



FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH  
INDEPENDENT AUDITOR'S REPORT



**LANE REGIONAL AIR PROTECTION AGENCY**  
FINANCIAL STATEMENTS AND SUPPLEMENTARY  
INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH  
INDEPENDENT AUDITOR'S REPORT



**LANE REGIONAL AIR PROTECTION AGENCY**

For the Year Ended June 30, 2015

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**LANE REGIONAL AIR PROTECTION AGENCY**

For The Year Ended June 30, 2015

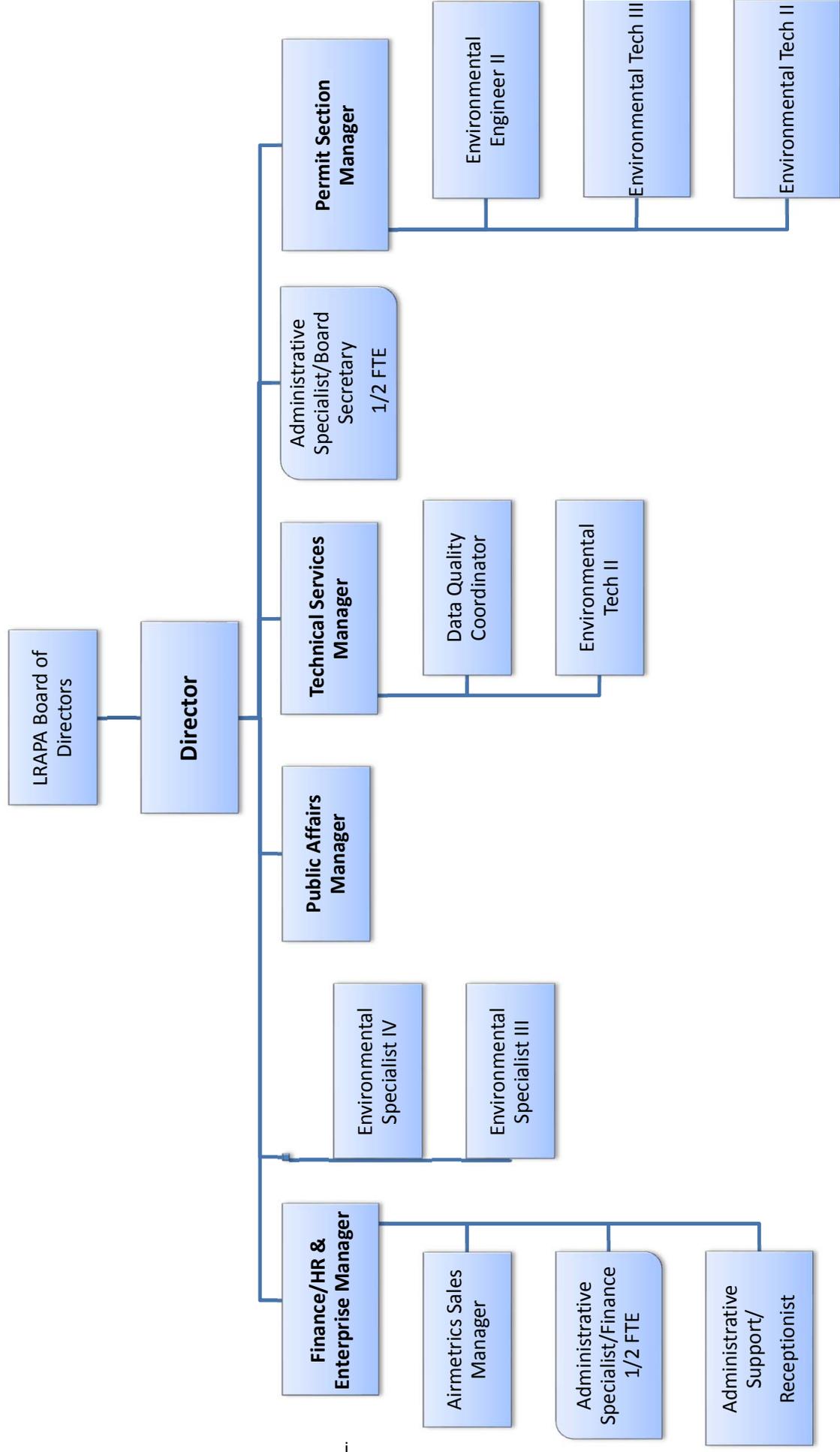
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INTRODUCTORY SECTION



# Lane Regional Air Protection Agency (LRAPA) Organization Chart



**LANE REGIONAL AIR PROTECTION AGENCY**

List of Appointed Officials

As of June 30, 2015

**APPOINTED OFFICIALS**

Mike Fleck	Chair
Jeannine Parisi	Vice Chair
Bill Brommelsiek	Director
Jay Bozievich	Director
Joe Gonzales	Director
Scott Lucas	Director
Dave Ralston	Director
Betty Taylor	Director

FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT



Board of Directors  
Lane Regional Air Protection Agency  
Springfield, Oregon

An Independently Owned Member  
**McGLADREY ALLIANCE**



### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activity, and each major fund of Lane Regional Air Protection Agency ("LRAPA") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of LRAPA as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity and each major fund of LRAPA as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the General Fund and Title V fund budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules for the General Fund and Title V fund have been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, are fairly stated in relation to the basic financial statements taken as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LRAPA's basic financial statements. The introductory section and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not required part of the basic financial statements.

The Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) Airmetrics and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) Airmetrics fund and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2015 on our consideration of LRAPA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LRAPA's internal control over financial reporting and compliance.

*Report on Other Legal and Regulatory Requirements*

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated November 24, 2015 on our consideration of LRAPA's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

ISLER CPA

A handwritten signature in black ink that reads "Paul R. Nielson". The signature is written in a cursive style with a prominent initial "P" and a long, sweeping underline.

by: Paul Nielson, CPA, a member of the firm

Eugene, Oregon  
November 24, 2015

## Management's Discussion and Analysis

As management of Lane Regional Air Protection Agency ("LRAPA"), we offer readers of LRAPA's financial statements this narrative overview and analysis of the financial activities of LRAPA for the fiscal year ended June 30, 2015. All amounts are stated in thousands unless otherwise indicated.

### Financial Highlights

- Assets exceeded liabilities at the close of the fiscal year by \$2.9 million and of this amount; \$1.8 million (*unrestricted* net position) may be used to meet LRAPA's ongoing obligations to citizens and creditors.
- LRAPA's total net position increased by \$332. This increase is attributable to governmental activities increasing net position by \$196 and and business-type activities increasing net position by \$136.
- As of close of the fiscal year, LRAPA's governmental funds reported a combined ending fund balance of \$1.5 million, an increase of \$177. Of this total, \$963 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$963, or approximately 58% of total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to LRAPA's basic financial statements. LRAPA's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

**Government-wide financial statements** The *government-wide financial statements* are designed to provide readers with a broad view of LRAPA's finances, in a manner similar to a private-sector business.

The *balance sheet* presents information on all of LRAPA's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of LRAPA is improving or deteriorating.

The *statement of activities* presents information showing how LRAPA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of LRAPA that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*business-type activities*). The governmental activities of LRAPA are related to air pollution control. Business-type activity of LRAPA include the sale of portable air quality sampling units.

**Fund financial statements** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. LRAPA, like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of LRAPA can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

LRAPA maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for both of these funds.

LRAPA adopts an annual budget for its governmental funds. Budgetary comparisons have been provided for the governmental funds to demonstrate compliance with the budget.

**Proprietary funds** LRAPA has one proprietary fund, an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. LRAPA uses the Airmetrics enterprise fund to account for the sales of air quality sampling units.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**Notes to the financial statements** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. LRAPA's assets exceeded liabilities by \$2.9 million at the close of the most recent fiscal year.

A substantial portion of LRAPA's net position (21%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) net of depreciation; less any related debt used to acquire those assets that is still outstanding. LRAPA uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

### Lane Regional Air Protection Agency's Net Position, in thousands

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 1,594	\$ 1,454	\$ 873	\$ 801	\$ 2,467	\$ 2,255
Capital assets	585	577	17	1	602	578
Total assets	<u>2,179</u>	<u>2,031</u>	<u>890</u>	<u>802</u>	<u>3,069</u>	<u>2,833</u>
Long-term liabilities outstanding	108	118	11	9	119	127
Other liabilities	47	85	-	50	47	135
Total liabilities	<u>155</u>	<u>203</u>	<u>11</u>	<u>59</u>	<u>166</u>	<u>262</u>
Net position						
Net investment in capital assets	585	577	17	1	602	578
Restricted	524	438	-	-	524	438
Unrestricted	<u>915</u>	<u>813</u>	<u>862</u>	<u>742</u>	<u>1,777</u>	<u>1,555</u>
Total net position	<u>\$ 2,024</u>	<u>\$ 1,828</u>	<u>\$ 879</u>	<u>\$ 743</u>	<u>\$ 2,903</u>	<u>\$ 2,571</u>

An additional portion of LRAPA's net position (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$1.8 million and may be used to meet LRAPA's ongoing obligations to citizens and creditors.

LRAPA's net position increased by \$332 during the current fiscal year; this increase represents the degree to which increases in revenues have outstripped similar increases in expenses.

## Lane Regional Air Protection Agency's Changes in Net Position, in thousands

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,302	\$ 1,263	\$ 1,102	\$ 1,061	\$ 2,404	\$ 2,324
Operating grants and contributions	963	670	-	-	963	670
General revenues:						
Investment income	5	3	-	-	-	3
Total revenues	<u>2,270</u>	<u>1,936</u>	<u>1,102</u>	<u>1,061</u>	<u>3,367</u>	<u>2,997</u>
Expenses:						
Air quality control	2,099	1,622	-	-	2,099	1,622
Portable sampler sales	-	-	941	892	941	892
Total expenses	<u>2,099</u>	<u>1,622</u>	<u>941</u>	<u>892</u>	<u>3,040</u>	<u>2,514</u>
Increase (decrease) in net position before transfers	171	314	161	169	332	483
Transfers	<u>25</u>	<u>25</u>	<u>(25)</u>	<u>(25)</u>	<u>-</u>	<u>-</u>
Increase in net position	196	339	136	144	332	483
Net position beginning of the year	<u>1,828</u>	<u>1,489</u>	<u>743</u>	<u>599</u>	<u>2,571</u>	<u>2,088</u>
Net position end of the year	<u>\$ 2,024</u>	<u>\$ 1,828</u>	<u>\$ 879</u>	<u>\$ 743</u>	<u>\$ 2,903</u>	<u>\$ 2,571</u>

### Financial Analysis of the Government's Funds

As noted earlier, LRAPA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** The focus of LRAPA's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing LRAPA's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, LRAPA's governmental funds reported combined ending fund balances of \$1.5 million, an increase of \$177 over the prior year; \$963 of the total amount constitutes unassigned fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of LRAPA. At the end of the current fiscal year, total fund balance was \$983, all of which is unassigned, the fund balance of LRAPA's General Fund increased by \$86 during the current fiscal year.

