

LANE REGIONAL AIR PROTECTION AGENCY
FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION

FOR THE YEAR ENDED JUNE 30, 2024

WITH

INDEPENDENT AUDITOR'S REPORT

LANE REGIONAL AIR PROTECTION AGENCY

For the Year Ended June 30, 2024

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
List of Appointed Officials	i
FINANCIAL SECTION	
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 8
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Government-Wide Balance Sheet	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Position - Proprietary Funds	15
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	16
Statement of Cash Flows - Proprietary Funds	17
Notes to the Financial Statements	18 - 32

LANE REGIONAL AIR PROTECTION AGENCY

For The Year Ended June 30, 2024

Table of Contents

	<u>Page</u>
Required Supplementary Information:	
Schedule of the Proportionate Share of Net Pension Liability	33
Schedule of Pension Contributions	33
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	34
Special Revenue Fund	35
Grant Fund	36
Other Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) Proprietary Funds:	
Airmetrics Fund	36
 COMPLIANCE SECTION	
Independent Auditor's Report Required by Oregon State Regulations	38 - 39
Reports of Single Audit:	
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 <i>Government Auditing Standards</i> .	40 - 41
Schedule of Expenditures of Federal Awards	42 - 43
Schedule of Findings and Questioned Costs	44 - 45
Schedule of Expenditures of Federal Awards	46
Management's Corrective Action Plan	47

INTRODUCTORY SECTION

LANE REGIONAL AIR PROTECTION AGENCY

List of Appointed Officials

As of June 30, 2024

APPOINTED OFFICIALS

Howard Saxion	Chair
David Loveall	Vice Chair
Matt Keating	Director
Dylan Plummer	Director
Michael Johnston	Director
Joe Pishioneri	Director
Jared Hensley	Director
Mike Fleck	Director
Bryan Cutchen	Director

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lane Regional Air Protection Agency
Springfield, OR

920 Country Club Road, Suite 200A
Eugene, OR 97401
541.342.5161
www.islercpa.com

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Lane Regional Air Protection Agency ("LRAPA") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of LRAPA as listed in the table of contents.

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 activities, each major fund of LRAPA as of June 30, 2024, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LRAPA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LRAPA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 LRAPA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LRAPA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison for the General, Special Revenue, and Grant funds be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LRAPA's basic financial statements. The information contained in the budgetary schedules referred to above is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 budgetary comparisons are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LRAPA's basic financial statements. The accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual for the Airmetrics fund and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Balance Budget and Actual for the 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Organizational Chart and List of Appointed Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2025, 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 solely 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 the effectiveness of LRAPA's 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 for Audits of Oregon Municipal Corporations, we have issued our report dated July 9, 2025 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



by: Gatlin Hawkins, CPA, a member of the firm
Eugene, Oregon
July 9, 2025

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, 2024. All amounts are stated in thousands unless otherwise indicated.

Financial Highlights

- Assets exceeded liabilities at the close of the fiscal year by \$4.1 million and of this amount; \$3.1 million (*unrestricted* net position) may be used to meet LRAPA's ongoing obligations to citizens and creditors.
- LRAPA's total net position increased by \$58 thousand. This increase is attributable to governmental activities increasing net position by \$1,244 thousand and business-type activities decreasing net position by \$1,186 thousand.
- As of the close of the fiscal year, LRAPA's governmental funds reported a combined ending fund balance of \$3.2 million, an increase of \$781 thousand. Of this total, \$3.1 million 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 \$3.1 million, or approximately 99% 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 of 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 three 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 each 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. During the 2024 fiscal year, the Airmetrics enterprise fund was disposed of through sale.

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 \$4.1 million at the close of the most recent fiscal year.

Of LRAPA's net position, 20% 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	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 3,357	\$ 2,507	\$ -	\$ 1,163	\$ 3,357	\$ 3,670
Capital assets	825	543	-	45	825	588
Total assets	<u>4,182</u>	<u>3,050</u>	<u>-</u>	<u>1,208</u>	<u>4,182</u>	<u>4,258</u>
Deferred outflows of resources	156	-	-	-	156	-
Current liabilities	130	63	-	10	130	13
Long-term liabilities outstanding	128	153	-	12	128	165
Total liabilities	<u>258</u>	<u>216</u>	<u>-</u>	<u>22</u>	<u>258</u>	<u>178</u>
Net position						
Net investment in capital assets	825	543	-	45	825	588
Restricted	139	54	-	-	139	103
Unrestricted	<u>3,115</u>	<u>2,238</u>	<u>-</u>	<u>1,141</u>	<u>3,115</u>	<u>3,222</u>
Total net position	<u>\$ 4,079</u>	<u>\$ 2,835</u>	<u>\$ -</u>	<u>\$ 1,186</u>	<u>\$ 4,079</u>	<u>\$ 4,021</u>

An additional portion of LRAPA's net position, 3%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$3.1 million and may be used to meet LRAPA's ongoing obligations to citizens and creditors.

