



City of North Miami Beach, Florida

MEMORANDUM

TO: Honorable Mayor and City Commission
FROM: Tarik Rahmani, Chief Financial Officer
DATE: February 17, 2026
VIA Darvin Williams, City Manager
Tarik Rahmani, Chief Financial Officer/Interim Deputy City Manager
RE: First Quarter Fiscal Year 2026 Report (Quarter ending December 31, 2025)

I am pleased to present the First Quarter Financial Performance report for Fiscal Year (FY) 2025–2026. This memorandum provides a summary of the City of North Miami Beach’s revenue and expenditure results for the quarter ending December 31, 2025, covering all City funds. The report compares year-to-date actual revenues and expenses to the revised FY 2025–2026 Budget (totaling approximately \$256.36 million citywide) and offers context for significant variances. The goal is to keep you informed of our First quarter fiscal status and to explain the key drivers behind our financial performance in a clear and transparent manner. Please note that all figures herein are preliminary, unaudited, and reported on a cash basis of accounting. Meaning that revenues are recognized when they are received and expenses become actuals when paid. Quarter 1 results are subject to timing differences and seasonal patterns, so these variances may not reflect final year-end trends.

During the course of the year, the Finance department will continue to partner with the City Manager’s Office and the department staff to closely monitor changes as they occur to ensure the City’s continued financial stability.

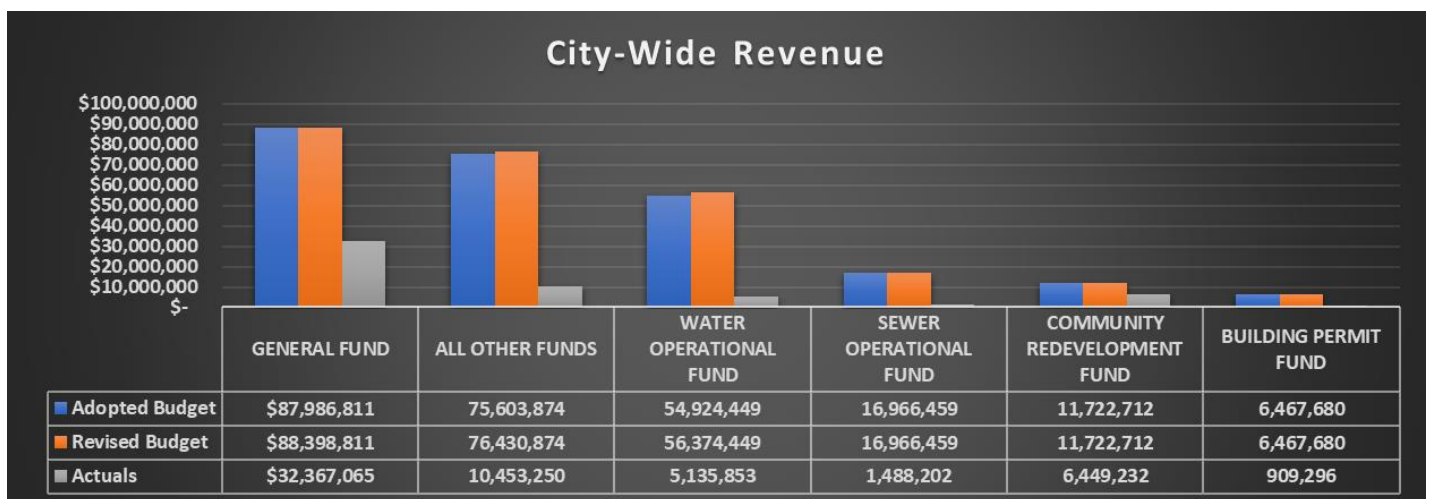
Citywide Financial Summary

As of December 31, 2025, the City of North Miami Beach’s overall financial position is positive. Across all funds, year-to-date expenditures remain at budget or well below budget, outpacing the nominal shortfall in revenues and resulting in a net surplus. In aggregate, the City’s actual revenues through the First quarter are about \$57 million or 22.2% of the revised budget.