### General Fund Budgetary Highlights

There were no significant differences between the original budget and the final budget and the differentials were within the acceptable target numbers.

**Capital Assets and Debt Administration**

**Capital assets** LRAPA's investment in capital assets for its governmental and business-type activities as June 30, 2015 amounts to \$603 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles, and equipment.

Capital assets at June 30, 2015 included the following:

**Lane Regional Air Protection Agency Capital Assets, in thousands (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 100	\$ 100	\$ -	\$ -	\$ 100	\$ 100
Buildings and improvements	351	367	-	-	351	367
Vehicles	-	9	-	-	-	9
Equipment	135	101	17	1	152	102
	<u>\$ 586</u>	<u>\$ 577</u>	<u>\$ 17</u>	<u>\$ 1</u>	<u>\$ 603</u>	<u>\$ 578</u>

Additional information on LRAPA's capital assets can be found in Note III C of this report.

**Economic Factors and Next Year's Budgets and Rates**

Sales in LRAPA's Airmetrics enterprise program are projected to remain stable during fiscal year 2015-2016. In the 2015-2016 budget, the contributions to the Trust Funds for unemployment, which is at a historical low rate of .001, remained unchanged. EPA's funding for the PM-2.5 network (for air monitoring stations) and for the Clean Air Act Section 105 ("Base Grant" for support of air pollution planning and control programs) will be sustained at the historical levels.

LRAPA, on behalf of the North West Air Quest consortium, of which LRAPA is also a member, will administer two contracts with two Universities in the State of Washington (University of Washington and Washington State University) during the grant period 2014-2016. The total allocation is \$680,000 or \$340,000 per year. The funding is provided by member agencies from their EPA funding allocations.

**Request for Information**

This financial report is designed to provide a general overview of LRAPA's finances for all or those interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance/HR Manager at Lane Regional Air Protection Agency (Nasser Mirhosseyni) nmirhosseyni@lrapa.org.

BASIC FINANCIAL STATEMENTS



**LANE REGIONAL AIR PROTECTION AGENCY**

Balance Sheet

June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,401,272	\$ 783,406	\$ 2,184,678
Accounts receivables	85,755	40,857	126,612
Grants and contracts receivable	14,421	-	14,421
Inventories	-	120,054	120,054
Prepays	19,837	55	19,892
Internal balances	72,229	(72,229)	-
Capital Assets			
Non-depreciable assets	100,000	-	100,000
Depreciable assets (net of accumulated depreciation)	485,488	17,252	502,740
Total assets	<u>\$ 2,179,002</u>	<u>\$ 889,395</u>	<u>\$ 3,068,397</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	\$ 29,239	\$ -	\$ 29,239
Unearned revenue	567	369	936
Due to Lane County	17,481	-	17,481
Noncurrent liabilities:			
Due within one year:			
Compensated absences	100,200	9,500	109,700
Due in more than one year:			
Compensated absences	7,552	766	8,318
Total liabilities	<u>155,039</u>	<u>10,635</u>	<u>165,674</u>
<b>NET POSITION</b>			
Net investment in capital assets	585,488	17,252	602,740
Restricted for Title V	523,892	-	523,892
Unrestricted	914,583	861,508	1,776,091
Total net position	<u>2,023,963</u>	<u>878,760</u>	<u>2,902,723</u>
Total liabilities and net position	<u>\$ 2,179,002</u>	<u>\$ 889,395</u>	<u>\$ 3,068,397</u>

The notes to the financial statements are an integral part of this statement.

LANE REGIONAL AIR PROTECTION AGENCY

Statement of Activities

For the Year Ended June 30, 2015

Functions / Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Air quality control	\$ 2,098,727	\$ 1,302,066	\$ 963,065	\$ 166,404	\$ -	\$ 166,404
Business-type activities:						
Portable air-sampling devices and services	941,399	1,101,815	-	-	160,416	160,416
Total activities	\$ 3,040,126	\$ 2,403,881	\$ 963,065	\$ 166,404	\$ 160,416	\$ 326,820
General revenues:						
Investment earnings				4,726	-	4,726
Transfers				25,000	(25,000)	-
Total general revenues and transfers				29,726	(25,000)	4,726
Change in net position				196,130	135,416	331,546
Net position - beginning				1,827,833	743,344	2,571,177
Net position - ending				\$ 2,023,963	\$ 878,760	\$ 2,902,723