LRAPA's net position increased by \$58 thousand during the current fiscal year; this increase is due primarily to the transfer for the Enterprise Fund balance to the General Fund due to the closure of AirMetrics.

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 1,902	\$ 1,924	\$ 347	\$ 441	\$ 2,249	\$ 2,123
Operating grants and contributions	2,323	2,188	-	-	2,323	1,901
Total revenues	4,225	4,112	347	441	4,572	4,024
Expenses:						
Air quality control	4,150	3,929	325	-	4,475	3,929
Portable sampler sales	-	-	-	481	-	481
Total expenses	4,150	3,929	325	481	4,475	4,410
Change in net position before gain/loss and transfers	75	183	22	(40)	97	143
Investment income	89	-	-	-	-	-
Loss on discontinuation	-	-	(128)	-	-	-
Transfers	1,080	26	(1,080)	(26)	-	-
Increase (decrease) in net position	1,244	209	(1,186)	(66)	58	143
Net position beginning of the year	2,835	2,626	1,186	1,252	4,021	3,878
Net position end of the year	\$ 4,079	\$ 2,835	\$ -	\$ 1,186	\$ 4,079	\$ 4,021

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 \$3.2 million, an increase of \$781 thousand over the prior year; \$3.1 million 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 \$3.1 million, the majority of which is unassigned, the fund balance of LRAPA's General Fund increased by \$696 thousand 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 activities as of June 30, 2024 amounts to \$825 thousand (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles, and equipment.

Capital assets at June 30, 2024 included the following:

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Nondepreciable assets	\$ 258	\$ 133	\$ -	\$ -	\$ 258	\$ 133
Buildings and improvements	365	244	-	-	365	244
Vehicles	41	9	-	-	41	9
Equipment	161	157	-	45	161	202
	<u>\$ 825</u>	<u>\$ 543</u>	<u>\$ -</u>	<u>\$ 45</u>	<u>\$ 825</u>	<u>\$ 588</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

In the 2024-2025 budget, there is a significant increase for the Targeted Airshed Grant (TAG) revenues accounted for in the Grant fund and related expenditures. The General Fund and Special Revenue fund are budgeted for moderate increases in expenditures of 16% and 42%, respectively, as compared to FY 2024 actual expenditures.

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 Manager at Lane Regional Air Protection Agency, Christina Ward, cward@lrpa-or.gov

LANE REGIONAL AIR PROTECTION AGENCY

Statement of Net Position

June 30, 2024

	Governmental Activities	Business-Type Activity	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,972,786	\$ -	\$ 2,972,786
Accounts receivable	363,226	-	363,226
Prepays	20,922	-	20,922
Noncurrent assets:			
Non-depreciable capital assets	258,656	-	258,656
Depreciable capital assets (net of accumulated depreciation)	566,524	-	566,524
Total assets	<u>4,182,114</u>	<u>-</u>	<u>4,182,114</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	<u>155,886</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	\$ 130,421	\$ -	\$ 130,421
Noncurrent liabilities:			
Due within one year:			
Compensated absences	115,244	-	115,244
Due in more than one year:			
Compensated absences	<u>12,805</u>	<u>-</u>	<u>12,805</u>
Total liabilities	<u>258,470</u>	<u>-</u>	<u>258,470</u>
NET POSITION			
Investment in capital assets	825,180	-	825,180
Restricted for Title V	139,486	-	139,486
Unrestricted	<u>3,114,864</u>	<u>-</u>	<u>3,114,864</u>
Total net position	<u>\$ 4,079,530</u>	<u>\$ -</u>	<u>\$ 4,079,530</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, 2024