Table (1): Q-1 Revenue Status by Major Fund – FY 2025-26 (Through December 31, 2025)

Revenue Source	Adopted Budget	Revised Budget	Actuals	% Budget Collected
GENERAL FUND	\$ 87,986,811	\$ 88,398,811	\$32,367,065	36.6%
ALL OTHER FUNDS (1)	75,603,874	76,430,874	10,453,250	13.7%
WATER OPERATIONAL FUND	54,924,449	56,374,449	5,135,853	9.1%
SEWER OPERATIONAL FUND	16,966,459	16,966,459	1,488,202	8.8%
COMMUNITY REDEVELOPMENT FUND	11,722,712	11,722,712	6,449,232	55.0%
BUILDING PERMIT FUND	6,467,680	6,467,680	909,296	14.1%
CITYWIDE TOTAL	\$253,671,985	\$256,360,985	\$56,802,898	22.2%

(1) See Exhibit A

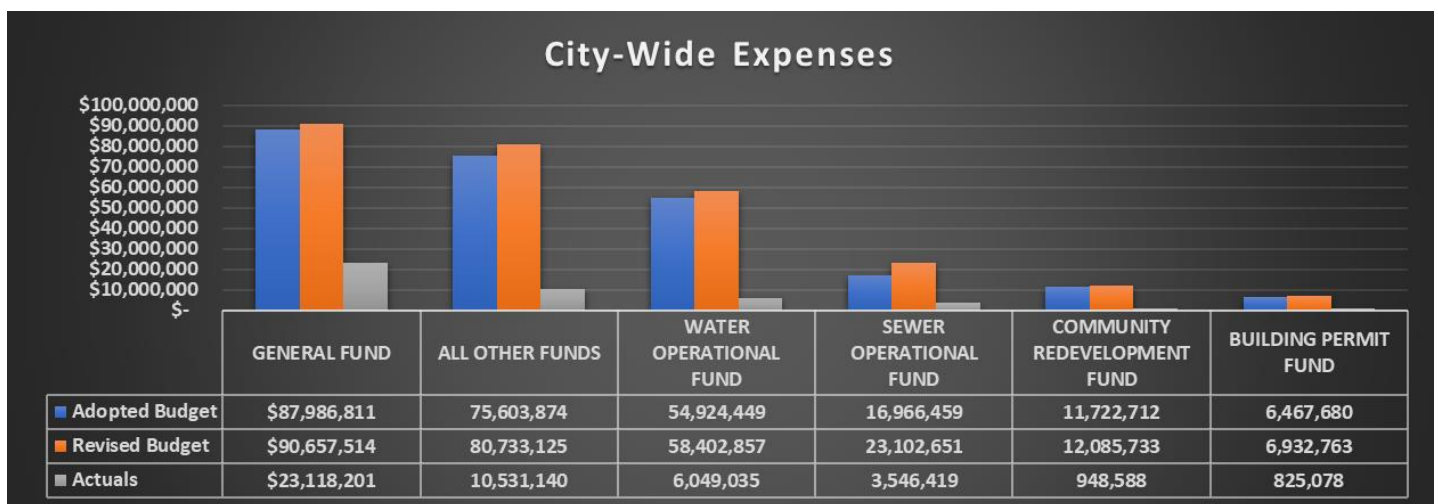


A few quick observations for context:

- **First Quarter target.** Because we are one quarter through the fiscal year, a simple benchmark is 25 percent collection. Citywide we are just below that mark at 22.2 percent, which is reasonable.
- **Timing matters.** Large internal transfers and certain fee collections (especially in the Water, Sewer, and Building Permit funds) land in the second half of the year, explaining the current under-collection in those funds.
- **General Fund is ahead of pace.** At 36.6 percent, General Fund revenues are ahead of the straight-line target; property-tax receipts arrive early in the fiscal year, so this front-loads collections.
- **CRA.** Funds are ahead because Miami-Dade County and the City committed revenues are collected in Quarter 1.
- **Building.** Funds trail by design a revenue are collection in the later part of the year.
- **All Other Funds.** Show approximately 14 percent as revenues are lagging behind of one-time inflows.
- **Prior Year Carryover.** The difference between the General Fund Adopted Budget and Revised Budget is a roll-over of a FY 2025 Purchase order of \$412,000 for Police Boat Purchase.