**LANE REGIONAL AIR PROTECTION AGENCY**

Balance Sheet

Governmental Funds

June 30, 2015

	General	Title V	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,401,272	\$ -	\$ 1,401,272
Accounts receivable	85,755	-	85,755
Grant and contract receivables	14,421	-	14,421
Due from other funds	72,229	563,184	635,413
Prepays	19,837	-	19,837
Total assets	\$ 1,593,514	\$ 563,184	\$ 2,156,698
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and other current liabilities	\$ 29,239	\$ -	\$ 29,239
Due to other funds	563,184	-	563,184
Due to Lane County	18,048	-	18,048
Total liabilities	610,471	-	610,471
Fund balances:			
Nonspendable prepaids	19,837	-	19,837
Restricted by Title V	-	563,184	563,184
Unassigned	963,206	-	963,206
Total fund balances	983,043	563,184	1,546,227
Total liabilities and fund balances	\$ 1,593,514	\$ 563,184	\$ 2,156,698

The notes to the financial statements are an integral part of this statement.

LANE REGIONAL AIR PROTECTION AGENCY

Reconciliation of the Balance Sheet of Governmental Funds to the Government-Wide Balance Sheet

June 30, 2015

Fund Balances - Governmental Funds \$ 1,546,227

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Governmental capital assets	1,517,177	
Less accumulated depreciation	<u>(931,689)</u>	
		585,488

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences		(107,752)
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Net position of governmental activities		<u><u>\$ 2,023,963</u></u>
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The notes to the financial statements are an integral part of this statement.

**LANE REGIONAL AIR PROTECTION AGENCY**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2015

	General	Title V	Total Governmental Funds
<b>REVENUES</b>			
Grants and contracts	\$ 856,711	\$ -	\$ 856,711
Permit fees	745,232	549,324	1,294,556
Local dues	106,354	-	106,354
Investment earnings	4,726	-	4,726
Miscellaneous revenue	7,510	-	7,510
Total revenues	1,720,533	549,324	2,269,857
 <b>EXPENDITURES</b>			
Current:			
Air quality control	1,622,879	443,117	2,065,996
Capital outlay	51,403	-	51,403
Total expenditures	1,674,282	443,117	2,117,399
Excess (deficiency) of revenues over (under) expenditures	46,251	106,207	152,458
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	40,000	-	40,000
Transfers out	-	(15,000)	(15,000)
Total other financing sources (uses)	40,000	(15,000)	25,000
Net change in fund balances	86,251	91,207	177,458
Fund balances - beginning	896,792	471,977	1,368,769
Fund balances - ending	\$ 983,043	\$ 563,184	\$ 1,546,227

The notes to the financial statements are an integral part of this statement.

**LANE REGIONAL AIR PROTECTION AGENCY**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	177,458
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	51,201	
Depreciation	<u>(42,425)</u>	
		8,776

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds:

Change in Compensated absences	9,896
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Change in net position of governmental activities	\$	<u><u>196,130</u></u>
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The notes to the financial statements are an integral part of this statement.

**LANE REGIONAL AIR PROTECTION AGENCY**

Balance Sheet  
Proprietary Funds  
June 30, 2015

	Business-Type Activities - Enterprise Funds
	Airmetrics
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 783,406
Receivables, net	40,857
Inventories	120,054
Prepays	55
Total current assets	944,372
Noncurrent assets:	
Capital assets:	
Depreciable assets	85,789
Less accumulated depreciation	(68,537)
Total noncurrent assets	17,252
Total assets	\$ 961,624
 <b>LIABILITIES</b>	
Current liabilities:	
Due to other funds	\$ 72,229
Unearned revenue	369
Compensated absences	10,266
Total current liabilities	82,864
 <b>NET POSITION</b>	
Invested in capital assets	17,252
Unrestricted	861,508
Total net position	878,760
Total liabilities and net position	\$ 961,624

The notes to the financial statements are an integral part of this statement.

LANE REGIONAL AIR PROTECTION AGENCY

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2015

	<u>Business-Type Activities - Enterprise Funds Airmetrics</u>
Operating revenues:	
Charges for sales and services	\$ 1,061,113
Miscellaneous revenue	38,902
Rent	<u>1,800</u>
Total operating revenues	<u>1,101,815</u>
Operating expenses:	
Personal services	139,150
Materials and services	800,497
Depreciation	<u>1,752</u>
Total operating expenses	<u>941,399</u>
Operating income (loss)	160,416
Transfers in (out)	<u>(25,000)</u>
Change in net position	135,416
Net position - beginning	<u>743,344</u>
Net position - ending	<u>\$ 878,760</u>

The notes to the financial statements are an integral part of this statement.

**LANE REGIONAL AIR PROTECTION AGENCY**

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2015

	Business-Type Activities - <u>Enterprise Funds</u> <u>Airmetrics</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 1,071,985
Payments to suppliers	(814,968)
Payments to employees	<u>(138,312)</u>
Net cash provided (used) by operating activities	<u>118,705</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer (to) from other funds	(25,000)
Change in due to/from other funds	<u>(67,276)</u>
Net cash used by noncapital financing activities	<u>(92,276)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	<u>(17,696)</u>
Net change in cash and cash equivalents	8,733
Cash and cash equivalents - beginning	<u>774,673</u>
Cash and cash equivalents - ending	<u><u>\$ 783,406</u></u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>	
Operating income (loss)	<u>160,416</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,752
Changes in:	
Accounts receivable	3,156
Inventories	1,484
Prepaid items	(55)
Unearned revenue	(32,986)
Accounts payable and other current liabilities	(15,900)
Compensated absences	<u>838</u>
Total adjustments	<u>(41,711)</u>
Net cash provided (used) by operating activities	<u><u>\$ 118,705</u></u>

The notes to the financial statements are an integral part of this statement.

