

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

General Fund Contribution (Department of Transit and Public Works)

The General Fund contributions to the SMART Plan have been adjusted from the FY 2024-25 Adopted Pro Forma. The plan still assumes though, a series of transfers above the General Fund contribution of 4.3 percent beginning in FY 2026-27 (\$100 million).

New Facilities

The five-year financial outlook includes future libraries at Chuck Pezoldt Park and in Key Biscayne. Also included is a new Fire Rescue Station 71 in Eureka, Station 72 in Florida City, Station 77 at the Homestead Air Force Base and Station 87 in Doral.

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.