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activity	Total
Governmental activities:						
Air quality control	\$ 4,150,294	\$ 1,902,428	\$ 2,322,510	\$ 74,644	\$ -	\$ 74,644
Business-type activities:						
Portable air-sampling devices and services	<u>325,309</u>	<u>347,252</u>	<u>-</u>	<u>-</u>	<u>21,943</u>	<u>21,943</u>
Total activities	<u>\$ 4,475,603</u>	<u>\$ 2,249,680</u>	<u>\$ 2,322,510</u>	74,644	21,943	96,587
General revenues:						
Investment earnings				89,524	-	89,524
Discontinued operations				-	(127,724)	(127,724)
Capital asset transfers				44,979	(44,979)	-
Transfers				<u>1,035,361</u>	<u>(1,035,361)</u>	<u>-</u>
Total general revenues and transfers				<u>1,169,864</u>	<u>(1,208,064)</u>	<u>(38,200)</u>
Change in net position				1,244,508	(1,186,121)	58,387
Net position - beginning				<u>2,835,022</u>	<u>1,186,121</u>	<u>4,021,143</u>
Net position - ending				<u>\$ 4,079,530</u>	<u>\$ -</u>	<u>\$ 4,079,530</u>

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

LANE REGIONAL AIR PROTECTION AGENCY

Balance Sheet

Governmental Funds

June 30, 2024

	General	Special Revenue Fund	Grant	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,833,251	\$ 139,535	\$ -	\$ 2,972,786
Accounts receivable	111,594	-	251,632	363,226
Due from other funds	243,408	-	-	243,408
Prepaid expenses	20,922	-	-	20,922
Total assets	<u>\$ 3,209,175</u>	<u>\$ 139,535</u>	<u>\$ 251,632</u>	<u>\$ 3,600,342</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other current liabilities	\$ 122,146	\$ 49	\$ 8,224	\$ 130,419
Due to other funds	<u>-</u>	<u>-</u>	<u>243,408</u>	<u>243,408</u>
Total liabilities	<u>122,146</u>	<u>49</u>	<u>251,632</u>	<u>373,827</u>
Fund balances:				
Nonspendable prepaids	20,922	-	-	20,922
Restricted by Title V	-	139,486	-	139,486
Unassigned	<u>3,066,107</u>	<u>-</u>	<u>-</u>	<u>3,066,107</u>
Total fund balances	<u>3,087,029</u>	<u>139,486</u>	<u>-</u>	<u>3,226,515</u>
Total liabilities and fund balances	<u>\$ 3,209,175</u>	<u>\$ 139,535</u>	<u>\$ 251,632</u>	<u>\$ 3,600,342</u>

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, 2024

Fund Balances - Governmental Funds	\$	3,226,515
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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	1,715,579	
Less accumulated depreciation	<u>(890,400)</u>	
		825,179

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

Compensated absences	(128,050)
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Differences between expected and actual experiences, assumption changes, and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position

Deferred outflows related to pensions	155,886
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Net position of governmental activities	<u>\$</u>	<u>4,079,530</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, 2024

	General	Special Revenue Fund	Grant	Total Governmental Funds
REVENUES				
Grants	\$ 1,115,973	\$ -	\$ 1,007,489	\$ 2,123,462
Fees	1,251,655	644,627	-	1,896,282
Local dues	199,048	-	-	199,048
Miscellaneous revenue	6,146	-	-	6,146
Investment Earnings	89,524	-	-	89,524
Total revenues	<u>2,662,346</u>	<u>644,627</u>	<u>1,007,489</u>	<u>4,314,462</u>
EXPENDITURES				
Air quality control	<u>3,095,621</u>	<u>474,960</u>	<u>997,774</u>	<u>4,568,355</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(433,275)</u>	<u>169,667</u>	<u>9,715</u>	<u>(253,893)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,129,534	-	-	1,129,534
Transfers out	<u>-</u>	<u>(84,458)</u>	<u>(9,715)</u>	<u>(94,173)</u>
Total other financing sources (uses)	<u>1,129,534</u>	<u>(84,458)</u>	<u>(9,715)</u>	<u>1,035,361</u>
Net change in fund balances	696,259	85,209	-	781,468
Fund balances - beginning	<u>2,390,770</u>	<u>54,277</u>	<u>-</u>	<u>2,445,047</u>
Fund balances - ending	<u><u>\$ 3,087,029</u></u>	<u><u>\$ 139,486</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,226,515</u></u>

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, 2024

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

Net change in fund balances - total governmental funds	\$	781,468
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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 reported as depreciation expense:

Capital outlay	350,390	
Depreciation	<u>(67,730)</u>	
		282,660

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 deferred outflows related to pensions	155,886
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Change in compensated absences	24,494
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Change in net position of governmental activities	<u>\$</u>	<u>1,244,508</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 Net Position

Proprietary Funds

June 30, 2024

	Business-Type Activity - Enterprise Fund <u>Airmetrics</u>
ASSETS	
Cash and cash equivalents	<u>\$ -</u>
NET POSITION	
Unrestricted	<u>\$ -</u>