Table (2): Q-1 Expenditure Status by Major Fund – FY 2025-26 (Through December 31, 2025)

Fund	Adopted Budget	Revised Budget	Actuals	% Budget Spent
GENERAL FUND	\$ 87,986,811	\$ 90,657,514	\$23,118,201	25.5%
ALL OTHER FUNDS	75,603,874	80,733,125	10,531,140	13.0%
WATER OPERATIONAL FUND	54,924,449	58,402,857	6,049,035	10.4%
SEWER OPERATIONAL FUND	16,966,459	23,102,651	3,546,419	15.4%
COMMUNITY REDEVELOPMENT FUND	11,722,712	12,085,733	948,588	7.8%
BUILDING PERMIT FUND	6,467,680	6,932,763	825,078	11.9%
CITYWIDE TOTAL	\$253,671,985	\$271,914,641	\$45,018,461	16.6%

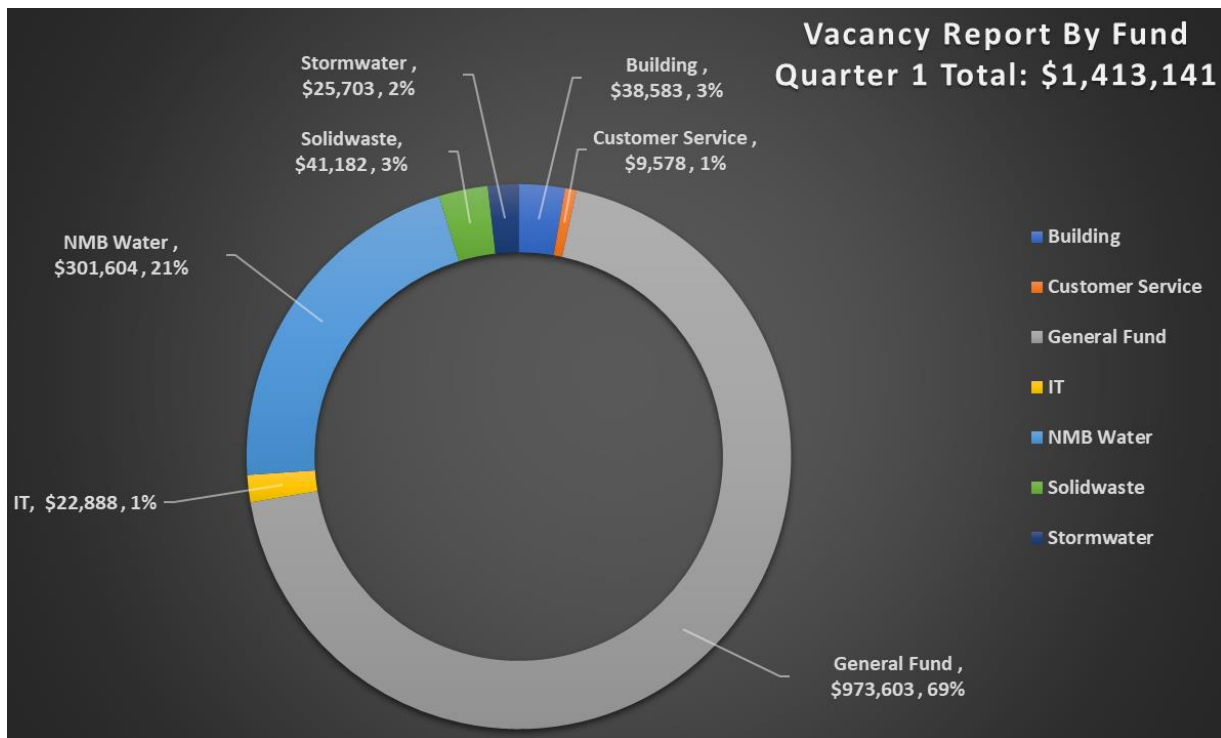


At Quarter 1 the City of North Miami Beach has used 17 percent of its citywide revised expenditure budget. That is comfortably below the 25 percent straight-line target. The General Fund is on pace at 26 percent. Water operations are at 10 percent because several large supply contracts and purchases will hit later in the year; spending is also low while we fill key vacancies, a process now under way. Sewer operations show 15 percent; where payments for chemicals, equipment, and scheduled debt service occurs later in the year. CRA spending is only 8 percent because most redevelopment projects and grants are scheduled after the first quarter. Building-Permit expenses stand at about 12 percent; The “All Other Funds” group sits at 13 percent, which is normal given project start-up lead times across multiple internal-service and special-revenue funds.

When we put revenues and expenses side by side, the City of North Miami Beach has collected \$56.8 million and spent \$45.0 million, leaving an interim operating surplus of roughly \$11.8 million. That amount provides a cushion as we move into the more expense-heavy three quarters of the year. Timing differences drive most of the underspending, and we will continue to track every fund to be sure year-end totals remain within the Commission’s adopted limits.