LANE REGIONAL AIR PROTECTION AGENCY

Notes to the Financial Statements

June 30, 2015

**Note I - Summary of significant accounting policies**

**A. Nature of business**

The Lane Regional Air Protection Agency ("LRAPA") was formed under the predecessor sections to Oregon Revised Statutes (ORS) 468A.100 through 468A.180. Its purpose is to control air quality by establishing standards for the promotion of the purity of air and to promulgate and enforce uniform ordinances and regulations in Lane County, Oregon.

**B. Reporting entity**

LRAPA is a municipal corporation governed by a nine-member board of directors. The board members are appointed by their respective city mayors and the Lane County Board of Commissioners. Board membership includes four representatives from the City of Eugene, one each from Lane County and the City of Springfield; one from either the City of Cottage Grove or the City of Oakridge; and two at-large members. The two at-large members are appointed by the seven other board members.

LRAPA is considered a primary government and is not a component unit of another entity, nor are there any component units for which LRAPA is financially accountable.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and *available*. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, LRAPA considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

LRAPA reports the following major governmental funds:

The *General Fund* is LRAPA's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Principal sources of revenue are grants, permit fees, and local dues. Primary expenditures are for air quality control.

The *Title V Fund* accounts for the costs associated with issuing federally-required air pollution permits to large facilities operating within Lane County, Oregon. The primary source of revenue is from permit fees. The use of the permit fees is restricted by the United States Code.

LRAPA reports the following major proprietary funds:

The *Airmetrics Fund* accounts for LRAPA's costs to manufacture and market portable air-sampling devices and services. Sales of the equipment are the fund's primary revenue source.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

LANE REGIONAL AIR PROTECTION AGENCY

Notes to the Financial Statements

June 30, 2015

**Note I - Summary of significant accounting policies, continued**

**C. Measurement focus, basis of accounting, and financial statement presentation, continued**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When restricted, committed, assigned, and unassigned resources are available for use, it is LRAPA's policy to use restricted resources first, followed by committed, assigned, and unassigned fund balance.

**D. Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**E. Assets, liabilities, and net position or equity**

**1. Cash and cash equivalents**

LRAPA's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments in the State of Oregon Treasury Department's Local Government Investment Pool (LGIP).

State statutes authorize LRAPA to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, municipal bonds, banker's acceptances, repurchase agreements and the LGIP.

**2. Receivables and payables**

Receivables that meet the measurable and available criteria for revenue recognition are accrued as revenue in the governmental funds financial statements. Receivables in the government-wide and proprietary fund financial statements are accrued as revenue when earned. In governmental funds any revenues not meeting the revenue recognition criteria are offset by unearned revenue accounts. Receivables are stated net of any allowance for uncollectibles.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**3. Inventories and prepaid items**

Inventories in the proprietary fund are valued at the lower of average cost or market and are charged to operating expense when sold or used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

LANE REGIONAL AIR PROTECTION AGENCY

Notes to the Financial Statements

June 30, 2015

**Note I - Summary of significant accounting policies, continued**

**E. Assets, liabilities, and net position or equity, continued**

**4. Capital assets**

Capital assets, which include land, buildings and improvements, vehicles, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by LRAPA as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of LRAPA are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	10 - 40
Vehicles	10
Equipment	5 - 10

**5. Compensated absences**

It is LRAPA's policy to permit employees to accumulate earned but unused paid time off. All paid time off is accrued when incurred in the government-wide and proprietary financial statements up to the maximum hours allowed based on number of years of service. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

All three of the funds have been used to liquidate compensated absences in prior years.

**6. Retirement plan**

LRAPA sponsors a defined contribution pension plan. Contributions are based on a percentage of eligible employee's wages, and it is the policy of LRAPA to fund contributions by monthly deposits. Plan assets, which are held by an insurance company under a policy providing for individual participant accounts, are not a part of the reporting entity of LRAPA.

LANE REGIONAL AIR PROTECTION AGENCY

Notes to the Financial Statements

June 30, 2015

**Note I - Summary of significant accounting policies, continued**

**E. Assets, liabilities, and net position or equity, continued**

**7. Fund balance**

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The fund balance classifications are:

*Nonspendable* - resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for sale.

*Restricted* - constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* - the Board passes an ordinance that places specific constraints on how the resources may be used. The Board can modify or rescind the ordinance at any time through passage of an additional ordinance.

*Assigned* - resources that are constrained by the Board's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the board of directors approves which resources should be "reserved" during the adoption of the annual budget.

*Unassigned* - resources that have not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

**8. Grants**

Grants are recognized as revenue in the accounting period in which they become both measurable and available and in which all eligibility requirements have been met. When expenditure is the primary factor for determining eligibility, the revenue is recognized when the expenditure is made. Cash received from grantor agencies in excess of related grant expenditures is recorded as unearned revenue on the statement of net position.