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, 2024

	<u>Business-Type Activity - Enterprise Fund Airmetrics</u>
Operating revenues:	
Charges for services	\$ 318,726
Interest income	<u>28,526</u>
Total operating revenues	<u>347,252</u>
Operating expenses:	
Personal services	106,519
Materials and services	<u>218,790</u>
Total operating expenses	<u>325,309</u>
Operating income (loss)	21,943
Discontinued operations	(127,724)
Capital asset transfers	(44,979)
Transfers out	<u>(1,035,361)</u>
Change in net position	(1,186,121)
Net position - beginning	<u>1,186,121</u>
Net position - ending	<u>\$ -</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, 2024

	<u>Airmetrics</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 403,361
Payments to suppliers	(113,144)
Payments to employees	<u>(118,304)</u>
Net cash provided (used) by operating activities	<u>171,913</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer (to) from other funds	(1,035,361)
Discontinued operations pooled cash allocation	(127,724)
Change in due to/from other funds	<u>(495,844)</u>
Net cash used by noncapital financing activities	<u>(1,658,929)</u>
Net change in cash and cash equivalents	(1,487,016)
Cash and cash equivalents - beginning	<u>1,487,016</u>
Cash and cash equivalents - ending	<u>\$ -</u>
Reconciliation of operating income to net cash provided (used) by operating activities	
Operating income (loss)	\$ 21,943
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in:	
Accounts receivable	56,109
Inventories	116,037
Accounts payable and other current liabilities	(10,391)
Compensated absences	<u>(11,785)</u>
Total adjustments	<u>149,970</u>
Net cash provided (used) by operating activities	<u>\$ 171,913</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, 2024

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, two from the City of Springfield and one each from Lane County, the City of Cottage Grove and the City of Oakridge.

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 *Special Revenue 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.

The *Grant Fund* accounts for the Targeted Airshed Grant funds and contracts.

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. Operations of this fund ceased in February 2024.

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

LANE REGIONAL AIR PROTECTION AGENCY

Notes to the Financial Statements

June 30, 2024

Note I - Summary of significant accounting policies, continued

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

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

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.

LRAPA's policy is to use restricted net position first when both restricted and unrestricted net position are available. For fund balance, it is LRAPA's policy to use restricted resources first, followed by committed, assigned, and unassigned resources, in that order.

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 at valued average cost 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, 2024

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 the donor's cost.

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 for employees with more than 12 months of service is accrued when incurred in the government-wide and proprietary financial statements up to a maximum amount of 280 hours paid out upon termination.

Compensated absences are liquidated by the funds which incur the liability, such funds include the General, Special Revenue, Grant, and Airmetrics funds.

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 deposits with each pay period. 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.

7. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised the following three components:

- *Net investment in capital assets* consists of capital assets net of accumulated depreciation and reduced by outstanding balances of debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are included in this component.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset used either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes, LRAPA will fund outlays for a particular purpose from both restricted and unrestricted resources. It is LRAPA's policy to consider restricted net position to be depleted before unrestricted net position is applied.

LANE REGIONAL AIR PROTECTION AGENCY

Notes to the Financial Statements

June 30, 2024

Note I - Summary of significant accounting policies, continued

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

8. 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 externally imposed by creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments; or 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.

It is LRAPA's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. 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 balance sheet.

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, 2024

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.

B. Excess of expenditures over appropriations

For the year ended June 30, 2024, LRAPA had expenditures in excess of appropriations as follows:

Airmetrics Fund - \$1,009,861 in transfers out

Airmetrics Fund - \$139,509 in discontinued operations

Grant Fund - \$9,715 in transfers out

Grant Fund - \$20,054 in capital outlay

Special Revenue Fund - \$69,458 in transfers out

General Fund - \$8,093 in personal services

General Fund - \$215,129 in materials and services

General Fund - \$144,315 in capital outlay

Note III - Detailed notes on all funds

A. Cash and cash equivalents

As of June 30, 2024, LRAPA's cash and cash equivalents was reported as follows:

Cash on hand	\$	100
Deposits in financial institutions		<u>2,972,786</u>
Total	\$	<u><u>2,972,886</u></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 and www.oregon.gov/treasury. The weighted-average maturity of LGIP is less than one year.

LANE REGIONAL AIR PROTECTION AGENCY

Notes to the Financial Statements

June 30, 2024

Note III - Detailed notes on all funds, continued

A. Cash and cash equivalents, continued

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 LRAPA. 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, 2024, LRAPA's total deposits in financial institutions, per the bank statements, was \$3,025,343.