It is important to note that the Citywide vacancy report shows there are 79 vacant positions of the adopted 519 positions contributing to the surplus of fund as of December 31, 2025. The total base salary savings for these positions is approximately \$ 1.4M.

Department	Vacant Positions	Total FTE's	Percentage of Vacant Positions
Police	21	147	14%
Public Works	17	73	23%
Water	16	130	12%
Library	5	17	29%
Building	3	21	14%
Community Development	3	23	13%
Parks & Recreation	3	35	9%
City Manager	2	8	25%
Economic Development	2	5	40%
Human Resources	2	8	25%
Procurement	2	8	25%
Communications	1	3.5	29%
Finance	1	18	6%
Information Technology	1	14.5	7%
Total	79	511	15%

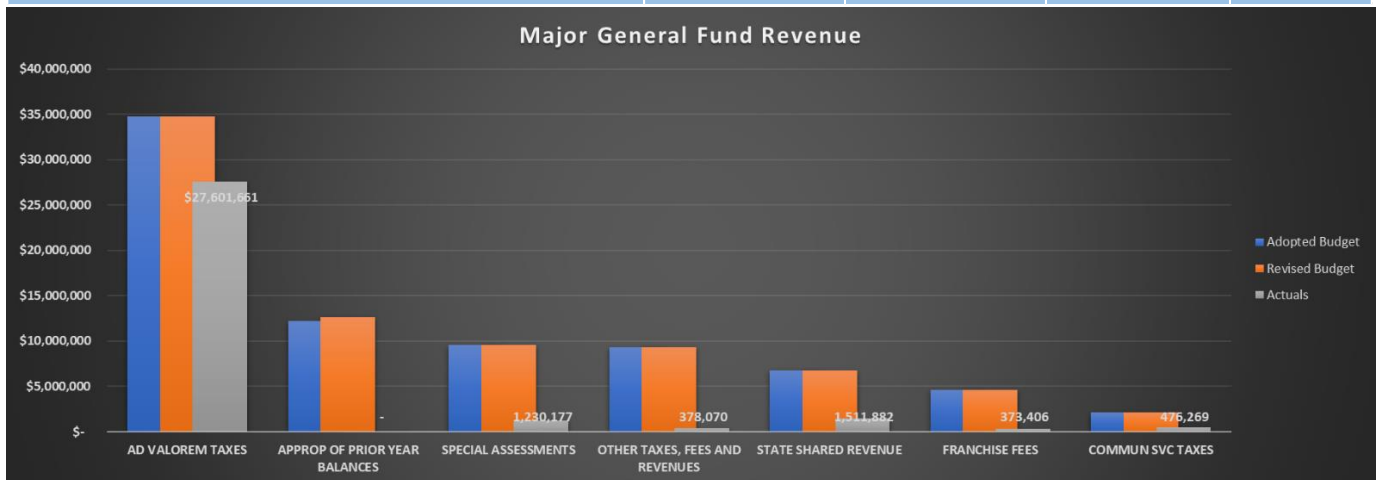


General Fund Performance

The General Fund, our primary operating fund with an adopted FY 2025-26 budget of \$88.0 million (revised to \$88.4 million after mid-year adjustments), is a major contributor to the citywide surplus. By December 31, the fund had taken in \$32.4 million (36.6 percent of budget) in revenues and spent \$25.6 million (28.2 percent of budget), producing a mid-year operating surplus of about \$6.8 million.

Table (3): Q-1 General Fund Revenue Status – FY 2025-26 (Through December 31, 2025)

Revenue Source	Adopted Budget	Revised Budget	Actuals	% Budget Collected
AD VALOREM TAXES	\$ 34,789,775	\$ 34,789,775	\$27,601,661	79.3%
APPROP OF PRIOR YEAR BALANCES	12,213,739	12,625,739	-	0.0%
SPECIAL ASSESSMENTS	9,603,454	9,603,454	1,230,177	12.8%
OTHER TAXES, FEES AND REVENUES	9,301,278	9,301,278	378,070	4.1%
STATE SHARED REVENUE	6,780,854	6,780,854	1,511,882	22.3%
FRANCHISE FEES	4,664,473	4,664,473	373,406	8.0%
UTILITY SVC TAXES	4,603,278	4,603,278	121,239	2.6%
COMMUN SVC TAXES	2,172,809	2,172,809	476,269	21.9%
CHARGES FOR SERVICES	1,504,553	1,504,553	252,985	16.8%
COURT JUDGEMNT/FINES	1,210,000	1,210,000	248,796	20.6%
LOCAL OPTION TAXES	867,716	867,716	149,098	17.2%
LOCAL ORD FINES	102,000	102,000	3,575	3.5%
RENTS & ROYALTIES	95,882	95,882	18,468	19.3%
LOCAL SHARED REVENUE	74,000	74,000	372	0.5%
LIBRARY FINES	3,000	3,000	1,066	35.5%
TOTAL GENERAL FUND	\$ 87,986,811	\$ 88,398,811	\$32,367,065	36.6%

