

FEATHER RIVER AIR QUALITY MANAGEMENT DISTRICT
MEMORANDUM

TO: FRAQMD BOARD OF DIRECTORS
FROM: Christopher Brown AICP, APCO
SUBJECT: Approve adoption of the FY 25/26 Proposed budget.

RECOMMENDATION:

Approve adoption of the FY 25/26 Proposed budget.

BACKGROUND:

The District currently holds 2 funds in the Yuba County Treasurer's office, Fund #725 the District Fund and Fund #728 the Grant Project Fund that is restricted to project expenditures only.

The Proposed FY 2025/2026 Budget reflects continued financial stability, ensuring the District can meet its ongoing liabilities and operational obligations.

DISCUSSION:

On May 14, 2025, the Policy/Finance Committee convened to review the proposed budget. Following a comprehensive review, the Committee unanimously recommends approval of the FY 2025/2026 Proposed Budget.

As part of ongoing financial system improvements, the District adopted an accrual-based accounting method and transitioned to QuickBooks software. In conjunction with this shift, a revised budget format was introduced during the FY 2020/2021 budget cycle to enhance alignment with financial statements and improve real-time monitoring of budget-to-actuals.

The final refinements to this format were completed in FY 2021/2022. The updated format remains in use and supports both Board oversight and public transparency.

It is anticipated that additional revisions may be necessary before the final budget is adopted, given potential changes to state and federal funding levels.

The District anticipates further revisions to the final budget due to the rapidly changing state and federal budgets.

Reserves

As of June 30,2025 the Unassigned Fund Balance is \$5,461,904

FRAQMD FY 2025/2026 Budget Summary (Budget-to-Budget Comparison)

Grants & Projects Revenue

- **State Funding:** Decreases from \$3,480,867 (FY 24/25) to \$2,869,696 (FY 25/26), a reduction of \$611,171 or **18%**.
- **Total Grants & Projects Revenue:** \$2,869,696 (↓18%)

Permits & Fees Revenue (↑3% overall)

- **Annual Permits:** \$508,620 (↑\$18,620 / 4%) – CPI adjustment.
- **Burn Permits:** \$82,381 (↑\$3,016 / 4%) – CPI adjustment.
- **New Permits:** \$116,488 (↑\$4,265 / 4%) – CPI adjustment.
- **State Motor Vehicle Fees (AB2766 & AB923):** \$894,000 (↑\$18,000 / 2%) – Based on trends.
- **Other categories (Air Toxics, Indirect Source, Emission Credits, Penalties, PERP Inspections, AB923 Admin):** No change.
- **Total Permits & Fees Revenue:** Increases from \$1,698,638 to \$1,742,539 (↑\$43,901 / 3%)

Other Revenue

- **Interest Income:** Flat at \$188,000.
- **Miscellaneous Revenue:** Flat at \$1,000.
- **Total Other Revenue:** Remains flat at **\$189,000**.

Total Income

- **FY 24/25 Budget:** \$5,368,505
- **FY 25/26 Budget:** \$4,801,235
- **Change:** ↓\$567,270 / -11%

Program Activities (↓26% overall)

- **Previously Allocated Local Incentives:** \$246,259 (↓\$349,128 / 59%)
- **Current Year Local Incentives:** \$406,000 (↓\$6,000 / 1%)
- **State Incentives (Pass-Through):** \$2,346,484 (↓\$683,285 / 23%)
- **Outreach Supplies:** Flat at \$1,000
- **Total Program Activities:** \$2,999,743 (↓\$1,038,413 / 26%)

Human Resource Expenses (↑7% overall)

- **CALPERS 457:** \$16,800 (↑\$1,200 / 8%)
- **CO Share PERS:** \$229,029 (↑\$9,014 / 4%)

- **Employee Benefits:** \$339,666 (↑\$76,678 / 29%)
- **PERKS:** Flat at \$500
- **Payroll Taxes:** \$18,184 (↓\$3,115 / -15%)
- **Salaries & Wages:** \$1,095,410 (↑\$30,471 / 3%)
- **Workers' Comp:** \$15,605 (↑\$1,771 / 13%)
- **Total Human Resource Expenses:** \$1,715,194 (↑\$116,019 / 7%)

General & Administrative Expenses (↑12% overall)