B. Receivables

At June 30, 2024, receivables in the General Fund consisted of due from other governmental agencies and permit fees receivable. These receivables have historically been fully collected, thus no allowance for doubtful accounts has been established.

C. Capital assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Construction in progress	32,516	139,793	(13,653)	158,656
Total capital assets, not being depreciated	132,516	139,793	(13,653)	258,656
Capital assets, being depreciated:				
Building and improvements	623,748	138,265	-	762,013
Vehicles	28,687	94,535	-	123,222
Equipment	647,383	53,600	(129,295)	571,688
Total capital assets being depreciated	1,299,818	286,400	(129,295)	1,456,923
Less accumulated depreciation for:				
Building and improvements	(380,407)	(17,050)	-	(397,457)
Vehicles	(20,079)	(61,878)	-	(81,957)
Equipment	(489,330)	(38,355)	116,700	(410,985)
Total accumulated depreciation	(889,816)	(117,283)	116,700	(890,399)
Total capital assets, being depreciated, net	410,002	169,117	(12,595)	566,524
Governmental activities capital assets, net	\$ 542,518	\$ 308,910	\$ (26,248)	\$ 825,180

LANE REGIONAL AIR PROTECTION AGENCY

Notes to the Financial Statements

June 30, 2024

Note III - Detailed notes on all funds, continued

C. Capital assets, continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, being depreciated:				
Equipment and vehicles	\$ 107,632	\$ -	\$ (107,632)	\$ -
Less accumulated depreciation for:				
Equipment and vehicles	(62,651)	-	62,651	-
Business-type activities capital assets, net	<u>\$ 44,981</u>	<u>\$ -</u>	<u>\$ (44,981)</u>	<u>\$ -</u>

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

Governmental activities:	
Air quality control	<u>\$ 67,729</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 Special Revenue represents pooled cash held and payable by the General Fund. As of June 30, 2024, the interfund receivables and payables were as follows:

	<u>Due to</u>
Due from	<u>General Fund</u>
Grant Fund	<u>\$ 243,408</u>
Total	<u>\$ 243,408</u>

Transfers to/from other funds:

During the year ending June 30, 2024 LRAPA made the following transfers:

	<u>Transfers in</u>
<u>Transfers out</u>	<u>General Fund</u>
Grant Fund	\$ 9,715
Special Revenue Fund	84,458
Airmetrics Fund	<u>1,035,361</u>
Total	<u>\$ 1,129,534</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, 2024

Note III - Detailed notes on all funds, continued

E. Compensated absences

Changes in compensated absences

Activity for the year ended June 30, 2024, 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	<u>\$ 152,543</u>	<u>\$ 128,049</u>	<u>\$ (152,543)</u>	<u>\$ 128,049</u>	<u>\$ 115,244</u>
Business-type activities:					
Compensated absences	<u>\$ 11,785</u>	<u>\$ -</u>	<u>\$ (11,785)</u>	<u>\$ -</u>	<u>\$ -</u>

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 (401k) pension plan for certain employees who have completed at least 1,000 hours and one year of service are eligible for plan participation per year. This plan is currently not open to new participants. The plan requirements are established or may be amended by LRAPA. LRAPA's required contribution to the plan is 8% of eligible wages of \$93,851. LRAPA's contribution to the plan was \$17,609 for the year. Employees are required to contribute an additional 6%, subject to certain limitations. Total employee contributions for the year were \$20,575. Total payroll for all employees was \$1,733,041 for the year ended June 30, 2024. Retirement contributions are invested by VOYA Financial.

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.

Defined Benefit Pension Plan

Plan Description. Substantially all employees of LRAPA are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at Oregon PERS website.

LANE REGIONAL AIR PROTECTION AGENCY

Notes to the Financial Statements

June 30, 2024

Note IV - Other information, continued

A. Employee benefit plans, continued

Benefits provided under ORS 238 - Tier One / Tier Two

Pension Benefits. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit was \$232,976 in 2024 and will be indexed with inflation in later years.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes. After retirement, members may choose to continue participation in a variable equity investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Benefits provided under Chapter 238A - OPSRP Pension Program (OPSRP DB)

Pension Benefits. The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and Fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60, or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed

LANE REGIONAL AIR PROTECTION AGENCY

Notes to the Financial Statements

June 30, 2024

Note IV - Other information, continued

A. Employee benefit plans, continued

continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Defined Contribution Plan - OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits. An IAP member becomes vested on the date the employee account is established or on the date the rollover account is established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits. Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping. OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions. PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. The contribution rates in effect for the fiscal year ended June 30, 2024 were 17.38% for Tier One/Tier Two covered members, 11.08% for OPSRP Pension Program General Service Members, and 15.87% for OPSRP Pension Program Police and Fire Members. Employer contributions for the year ended June 30, 2024 were \$138,913, excluding amounts to fund employer specific liabilities.