**Note II - Stewardship, compliance, and accountability**

**A. Budgetary information**

Budgets are prepared and adopted, and expenditures are appropriated, in accordance with Oregon Local Budget Law. LRAPA is required by law to budget all funds. The budgetary level of control is by total personal services, materials and services, capital outlay, debt service, and contingency for each fund. Expenditures may not legally exceed the adopted level of detail and all annual appropriations lapse at year end.

Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publications in newspapers, and adoption by the Board of Directors. The Board of Directors can also authorize transfers of appropriations between existing expenditure categories. Budget amounts shown in the financial statements represent the budget as finally revised by the Board of Directors.

LANE REGIONAL AIR PROTECTION AGENCY

Notes to the Financial Statements

June 30, 2015

**Note II - Stewardship, compliance, and accountability, continued**

**A. Budgetary information, continued**

Budgets are also prepared for the proprietary fund on the same basis of accounting as used by the governmental funds; this differs from the accrual basis required by generally accepted accounting principles as follows:

- Land, building, and equipment purchases are budgeted as an expenditure in the year of acquisition.
- No depreciation is budgeted.
- Loan proceeds are budgeted as a resource.
- Principal paid on loans is budgeted as an expenditure in the year paid.
- Interest is not budgeted as an expenditure until the debt payment becomes due.

**Note III - Detailed notes on all funds**

**A. Cash and cash equivalents**

As of June 30, 2015, LRAPA's cash and cash equivalents was reported as follows:

Cash on hand	\$	100
Deposits in financial institutions		1,109,702
Investment in LGIP		<u>1,074,876</u>
Total	\$	<u>2,184,678</u>

State statutes govern LRAPA's cash management policies, because LRAPA does not have an official investment policy. State statutes authorize LRAPA to invest in the Oregon State Treasurer's Local Government Investment Pool, time certificates of deposit, U.S. Government Treasury Obligations, and obligations of the United States and its agencies and instrumentalities.

The Oregon Local Government Investment Pool (LGIP) is an open-ended, no-load diversified portfolio offered to any municipality, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any public funds. The Office of the State Treasurer (OST) manages the LGIP. The LGIP is commingled with other State funds in the Oregon Short-Term Fund (OSTF). The OSTF is not managed as a stable net asset value fund; therefore, the preservation of principal is not assured. The LGIP is not rated by a national rating service. Additional information about the OSTF can be obtained at [www.ost.state.or.us](http://www.ost.state.or.us) and [www.oregon.gov/treasury](http://www.oregon.gov/treasury). The weighted-average maturity of LGIP is less than one year. LRAPA's investment in LGIP is stated at fair value.

*Custodial Credit Risk Deposits* Custodial credit risk is the risk that in the event of a bank failure, LRAPA's deposits may not be returned to it. Deposits with financial institutions include bank demand deposits. Cash, except for cash held at LRAPA, is covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool called the Public Funds Collateralization Program (PFCP) administered by the Office of the State Treasurer for the State of Oregon.

At June 30, 2015, LRAPA's total deposits in financial institutions, per the bank statements, was \$1,227,211.

**LANE REGIONAL AIR PROTECTION AGENCY**

Notes to the Financial Statements

June 30, 2015

**Note III - Detailed notes on all funds, continued**

**B. Receivables**

At June 30, 2015, receivables in the General Fund consisted of grants due from other governmental agencies and permit fees receivable. These grants and fees have historically been fully collected, thus no allowance for doubtful accounts has been established.

Receivables in the proprietary fund consisted of portable sampler sales and part sales for portable samplers. Portable samplers are sold to other governments and private industry throughout the United States and internationally. Receivables from such sales are unsecured. Management believes that the amount of uncollectible receivables is immaterial. Therefore, no provision for uncollectible receivables has been recorded.

**C. Capital assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Capital assets, being depreciated:				
Building and improvements	601,052	-	-	601,052
Equipment and vehicles	780,409	51,201	(15,485)	816,125
Total capital assets being depreciated	1,381,461	51,201	(15,485)	1,417,177
Less accumulated depreciation for:				
Building and improvements	(234,399)	(16,058)	-	(250,457)
Equipment and vehicles	(670,350)	(26,367)	15,485	(681,232)
Total accumulated depreciation	(904,749)	(42,425)	15,485	(931,689)
Total capital assets, being depreciated, net	476,712	8,776	-	485,488
Governmental activities capital assets, net	\$ 576,712	\$ 8,776	\$ -	\$ 585,488
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Equipment and vehicles	\$ 68,093	\$ 17,696	\$ -	\$ 85,789
Less accumulated depreciation for:				
Equipment and vehicles	(66,785)	(1,752)	-	(68,537)
Business-type activities capital assets, net	\$ 1,308	\$ 15,944	\$ -	\$ 17,252

**LANE REGIONAL AIR PROTECTION AGENCY**

Notes to the Financial Statements

June 30, 2015

**Note III - Detailed notes on all funds, continued**

**C. Capital assets, continued**

Depreciation expense was charged to functions/programs of LRAPA as follows:

Governmental activities:		
Air quality control	\$	<u>42,425</u>
Business-type activities:		
Portable air sampling devices and services	\$	<u>1,752</u>

**D. Interfund receivables, payables, and transfers**

Due to/from other funds:

Interfund receivables and payables are part of ongoing operations and track expenditures made by one fund on behalf of another and the amount due to the fund for reimbursement of these expenditures. Interfund receivables for Title V represents pooled cash held and payable by the General Fund. As of June 30, 2015, the interfund receivables and payables were as follows:

<u>Payable fund</u>	Receivable Fund		<u>Total</u>
	General	Title V	
General	\$ -	\$ 563,185	\$ 563,185
Airmetrics fund	<u>72,229</u>	<u>-</u>	<u>72,229</u>
Total	<u>\$ 72,229</u>	<u>\$ 563,185</u>	<u>\$ 635,414</u>

Transfers to/from other funds:

During the year ending June 30, 2015 LRAPA made the following transfers:

<u>Transfers out</u>	<u>Transfers in</u>
	General
Title V	\$ 15,000
Airmetrics	<u>25,000</u>
Total	<u>\$ 40,000</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and from various funds to the General Fund to reimburse for administrative expenditures.

**LANE REGIONAL AIR PROTECTION AGENCY**

Notes to the Financial Statements

June 30, 2015

**Note III - Detailed notes on all funds, continued**

**E. Compensated absences**

Changes in compensated absences

Activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 117,647	\$ 99,989	\$ (109,884)	\$ 107,752	\$ 100,200
Business-type activities:					
Compensated absences	\$ 9,428	\$ 11,307	\$ (10,469)	\$ 10,266	\$ 9,500

**Note IV - Other information**

**A. Employee benefit plans**

Deferred Compensation Plan

LRAPA offers a deferred compensation plan to all of its employees, in accordance with Internal Revenue Code Section 457. Employees may elect to defer a portion of their compensation until future years. The deferred compensation is not available to individuals until termination, death, or unforeseeable emergency.

Defined Contribution Pension Plan

LRAPA sponsors a money purchase pension plan for substantially all employees who have 1,000 hours of service per year. The plan requirements are established or may be amended by LRAPA. LRAPA's required contribution to the plan is 8% of eligible wages of \$1,207,530. LRAPA's contribution to the plan was \$77,566 for the year. Employees are required to contribute an additional 6%, subject to certain limitations. Total employee contributions for the year were \$58,175. Total payroll for all employees was \$1,218,989 for the year ended June 30, 2015. Retirement contributions are invested by ING Life Insurance and Annuity Company.

LRAPA is required to make monthly contributions under the plan. Retirement benefits are provided from the individual participants' accounts, in which employees vest at various annual percentages for five years until they are fully vested.

**B. Risk management**

LRAPA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. LRAPA is a member of the City-County Insurance Services Trust ("Trust"), and pays an annual premium to the Trust. Under the membership agreement with the Trust, the Trust is to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years. There has been no reduction of coverage from the prior year.

LRAPA purchases workers' compensation insurance from a commercial carrier. Premiums are determined based on payroll paid at various employment classification rates.

**C. Contingent liabilities**

LRAPA receives revenues from other governmental agencies. Amounts, if any, determined to be overpaid or disallowed must be refunded or credited to the paying agencies. Management believes that such amounts, if any, would be insignificant.



REQUIRED SUPPLEMENTARY INFORMATION



**LANE REGIONAL AIR PROTECTION AGENCY**  
**GENERAL FUND**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Grants	\$ 1,228,600	\$ 1,228,600	\$ 856,711	\$ (371,889)
Permits and fees	810,630	810,630	745,232	(65,398)
Local dues	131,350	131,350	106,354	(24,996)
Investment earnings	3,110	3,110	4,726	1,616
Miscellaneous revenue	<u>6,700</u>	<u>6,700</u>	<u>7,510</u>	<u>810</u>
Total revenues	<u>2,180,390</u>	<u>2,180,390</u>	<u>1,720,533</u>	<u>(459,857)</u>
Expenditures:				
Current:				
Personal services	1,068,390	1,068,390	1,022,313	46,077
Materials and services	1,023,530	1,023,530	600,566	422,964
Capital outlay	52,000	52,000	51,403	597
Contingency	<u>90,000</u>	<u>90,000</u>	<u>-</u>	<u>90,000</u>
Total expenditures	<u>2,233,920</u>	<u>2,233,920</u>	<u>1,674,282</u>	<u>559,638</u>
Excess (deficiency) of revenues over (under) expenditures	(53,530)	(53,530)	46,251	99,781
Other financing sources (uses):				
Transfers in	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Net change in fund balances	(13,530)	(13,530)	86,251	99,781
Fund Balances:				
Beginning of year	<u>655,570</u>	<u>655,570</u>	<u>896,792</u>	<u>241,222</u>
End of year	<u>\$ 642,040</u>	<u>\$ 642,040</u>	<u>983,043</u>	<u>\$ 341,003</u>