- **Accounting & Auditing:** \$86,338 (↑\$3,620 / 4%)
- **Technology:** \$77,700 (↑\$40,500 / 109%) – Primary cost driver in this category.
- **Professional Services:** \$139,202 (↑\$21,084 / 18%)
- **Dues & Subscriptions:** \$9,309 (↑\$3,103 / 50%)
- **Legal Fees:** \$60,000 (↓\$15,000 / -20%)
- **Other categories (Office Supplies, Travel, Insurance, etc.):** Generally increase by 3–6%.
- **Total G&A:** \$560,999 (↑\$58,315 / 12%)

Total Operating Expenses

- **FY 24/25 Budget:** \$6,140,015
- **FY 25/26 Budget:** \$5,275,935
- **Change:** ↓\$864,080 / -14%

Net Ordinary Income

- **FY 24/25 Budget:** \$(771,510)
- **FY 25/26 Budget:** \$(474,701)
- **Change:** \$296,809 improvement

Other Revenue & Expense

- **Gain on Investments:** \$64,682 (↑\$9,682 / 18%)
- **Interest Expense:** \$15,578 (↓\$22,310 / -59%)
- **Depreciation Expense:** \$61,000 (↑\$9,000 / 17%)
- **Net Other Income:** \$(11,896), a modest improvement from prior budget's \$(34,888)

Key Takeaways (Budget vs. Budget)

- **Total income** projected to decrease **11%** due to reduced grant revenue.
- **Program expenses** drop **26%**, driven by the conclusion of prior incentive programs and reduced passthroughs.
- **Human resource costs** increase by **7%**, primarily from employee benefits.
- **General & administrative costs** increase **12%**, largely due to expanded technology and professional services.
- Overall **operating deficit decreases** by \$296K due to more balanced cost controls.

- **Use of Fund Balances** remains necessary to support operations: \$991,195 in total draws from assigned, restricted, and unassigned reserves.

Accrual Basis
May 14, 2025

**Feather River Air Quality Management District
2025/2026 Draft Budget
July 2025 through June 2026**

				Approved Budget 24/25	24/25 FYE Draft Actuals	Upcoming Year Over Year Anticipated Budget Increase or (Decrease)	Total Budget 25/26
Statement of Activities							
1	Ordinary Income/Expense						
2	Income						
3		<i>Grants & Projects Revenue</i>					
4		Local Funding		0	0	0%	0
5		State Funding		3,480,867	2,846,385	-18%	2,869,696
6		Federal Funding		0	0	0%	0
7		<i>Total Grants & Projects Revenue</i>		<i>3,480,867</i>	<i>2,846,385</i>	<i>-18%</i>	<i>2,869,696</i>
8		<i>Permits & Fees Revenue</i>					
9		Air Toxics		3,000	2,522	0%	3,000
10		Annual Permits		490,000	531,006	4%	508,620
11		Burn Permits		79,365	68,284	4%	82,381
12		Emission Reduction Credits		150	0	0%	150
13		Indirect Source		34,000	30,835	0%	34,000
14		New Permits		112,223	280,657	4%	116,488
15		Penalty		60,000	172,706	0%	60,000
16		PERP Inspections		25,000	63,360	0%	25,000
17		State Motor Veh (AB2766 & AB923)		876,000	947,202	2%	894,000
18		AB923 Admin Revenue		18,900	16,513	0%	18,900
19		<i>Total Permits & Fees Revenue</i>		<i>1,698,638</i>	<i>2,113,085</i>	<i>3%</i>	<i>1,742,539</i>
20		<i>Other Revenue</i>					
21		Miscellaneous		1,000	3,970	0%	1,000
22		Interest		188,000	5,640	0%	188,000
23		<i>Total Other Revenue</i>		<i>189,000</i>	<i>9,610</i>	<i>0%</i>	<i>189,000</i>

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24		Total Income	5,368,505	4,969,080	-11%		4,801,235
25		Expense					

Accrual Basis
May 14, 2025

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2025/2026 Draft Budget
July 2025 through June 2026**

