FEATHER RIVER AIR QUALITY MANAGEMENT DISTRICT
MEMORANDUM

TO: FRAQMD BOARD OF DIRECTORS

FROM: Christopher Brown, AICP, APCO

DATE: August 2026

SUBJECT: Approve Adoption of the FY 2026/27 Final Budget

RECOMMENDATION

Approve adoption of the FY 2026/27 Final Budget, including the proposed $50,000 use of FY 2025/26 surplus toward the County Share PERS contribution.

BACKGROUND

The District currently holds two funds in the Yuba County Treasurer's Office: Fund #725, the District Fund, and Fund #728, the Grant Project Fund, which is restricted to project expenditures.

The FY 2026/27 Final Budget reflects continued financial stability and is structured to support the District's ongoing liabilities, operating obligations, grant-funded programs, and local incentive commitments.

DISCUSSION

On May 12, 2026, the Policy/Finance Committee reviewed the proposed FY 2026/27 budget and unanimously recommended its approval. The Board subsequently conducted the public hearing on the proposed budget at its June 2026 meeting.

Following the public hearing, the budget was refined using updated FY 2025/26 activity through June 30, 2026 and final revenue and expenditure assumptions. The final proposal includes total revenue of $5,329,057, operating expenditures of $5,041,549, and net operating revenue of $287,508. After other revenue and expenditures, the budget projects net revenue of $279,766.

The final budget also proposes directing $50,000 of the FY 2025/26 surplus toward the County Share PERS contribution. The supporting budget presents this amount through two $25,000 PERS-related provisions. This use is incorporated in the projected $279,766 net revenue.

The District's accrual-based budget format, introduced during FY 2020/21 and refined in FY 2021/22, remains in use. It aligns the budget with the District's financial statements and supports timely budget-to-actual monitoring, Board oversight, and public transparency.

RESERVES

As of June 30, 2026, the unassigned fund balance is $5,635,290. The FY 2026/27 budget does not require an operating draw on unassigned fund balance because projected revenues exceed projected expenditures. Final year-end classifications remain subject to completion of the FY 2025/26 close and audit.

FISCAL IMPACT

Approval authorizes the FY 2026/27 revenue and expenditure plan summarized in Attachment 1 and detailed in the supporting schedules. The budget projects a $279,766 increase in net position before any subsequent Board-approved amendments.

ATTACHMENT 1

FRAQMD FY 2026/27 FINAL BUDGET SUMMARY

Category	FY 2025/26 Approved	FY 2026/27 Final	Change	% Change
Total revenue	$4,801,235	$5,329,057	$527,822	11%
General & administrative	$560,998	$633,373	$72,375	13%
Human resource expenses	$1,774,234	$1,895,476	$121,242	7%
Program activities	$2,999,743	$2,512,700	($487,043)	-16%
Total operating expenditures	**$5,334,975**	**$5,041,549**	**($293,426)**	**-6%**
Net operating revenue	**($533,740)**	**$287,508**	**$821,248**	**154%**
Other revenue	$64,682	$114,038	$49,356	76%
Other expenditures	$76,578	$121,780	$45,202	59%
Net revenue	**($545,636)**	**$279,766**	**$825,402**	**151%**

Revenue

- Total revenue is $5,329,057, an increase of $527,822, or 11%, from the FY 2025/26 approved budget.
- State funding is $3,002,583, an increase of $132,887, or 5%.
- Permits and fees total $2,075,474, an increase of $332,935, or 19%. The largest increase is State Motor Vehicle (AB 2766/AB 923) revenue, budgeted at $1,172,950.
- Interest revenue is budgeted at $250,000, a $62,000 increase based on current earnings activity.

Expenditures

- Total operating expenditures are $5,041,549, a decrease of $293,426, or approximately 6%.
- Program activities total $2,512,700, a decrease of $487,043, or 16%, primarily due to lower State Incentives pass-through spending.
- Human resource expenses total $1,895,476, an increase of $121,242, or 7%. Employee Benefits are budgeted at $363,658, including the revised EAP rate of $3.42 per employee per month.
- General and administrative expenses total $633,373, an increase of $72,375, or 13%. This includes legal fees of $65,000, increased from $50,000 in the earlier proposal, as well as planned outreach materials and consulting work.

PERS and Fund Balance

- The final proposal directs $50,000 of FY 2025/26 surplus toward the County Share PERS contribution through two $25,000 PERS-related provisions.
- The June 30, 2026 unassigned fund balance is $5,635,290.
- The FY 2026/27 budget projects positive net revenue of $279,766 and therefore does not rely on an operating draw from unassigned fund balance.