**LANE REGIONAL AIR PROTECTION AGENCY**

TITLE V

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Permits and fees	\$ 562,240	\$ 562,240	\$ 549,324	\$ (12,916)
Total revenues	<u>562,240</u>	<u>562,240</u>	<u>549,324</u>	<u>(12,916)</u>
Expenditures:				
Current:				
Personal services	409,500	409,500	396,193	13,307
Materials and services	<u>88,980</u>	<u>88,980</u>	<u>46,924</u>	<u>42,056</u>
Total expenditures	<u>498,480</u>	<u>498,480</u>	<u>443,117</u>	<u>55,363</u>
Excess (deficiency) of revenues over expenditures	63,760	63,760	106,207	42,447
Other financing sources (uses):				
Transfers	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balances	48,760	48,760	91,207	42,447
Fund Balances:				
Beginning of year	<u>436,880</u>	<u>436,880</u>	<u>471,977</u>	<u>35,097</u>
End of year	<u>\$ 485,640</u>	<u>\$ 485,640</u>	<u>\$ 563,184</u>	<u>\$ 77,544</u>

OTHER SUPPLEMENTARY INFORMATION



**LANE REGIONAL AIR PROTECTION AGENCY**

**AIRMETRICS**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Charges for services	\$ 982,480	\$ 982,480	\$ 1,061,113	\$ 78,633
Rent	7,650	7,650	1,800	(5,850)
Miscellaneous revenue	31,380	31,380	38,902	7,522
Total revenues	1,021,510	1,021,510	1,101,815	80,305
Expenditures:				
Personal services	139,000	139,000	138,312	688
Materials and services	820,010	820,010	800,497	19,513
Capital outlay	37,500	37,500	17,696	19,804
Total expenditures	996,510	996,510	956,505	40,005
Excess revenues over expenditures	25,000	25,000	145,310	120,310
Other financing sources (uses):				
Transfers	(25,000)	(25,000)	(25,000)	-
Net change in fund balances	-	-	120,310	120,310
Fund Balance:				
Beginning of year	516,610	516,610	751,464	234,854
End of year	\$ 516,610	\$ 516,610	871,774	\$ 355,164
Reconciliation to full accrual Basis:				
Capital assets			17,252	
Compensated absences			(10,266)	
GAAP Net Position - end of year			\$ 878,760	



COMPLIANCE SECTION





## INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

An Independently Owned Member  
**McGLADREY ALLIANCE**



Board of Directors  
Lane Regional Air Protection Agency  
Springfield, Oregon

We have audited the basic financial statements of the Lane Regional Air Protection Agency ("LRAPA") as of and for the year ended June 30, 2015, and have issued our report thereon dated November 24, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

### **Compliance**

As part of obtaining reasonable assurance about whether LRAPA's basic financial statements are free from material misstatement, we performed tests of LRAPA's compliance with certain provisions of laws, regulations, contracts and grants including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Budgets legally required (ORS Chapter 294)**
- **Insurance and fidelity bonds in force or required by law**
- **Programs funded from outside sources**
- **Authorized investment of surplus funds (ORS Chapter 294)**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)**

In connection with our testing nothing came to our attention that caused us to believe LRAPA was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

### **OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered LRAPA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LRAPA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of LRAPA's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report is intended solely for the information of the board of directors, management, and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

ISLER CPA



by: Paul Nielson, CPA, a member of the firm  
November 24, 2015



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

An Independently Owned Member  
**McGLADREY ALLIANCE**



Board of Directors  
Lane Regional Air Protection Agency  
Springfield, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, and each major fund of Lane Regional Air Protection Agency ("LRAPA") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the LRAPA's basic financial statements and have issued our report thereon dated November 24, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered LRAPA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LRAPA's internal control. Accordingly, we do not express an opinion on the effectiveness of LRAPA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether LRAPA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the LRAPA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ISLER CPA

A handwritten signature in black ink that reads "Paul R. Nielson". The signature is written in a cursive style with a prominent flourish at the end of the name.

Paul R Nielson, CPA, a member of the firm  
Eugene, Oregon  
November 24, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Directors  
Lane Regional Air Protection Agency  
Springfield, Oregon

An Independently Owned Member  
**McGLADREY ALLIANCE**



**Report on Compliance for Each Major Federal Program**

We have audited Lane Regional Air Protection Agency's ("LRAPA") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of LRAPA's major federal programs for the year ended June 30, 2015. LRAPA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of LRAPA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about LRAPA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of LRAPA's compliance.

**Opinion on Each Major Federal Program**

In our opinion, LRAPA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

Management of LRAPA, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LRAPA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of LRAPA's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

ISLER CPA



By Paul R Nielson, CPA, a member of the firm  
November 24, 2015

**LANE REGIONAL AIR PROTECTION AGENCY**

Schedule of Findings and Questioned Costs

Year Ended June 30, June 30, 2015

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) that are not considered to be material weaknesses?	No
• Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of Major Federal Award Programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Air Pollution Control Program Support	66.001
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

None

**LANE REGIONAL AIR PROTECTION AGENCY**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2015

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<b>Environmental Protection Agency:</b>		
Direct programs:		
Air Pollution Control Program Support	66.001	\$ 571,812
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	65,785
Total Environmental Protection Agency		637,597
<b>General Services Administration:</b>		
Passed through State of Oregon Department of Administrative Services, pass through number ORS 293.560		
Donation of Federal Surplus Personal Property	39.003	3,552
Total expenditures of federal awards		\$ 641,149

Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of LRAPA and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.