LANE REGIONAL AIR PROTECTION AGENCY

Notes to the Financial Statements

June 30, 2024

Note IV - Other information, continued

A. Employee benefit plans, continued

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, LRAPA reported a liability of \$0 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of December 31, 2021 rolled forward to June 30, 2023. LRAPA's proportion of the net pension liability was based on a projection of LRAPA's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2024, LRAPA's proportion was 0 percent, which was unchanged from its proportion of 0 percent measured as of June 30, 2023.

For the year ended June 30, 2024, LRAPA recognized pension expense of \$0. At June 30, 2024, LRAPA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between employer contributions and employer's proportionate share of system contributions	70,371	-
Total (prior to post-MD contributions)	70,371	-
Contributions subsequent to MD	85,515	-
Total	<u>\$ 155,886</u>	<u>\$ -</u>

Deferred outflows of resources related to pensions of \$85,515 resulting from LRAPA's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2025. Net deferred outflows (inflows) of resources of \$70,371 will be recognized in pension expense as follows:

Amortization Period	
2025	\$ 15,994
2026	15,994
2027	15,994
2028	15,994
2029	<u>6,395</u>
Total	<u>\$ 70,371</u>

Actuarial Assumptions. The employer contribution rates effective July 1, 2023, through June 30, 2025, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount

LANE REGIONAL AIR PROTECTION AGENCY

Notes to the Financial Statements

June 30, 2024

Note IV - Other information, continued

A. Employee benefit plans, continued

necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
Experience Study	2020, published July 20, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.4 %
Long-term Expected Rate of Return	6.9%
Discount Rate	6.9%
Projected Salary Increases	3.4% percent overall payroll growth
Cost Living Adjustments (COLA)	Blend of 2.00% COLA and Graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

LANE REGIONAL AIR PROTECTION AGENCY

Notes to the Financial Statements

June 30, 2024

Note IV - Other information, continued

A. Employee benefit plans, continued

Long-Term Expected Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<https://www.oregon.gov/pers/pages/financials/acfr-previous-years.aspx>

Depletion Date Projection. GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount Rate. The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of LRAPA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents LRAPA's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.90 percent, as well as what LRAPA's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.9

LANE REGIONAL AIR PROTECTION AGENCY

Notes to the Financial Statements

June 30, 2024

Note IV - Other information, continued

A. Employee benefit plans, continued

percent) or one percentage-point higher (6.9 percent) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate Share of Net Pension Liability (Asset)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

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.

LANE REGIONAL AIR PROTECTION AGENCY

Notes to the Financial Statements

June 30, 2024

Note IV - Other information, continued

D. Disposition of Airmetrics Fund

In March 2024, LRAPA completed the sale of the Airmetrics Fund to a private party. The sale was approved by the Board of Directors on February 8, 2024.

The primary purpose of the Airmetrics Fund was to produce and sell air-sampling equipment. Due to the fund no longer aligning with the entity's core mission and strategic plan, the Board of Directors determined that the sale was in the best interest of LRAPA.

The sale transaction resulted in cash proceeds of \$24,770. The net book value of the assets and liabilities associated with the Airmetrics Fund at the time of sale was \$152,494. Consequently, LRAPA recognized a loss on the disposition of the fund totaling \$127,724. This loss is reported as discontinued operations in the Statement of Activities and the Business-Type Statement of Revenues, Expenses, and Changes in Fund Net Position for the year ending June 30, 2024.

The proceeds from the sale were deposited into the General Fund.

The details of the assets and liabilities disposed of are summarized as follows:

	Carrying value at time of sale
Accounts receivable	\$ 27,944
Inventory	<u>144,257</u>
Total assets	172,201
Accounts payable and other current liabilities	<u>19,707</u>
Total liabilities	19,707
Total net assets disposed of	152,494
Proceeds from sale	<u>24,770</u>
Net loss on discontinued operations	<u><u>\$ 127,724</u></u>

LANE REGIONAL AIR PROTECTION AGENCY

Required Supplementary Information

June 30, 2024

Schedule of the Proportionate Share of the Net Pension Liability

	<u>2024</u>
Proportion of the net pension liability (asset)	- %
Proportionate share of the net pension liability (asset)	\$ -
Covered payroll	\$ -
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	- %
Plan net position as a percentage of the total pension liability	- %

Schedule of Pension Contributions

	<u>2024</u>
Contractually required contribution	\$ -
Contributions in relation to the contractually required contribution	-
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 1,411,648
Contributions as a percentage of covered employee payroll	- %

Note I - Measurement Period

Amounts presented are for the measurement period, which for FY 2024 is July 1, 2022 - June 30, 2023.