Overall Result

The budget moves from a $545,636 budgeted deficit in FY 2025/26 to a projected $279,766 surplus in FY 2026/27, an $825,402 improvement. This result is driven by higher projected revenue and reduced pass-through program activity, while incorporating the revised $65,000 legal-fee budget, updated employee benefits, and the proposed $50,000 PERS contribution.

ATTACHMENT 2

FY 2026/27 DETAILED BUDGET

Budget Category	FY 2025/26 Approved	FY 2025/26 Pending Actuals	Budget Change	FY 2026/27 Final
State Funding	$2,869,696	$2,054,208	5%	$3,002,583
Total Grants & Projects Revenue	**$2,869,696**	**$2,054,208**	**5%**	**$3,002,583**
Interest	$188,000	$302,755	33%	$250,000
Miscellaneous	$1,000	$704	0%	$1,000
Total Other Revenue	**$189,000**	**$303,459**	**33%**	**$251,000**
AB923 Admin	$18,900	$16,782	-26%	$14,000
Air Toxics	$3,000	$6,341	67%	$5,000
Annual Permits	$508,620	$529,495	4%	$527,948
Burn Permits	$82,381	$68,999	4%	$85,511
Emission Reduction Credits	$150	-	0%	$150
Indirect Source	$34,000	$35,491	0%	$34,000
New Permits	$116,488	$206,471	4%	$120,915
Penalty	$60,000	$180,567	0%	$60,000
Perp Inspections	$25,000	$53,985	120%	$55,000
State Motor Veh (AB2766, AB923)	$894,000	$957,730	31%	$1,172,950
Total Permits & Fees Revenue	**$1,742,539**	**$2,055,861**	**19%**	**$2,075,474**
Total Revenue	**$4,801,235**	**$4,413,528**	**11%**	**$5,329,057**
Accounting & Auditing	$86,338	$68,541	1%	$87,578
BLDG & Maint/Improvement	$37,661	$23,704	2%	$38,533
Communications	$24,159	$19,327	-2%	$23,559
Dues and subscriptions	$9,309	$9,076	0%	$9,309
Insurance	$36,425	$31,729	0%	$36,425
Legal Fees	$60,000	$52,176	8%	$65,000
Maintenance/Equipment	$4,100	-	0%	$4,100
Minor Equipment	$9,950	$6,949	-6%	$9,400
Office Supplies	$14,313	$12,960	224%	$46,313
Professional Services	$139,202	$119,480	22%	$169,948
Publications/Public Notices	$5,800	$2,418	9%	$6,300

Budget Category	FY 2025/26 Approved	FY 2025/26 Pending Actuals	Budget Change	FY 2026/27 Final
Rents & Leases/Equipment	$1,800	$1,208	0%	$1,800
Taxes and fees	$733	$38	9%	$800
Technology	$77,700	$42,702	4%	$80,800
Travel - Operations	$35,300	$12,800	0%	$35,300
Utilities	$18,208	$17,966	0%	$18,208
Total General & Administrative	**$560,998**	**$421,074**	**13%**	**$633,373**
CALPERS 457 Contribution	$16,800	$13,350	32%	$22,200
CO Share PERS	$259,029	$249,269	7%	$277,820
Employee Benefits	$345,666	$342,602	5%	$363,658
Payroll Taxes	$22,287	$19,239	7%	$23,800
PERKS Employee Benefits	$500	$295	0%	$500
Salaries and Wages	$1,114,347	$1,069,916	7%	$1,190,524
Workers Comp Insurance	$15,605	$10,872	9%	$16,974
Total Human Resource Expenses	**$1,774,234**	**$1,705,543**	**7%**	**$1,895,476**
Curr Year Local Incentives	$406,000	$24,375	32%	$535,000
Outreach Event Supplies	$1,000	$448	1000%	$11,000
Prev Allocated Local Incentives	$246,259	$116,295	90%	$466,700
State Incentives (Pass Through)	$2,346,484	$1,344,720	-36%	$1,500,000
Total Program Activities	**$2,999,743**	**$1,485,838**	**-16%**	**$2,512,700**
Total Expenditures	**$5,334,975**	**$3,612,455**	**-6%**	**$5,041,549**
Net Operating Revenue	**($533,740)**	**$801,073**	**154%**	**$287,508**
Gain/(Loss) on Investments	$64,682	$76,025	76%	$114,038
Total Other Revenue	**$64,682**	**$76,025**	**76%**	**$114,038**
Depreciation Expense	$61,000	$63,655	-10%	$55,000
Interest Expense	$15,578	-	8%	$16,780
PERS Unfunded Liability	-	-	-	$25,000
PERS Reitree OPED	-	-	-	$25,000
Total Other Expenditures	**$76,578**	**$63,655**	**59%**	**$121,780**
Net Other Revenue	**($11,896)**	**$12,370**	**-35%**	**($7,742)**
Net Revenue	**($545,636)**	**$813,443**	**151%**	**$279,766**

Note: FY 2025/26 actuals remain pending completion of year-end close. Budget change percentages are based on the approved FY 2025/26 budget.