					Approved Budget 24/25	24/25 FYE Draft Actuals	Upcoming Year Over Year Anticipated Budget Increase or (Decrease)	Total Budget 25/26
26				<i>Program Activities</i>				
27		(1)		Previously Allocated Local Incentives Programs	595,387	354,800	-59%	246,259
28				Current Year Local Incentives Programs	412,000	1,274	-1%	406,000
29				Outreach Event Supplies (Non Grant Related)	1,000	0	0%	1,000
30				State Incentives Programs (Pass Through)	3,029,769	2,620,939	-23%	2,346,484
31				<i>Total Program Activities</i>	<i>4,038,156</i>	<i>2,977,013</i>	<i>-26%</i>	<i>2,999,743</i>
32				<i>Human Resource Expenses</i>				
33				CALPERS 457 Contribution	15,600	13,650	8%	16,800
34				CO Share PERS	220,015	222,840	4%	229,029
35				Employee Benefits	262,988	277,682	29%	339,666
36				PERKS Employee Benefits	500	140	0%	500
37				Payroll Taxes	21,299	18,832	-15%	18,184
38				Salaries and Wages	1,064,939	1,031,642	3%	1,095,410
39				Workers Comp Insurance	13,834	10,799	13%	15,605
40				<i>Total Human Resource Expenses</i>	<i>1,599,175</i>	<i>1,575,585</i>	<i>7%</i>	<i>1,715,194</i>
41				<i>General & Administrative</i>				
42				Accounting & Auditing	82,718	82,333	4%	86,338
43				BLDG & Maint/Improvement	38,340	30,334	-2%	37,661
45				Communications	23,420	19,230	3%	24,159
46				Dues and subscriptions	6,206	6,001	50%	9,309
47				Insurance	33,907	32,672	7%	36,425
48				Legal Fees	75,000	32,978	-20%	60,000
49				Maintenance/Equipment	4,600	2,498	-11%	4,100
50				Minor Equipment	7,950	6,788	25%	9,950
51				Office Supplies	13,713	13,295	4%	14,313

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52				Professional Services	118,118	89,993	18%		139,202
53				Publications/Public Notices	5,800	3,639	0%		5,800

Accrual Basis
May 14, 2025

**Feather River Air Quality Management District
2025/2026 Draft Budget
July 2025 through June 2026**

				Approved Budget 24/25	24/25 FYE Draft Actuals	Upcoming Year Over Year Anticipated Budget Increase or (Decrease)	Total Budget 25/26
54			Rents & Leases/Equipment	1,800	1,098	0%	1,800
55			Taxes and fees	733	691	0%	733
56			Technology	37,200	36,859	109%	77,700
57			Travel - Operations	33,300	13,649	6%	35,300
58			Utilities	19,879	17,657	-8%	18,208
59			<i>Total General & Administrative</i>	502,684	389,715	12%	560,999
60			Total Expense	6,140,015	4,942,313	-14%	5,275,935
61			Net Ordinary Income	(771,510)	26,767	-38%	(474,701)
62			Other Income				
63			Other Revenue				
65			Gain/Loss on Investments	55,000	37,731	18%	64,682
66			<i>Total Other Revenue</i>	55,000	37,731	18%	64,682
63			Other Expense				
64			Interest Expense	37,888	9,087	-59%	15,578
65			Depreciation Expense	52,000	60,633	17%	61,000
66			<i>Total Other Expense</i>	89,888	69,720	-15%	76,578
67			Net Other Income	(89,888)	(31,989)	-87%	(11,896)
68			Net Income	(861,398)	(5,222)	-44%	(486,597)
Statement of Financial Position							
			Building-Current Debt Reduction	(169,307)			169,307
			Fixed Assets Purchases	0			0
			Capital Improvement Purchases	0			0
			PARS Unfunded Liability	19,755			13,384

Accrual Basis
May 14, 2025

**Feather River Air Quality Management District
2025/2026 Draft Budget
July 2025 through June 2026**

					Approved Budget 24/25	24/25 FYE Draft Actuals	Upcoming Year Over Year Anticipated Budget Increase or (Decrease)	Total Budget 25/26
					(595,387)			33,119
								(104,660)
					(395,808)			98,306
					(991,195)			26,765

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Accrual Basis
May 14, 2025

Feather River Air Quality Management District
2025/2026 Draft Budget
July 2025 through June 2026