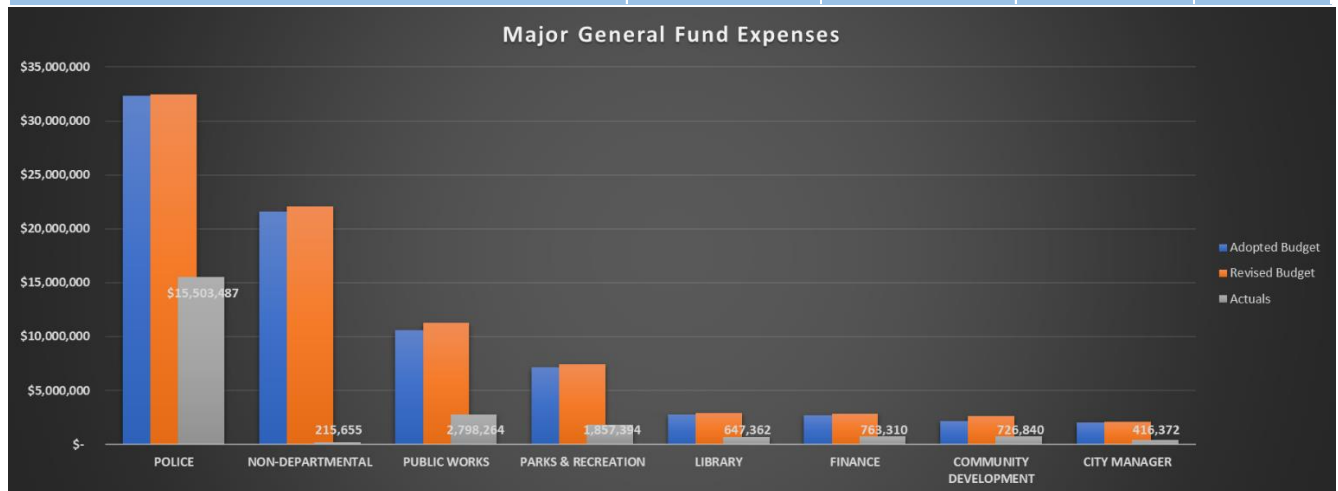


Revenues are slightly ahead as approximately 80% of property-tax collections are received in the 1st quarter. Most other revenue lines are on pace, although some fees and grants will post later in the year. Spending is running slightly behind because several contracts, projects, and new hires are scheduled for the third and fourth quarters. We also prepaid the full annual contributions to the General Employees’ and Police pension plans in the first quarter so no

further pension outflow will be needed this year—a timing choice that front-loads one large cost but still leaves overall expenses under budget. This interim surplus gives us breathing room while we roll out the second-half work program, and we will keep a close watch to be sure expenditures remain within the Commission-approved levels.

Table (4): Q-1 General Fund Spending by Department – FY 2025-26 (Through December 31, 2025)

Department	Adopted Budget	Revised Budget	Actuals	% Budget Spent
POLICE	\$ 32,362,734	\$ 32,476,827	\$15,503,487	47.7%
NON-DEPARTMENTAL	21,580,343	22,056,322	215,655	1.0%
PUBLIC WORKS	10,633,486	11,292,730	2,798,264	24.8%
PARKS & RECREATION	7,131,817	7,449,833	1,857,394	24.9%
LIBRARY	2,742,136	2,902,268	647,362	22.3%
FINANCE	2,713,238	2,839,775	763,310	26.9%
COMMUNITY DEVELOPMENT	2,173,389	2,654,278	726,840	27.4%
CITY MANAGER	2,031,672	2,070,961	416,372	20.1%
MAYOR & COMMISSION	1,528,708	1,548,921	312,374	20.2%
HOUSING & ECONOMIC DEVELOPMENT	934,381	1,179,381	214,990	18.2%
HUMAN RESOURCES	947,836	972,754	177,389	18.2%
CITY ATTORNEY	870,000	870,687	374,811	43.0%
PROCUREMENT MANAGEMENT	854,334	855,998	249,273	29.1%
CITY CLERK	782,316	784,031	258,728	33.0%
COMMUNICATIONS	700,421	712,824	102,893	14.4%
TOTAL GENERAL FUND	\$ 87,986,811	\$ 90,667,590	\$24,619,142	27.2%