ATTACHMENT 3

FY 2026/27 GRANT FUND ALLOCATION SUMMARY

Category	AB 197	AB 2766	AB 617	AB 923	CAP	Farmer	Moyer	Moyer State Reserve	Oil & Gas	Prescribed Fire	CHIRP	Subvention	Unrestricted
Total Revenue	**$9,583**	**$889,626**	**$75,000**	**$547,324**	**$900,000**	**$403,401**	**$504,252**	**$90,765**	**$75,638**	**$15,128**	**$605,102**	**$88,000**	**$1,089,239**
General & Administrative	$0	$102,426	$0	$0	$36,873	$16,388	$20,485	$3,687	$3,073	$615	$24,582	$0	$425,244
Human Resource Expenses	$7,106	$351,379	$55,618	$0	$111,024	$51,866	$64,833	$11,670	$53,866	$10,773	$430,929	$65,258	$681,152
Program Activities	$0	$315,796	$0	$685,904	$714,286	$317,460	$396,825	$71,429	$0	$0	$0	$0	$0
Total Expenditures	**$7,106**	**$769,601**	**$55,618**	**$685,904**	**$862,183**	**$385,715**	**$482,143**	**$86,786**	**$56,939**	**$11,388**	**$455,511**	**$65,258**	**$1,106,396**
Net Revenue	**$2,477**	**$120,025**	**$19,382**	**($138,580)**	**$37,817**	**$17,687**	**$22,108**	**$3,979**	**$18,699**	**$3,740**	**$149,590**	**$22,742**	**($24,900)**

Fund #728 comprises the restricted grant project funds shown above; Fund #725 comprises Unrestricted. Allocations reflect the final budget workbook and may be adjusted through subsequent Board-approved budget amendments.

ATTACHMENT 4

AB 923 AND AB 2766 ALLOCATED PROJECT SCHEDULES

AB 923 Allocated Project Funds

Project #	Agency	Allocated	Paid Out	Remaining
23-30	YES Charter Academy	$93,904	$0	$93,904
23-31	Sutter Union HS	$165,000	$165,000	$0
23-32	Sutter Union HS	$165,000	$0	$165,000
	TOTAL	**$423,904**	**$165,000**	**$258,904**

AB 2766 Previously Allocated Projects

Project #	Agency	Description	Allocated	Expended	Remaining
N/A	FRAQMD	Mini Project allocation for FY 24/25	$37,000	$22,998	$14,002
N/A	FRAQMD	Mini Project allocation for FY 23/24	$14,200	$13,278	$922
VF 23-09	City of Yuba City	Market Street Traffice Calming	$41,000	$0	$41,000
VF 24-02	Yuba-Sutter Transit	Discounted Monthly Bus Pass Program	$75,000	$75,000	$0
VF 24-04	Playzeum	Airways Play Exhibit - Trees Clean the Air	$5,200	$5,200	$0
VF 25-01	First 5 Yuba County		$5,000	$0	$5,000
VF 25-02	Yuba-Sutter Transit	Discounted Monthly Bus Pass Program	$100,000	$15,680	$84,320
VF 25-07	Playzeum		$5,000	$0	$5,000
	TOTAL		**$282,400**	**$132,156**	**$150,244**

AB 2766 Mini Grant Projects - FY 2024/25

Project #	Agency	Project Type	Allocated	Expended	Remaining
MG #2024-09	First 5 Yuba County	Bicycle Safety Initiative - Bicycle Safety Gear	$2,000	$2,000	$0
MG #2024-10	Yuba Watershed Protection & Fire Safe	12 Month Informational Calendars	$2,000	$2,000	$0
MG #2024-13	City of Marysville	Bike Racks	$2,000	$2,000	$0
MG #2025-01	Hope Point Church of the Nazarene	Once per month distribute donated and repaired bicycles to the needy	$3,000	$3,000	$0
MG #2025-02	Sutter Co Children & Families Comm	Bike Rodeo & Safety Kit Distribution Event	$3,000	$3,000	$0
MG #2025-03	Sacramento Area Bicycle Advocates		$2,500	$2,440	$60
MG #2025-04	Yuba Sutter Rotary Night Club		$3,000	$3,000	$0
MG #2025-05	Lindhurst High School		$3,000	$2,657	$343
MG #2025-06	North/South Lindhurst High School		$3,000	$2,657	$343
MG #2025-07	Ella Elementary School		$3,000	$1,548	$1,452
MG #2025-08	Wheatland Union High School		$3,000	-	$3,000
MG #2025-09	SAYLOVE		$1,500	$1,491	$9
	TOTAL		**$31,000**	**$25,793**	**$5,207**