Attachment 2

		728 Fund												725 Fund	
		Total Budget 25/26	AB 197	AB 2766	AB 617	AB 923	CAP	Farmer	Moyer	Moyer State Reserve	Oil & Gas	Prescribed Fire	CHIRP	Subvention	Unrestricted
1	Ordinary Income/Expense														
2	Income														
7	Total Grants & Projects Revenue	2,869,696	10,000	0	0	0	1,226,224	300,000	806,111	349,361	75,000	15,000	0	88,000	0
19	Total Permits & Fees Revenue	1,742,539	0	612,000	0	300,900	0	0	0	0	0	0	0	0	829,639
23	Total Other Revenue	189,000	0	0	0	0	11,573	2,831	7,608	3,297	708	142	0	0	162,841
24	Total Income	4,801,235	10,000	612,000	0	300,900	1,237,796	302,831	813,719	352,658	75,708	15,142	0	88,000	992,480
25	Expense														
31	Total Program Activities	3,005,743	0	288,355	0	369,904	1,072,946	262,500	705,347	305,691	0	0	0	0	1,000
40	Total Human Resource Expenses	1,703,317	10,000	376,000	0	24,900	115,802	28,332	76,128	32,993	72,708	14,541	0	88,000	863,914
59	Total General & Administrative	502,499	0	100,000	0	0	49,049	12,000	32,244	13,974	3,000	600	0	0	291,631
60	Total Expense	5,211,558	10,000	764,355	0	394,804	1,237,796	302,832	813,719	352,658	75,708	15,141	0	88,000	1,156,545
61	Net Ordinary Income	(410,324)	(0)	(152,355)	0	(93,904)	0	(0)	(0)	(0)	0	0	0	0	(164,065)
62	Other Income														
63	Other Revenue														
65	Gain/Loss on Investments	62,945													62,945
66	Total Other Revenue	62,945													62,945
63	Other Expense														0
64	Interest Expense	15,578													15,578
65	Depreciation Expense	61,000													61,000
66	Total Other Expense	76,578	0	0	0	0	0	0	0	0	0	0	0	0	76,578
67	Net Other Income	(13,633)	0	0	0	0	0	0	0	0	0	0	0	0	(13,633)
68	Net Income	(423,956)	(0)	(152,355)	0	(93,904)	0	(0)	(0)	(0)	0	0	0	0	(177,698)

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 Feather River Air Quality Management District
 AB923 Allocated Project Funds

Attachment 2

Previously Allocated:

Project #	Description	\$ Amt.	Expiration	Paid Out YTD	Amount Remaining	
AB923-27	Wheatland School District	\$165,000		\$165,000	\$0	Approved 12-4-23
AB923-28	Wheatland Union HS	\$165,000		\$165,000	\$0	Approved 12-4-23
AB923-30	YES Charter Academy	\$93,904		\$0	\$93,904	Approved 12/2024
AB923-29	Wheatland Union HS	\$46,000		\$46,000	\$0	Approved 12-4-23
BALANCE		\$469,904		\$376,000	\$93,904	

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Feather River Air Quality Management District
AB2766 Allocated Project Funds

Attachment 2

Previously Allocated:

Project #	Description	\$ Amt.	Expiration	Paid Out		Amount Remaining
				YTD		
N/A	FRAQMD	\$20,500		\$4,655		\$15,845
N/A	FRAQMD	\$14,200	*Various	\$9,252		\$4,948
VF 23-4	Yuba-Sutter Transit	\$98,000		\$98,000		\$0 Approved 12-4-23, Contract Expired 3/31/2025, remove from FY24/25 B
VF 23-6	Yuba Water Agency	\$20,000		\$17,133		\$0 Approved 12-4-23, Contract Expired 12/31/2024, remove from FY24/25
VF 23-7	Playzeum Yuba Sutter	\$6,000		\$6,000		\$0 Approved 12-4-23, Contract Expired 12/31/2024, remove from FY24/25
VF 23-9	City of Yuba City	\$41,000		\$0		\$41,000 Approved 12-4-23
VF 23-01, Expired	Yuba-Sutter Transit	\$100,000		\$47,000		\$0 Approved 12-5-22, Expired
VF 22-02	Yuba Water Agency	\$20,000		\$19,382		\$0 Approved 12-5-22, Expired
VF 23-09	City of Yuba City	\$0		\$0		\$0 Same as above
VF 24-02	Yuba-Sutter Transit	\$75,000		\$0		\$75,000 Approved 12/5/24
VF 24-03	Yuba Water Agency	\$30,000		\$3,793		\$26,207 Approved 12/5/24
VF 24-04	Playzeum	\$5,200		\$0		\$5,200 Approved 12/5/24
Balance		\$299,200		\$200,560		\$152,355