At the Quarter point of the fiscal year the General Fund has disbursed \$25.6 million, or 28 percent of its \$90.7 million spending plan—about on target for Quarter 1. Spending is concentrated where we would expect. The Police Department leads the stack at 51 percent; we will manage those costs closely so the police budget finishes within its limit. Public Works and Parks & Recreation are a quarter through the year— 25 percent and 25 percent, respectively. Executive operations, including the City Manager’s Office and support divisions, sit at 20 percent, matching the straight-line benchmark. Legislative and non-departmental costs show only 1 percent spending. Support areas—finance, HR, library, City clerk, and minor capital—

averaging just about 27 percent, reflecting steady day-to-day activity.

With \$32.4 million in revenues already collected and \$26.6 million spent, the General Fund holds a current operating surplus of roughly \$5.8 million. That cushion provides room for the second, third and fourth half work program. The Finance department will continue to track every department to make sure year-end results stay squarely within the Commission's adopted budget appropriation. Non-Departmental budget category refers to expenditures that are not tied to a specific operational department (such as Police, Public Works, or Parks & Recreation) but are necessary for the city's overall functioning.

Outlook for the Remainder of FY 2025–26

Looking forward to the rest of the fiscal year, we anticipate that the current surplus will be gradually drawn down as the City executes on its budgeted plans. Capital project implementation will be a major focus – as we begin to utilize bond funds for Washington Park project Phase II demo and other capital infrastructure projects, expenditures will rise. Operating costs will also climb. Departments that were recruiting or bidding contracts in the first half will put those people and services in place over the next three quarters. This is planned and fully covered by current revenues.

On the revenue side, we are closely monitoring external factors that could affect future performance. National discussions around new import tariffs have led economists to caution about potential price increases and reduced consumer spending. If these conditions impact South Florida, they could soften sales tax distributions and slow private development activity, which would in turn affect permit and impact fee revenues.

We are tracking several bills that could alter how cities collect, property taxes, water utility taxes, franchise fees, or shared revenues.

Conclusion

First quarter results confirm that the City of North Miami Beach's financial performance through the December 31, 2025 of FY 2025–2026 is sound and on course. The City is operating within its adopted budget. First quarter financial results reflect a combination of careful spending control and the planned timing of revenues and expenditures.

If you have any questions about this report or require further detail on any aspect of the City's finances, please do not hesitate to contact me. My office, in collaboration with the City Manager, is fully prepared to provide additional data or analysis as needed. We are committed to maintaining transparency and accountability in our financial reporting and to being good stewards of the City's resources. I would like to thank the Mayor and Commissioners for your continued support and guidance, and I assure you that the Administration will keep you well-informed as we manage the City's finances responsibly throughout the remainder of the fiscal year.

Respectfully,

Tarik Rahmani –CFO
City of North Miami Beach

Exhibit 1

All Other Funds	Adopted Budget
SPECIAL OBLIGATION BOND FY2024	\$ 24,250,000
GENERAL CAPITAL PROJECTS FUND	6,684,033
INFORMATION TECHNOLOGY FUND	6,568,990
GARBAGE/SOLID WASTE DISPOSAL	6,148,259
LIABL SELF INSURANCE	5,688,465
TRANSIT SURTAX FUND	4,526,914
UTILITY CUSTOMER SERVICE FUND	3,833,905
DEBT SERVICE FUNDS	3,685,002
FIREFLOW FUND	3,500,000
WATER INPLANT FUND	3,000,000
STORMWATER MANAGEMENT UTILITY	2,786,477
GOVERNMENTAL IMPACT FUND	1,466,610
WORK COMP SELF INSUR	1,076,000
35TH AVE GUARDHOUSE-OPERATIONS	940,706
SEWER INPLANT FUND	600,000
LOCAL OPTION GAS TAX FUND	567,210
164TH ST GUARDHOUSE-OPERATIONS	281,303
TOTAL	\$ 75,603,874