10-year trend information required by GASB Statement 68 will be presented prospectively.

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, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Grants	\$ 1,078,514	\$ 1,078,514	\$ 1,115,973	\$ 37,459
Permits and fees	1,260,739	1,260,739	1,251,655	(9,084)
Local dues	201,550	201,550	199,048	(2,502)
Miscellaneous revenue	10,000	10,000	6,146	(3,854)
Investment Earnings	<u>40,000</u>	<u>40,000</u>	<u>89,524</u>	<u>40,000</u>
Total revenues	<u>2,590,803</u>	<u>2,590,803</u>	<u>2,662,346</u>	<u>62,019</u>
Expenditures:				
Current:				
Personal services	1,761,213	1,761,213	1,769,306	(8,093)
Materials and services	761,871	761,871	977,000	(215,129)
Capital outlay	130,000	205,000	349,315	(144,315)
Contingency	<u>100,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total expenditures	<u>2,753,084</u>	<u>2,753,084</u>	<u>3,095,621</u>	<u>(342,537)</u>
Excess (deficiency) of revenues (under) expenditures	(162,281)	(162,281)	(433,275)	280,518
Other financing sources (uses):				
Transfers in	<u>40,500</u>	<u>40,500</u>	<u>1,129,534</u>	<u>1,089,034</u>
Net change in fund balances	(121,781)	(121,781)	696,259	818,040
Fund Balances:				
Beginning of year	<u>2,139,232</u>	<u>2,139,232</u>	<u>2,390,770</u>	<u>251,538</u>
End of year	<u>\$ 2,017,451</u>	<u>\$ 2,017,451</u>	<u>\$ 3,087,029</u>	<u>\$ 1,069,578</u>

LANE REGIONAL AIR PROTECTION AGENCY
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Fees	<u>\$ 515,417</u>	<u>\$ 535,417</u>	<u>\$ 644,627</u>	<u>\$ 109,210</u>
Expenditures:				
Current:				
Personal services	475,939	495,939	460,283	35,656
Materials and services	<u>17,207</u>	<u>17,207</u>	<u>14,677</u>	<u>2,530</u>
Total expenditures	<u>493,146</u>	<u>513,146</u>	<u>474,960</u>	<u>38,186</u>
Excess (deficiency) of revenues over expenditures	22,271	22,271	169,667	147,396
Other financing sources (uses):				
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(84,458)</u>	<u>(69,458)</u>
Net change in fund balances	7,271	7,271	85,209	77,938
Fund Balances:				
Beginning of year	<u>42,687</u>	<u>42,687</u>	<u>54,277</u>	<u>11,590</u>
End of year	<u>\$ 49,958</u>	<u>\$ 49,958</u>	<u>\$ 139,486</u>	<u>\$ 89,528</u>

LANE REGIONAL AIR PROTECTION AGENCY

GRANT FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Grants	<u>\$ 1,403,000</u>	<u>\$ 1,403,000</u>	<u>\$ 1,007,489</u>	<u>\$ (395,511)</u>
Expenditures:				
Personal services	75,616	75,616	72,285	3,331
Materials and services	1,327,384	1,327,384	905,435	421,949
Capital outlay	<u>-</u>	<u>-</u>	<u>20,054</u>	<u>(20,054)</u>
Total expenditures	<u>1,403,000</u>	<u>1,403,000</u>	<u>997,774</u>	<u>405,226</u>
Excess revenues over expenditures	<u>-</u>	<u>-</u>	<u>9,715</u>	<u>-</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(9,715)</u>	<u>(9,715)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(9,715)</u>	<u>-</u>
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 583,639	\$ 583,639	\$ 318,726	\$ (264,913)
Interest income	<u>-</u>	<u>-</u>	<u>28,526</u>	<u>28,526</u>
Total revenues	<u>583,639</u>	<u>583,639</u>	<u>347,252</u>	<u>(236,387)</u>
Expenditures:				
Personal services	160,870	160,870	106,519	54,351
Materials and services	<u>397,269</u>	<u>397,269</u>	<u>218,790</u>	<u>178,479</u>
Total expenditures	<u>558,139</u>	<u>558,139</u>	<u>325,309</u>	<u>232,830</u>
Excess revenues expenditures	<u>25,500</u>	<u>25,500</u>	<u>21,943</u>	<u>(3,557)</u>
Other financing sources (uses):				
Discontinued operations	-	-	(139,509)	(139,509)
Transfers out	<u>(25,500)</u>	<u>(25,500)</u>	<u>(1,035,361)</u>	<u>(1,009,861)</u>
Total other financing sources (uses)	<u>(25,500)</u>	<u>(25,500)</u>	<u>(1,174,870)</u>	<u>25,500</u>
Net change in fund balances	-	-	(1,152,927)	(1,152,927)
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>1,152,927</u>	<u>1,152,927</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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, 2024, and have issued our report thereon dated July 9, 2025. 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 Corporation, except as follows:

1. Excess of expenditures over appropriations as described in Note 2. B.

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. We identified deficiencies in internal control over financial reporting that we consider to be material weaknesses and deficiencies in internal control over financial reporting that we consider to be significant deficiencies, as described in the AU Section 325 written communication.

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, and therefore, material weaknesses or significant deficiencies 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: Gatlin Hawkins, CPA, a member of the firm
Eugene, Oregon
July 9, 2025



**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**

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Board of Directors
Lane Regional Air Protection Agency

We have audited, in accordance with the 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 activities, each major fund, and the aggregate remaining fund information of Lane Regional Air Protection Agency as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Lane Regional Air Protection Agency's basic financial statements, and have issued our report thereon dated July 9, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lane Regional Air Protection Agency'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 Lane Regional Air Protection Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Lane Regional Air Protection Agency'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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lane Regional Air Protection Agency's financial statements are free of 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*.

Lane Regional Air Protection Agency's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Lane Regional Air Protection Agency's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Lane Regional Air Protection Agency's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 cursive script, appearing to read "Gatlin C. Hawkins".

By: Gatlin Hawkins, CPA, a member of the firm
Eugene, Oregon
July 9, 2025



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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Board of Directors
Lane Regional Air Protection Agency

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Lane Regional Air Protection Agency with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lane Regional Air Protection Agency's major federal programs for the year ended June 30, 2024. Lane Regional Air Protection Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. major federal programs for the year ended.

In our opinion, Lane Regional Air Protection Agency 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, 2024.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lane Regional Air Protection Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Lane Regional Air Protection Agency's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lane Regional Air Protection Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not

detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lane Regional Air Protection Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lane Regional Air Protection Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lane Regional Air Protection Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lane Regional Air Protection Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Isler CPA



By: Gatlin Hawkins, CPA, a member of the firm
Eugene, Oregon
July 9, 2025

LANE REGIONAL AIR PROTECTION AGENCY

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

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?	Yes
• 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 516(a) of the Uniform Guidance	No

Identification of Major Federal Award Programs:

<u>Name of Federal Program or Cluster</u>	<u>ALN</u>
Targeted Airshed Grant Program	66.956
Air Pollution Control Program Support	66.001
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

LANE REGIONAL AIR PROTECTION AGENCY
Schedule of Findings and Questioned Costs, continued

Year Ended June 30, 2024

Section II – Financial Statement Findings

Finding: 2024-001

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal control over financial reporting

Severity: Material Weakness

Criteria: Internal controls should be designed and implemented to prevent or detect and correct potential material misstatements in amounts reported in the financial statements.

Condition: Following a conversion to a new accounting system, amounts were not reconciled to the ending balances in the preceding accounting system. In relation to this, it was also noted that subsidiary ledgers for accounts receivable and accounts payable did not agree, and had not been reconciled, to the balances reported on the trial balance.

Cause: Conversion of accounting systems is a time intensive and complex process. Procedures were not incorporated into that process to verify the integrity of the data migration.

Effect: Adjustments of \$191,057 were required to correctly state balances reported for Fiscal Year 2024.

Recommendation: Processes and procedures should be put in place for any future system conversions to verify the integrity and accuracy of the data migration process. These procedures should include verifying both trial balance amounts and subsidiary ledgers.

Response: TO BE PROVIDED BY LRAPA

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

Finding: 2023-001 - Segregation of duties in internal control over financial reporting

Status: Corrected

Finding: 2023-002 - Internal control over financial reporting related to accrued leave

Status: Corrected

LANE REGIONAL AIR PROTECTION AGENCY

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Grantor / Pass-Through Grantor / Program Title	Assistance Listing Number	Agency or Pass-Through Number	Expenditures	Amounts Provided to Subrecipients
Environmental Protection Agency:				
Direct programs:				
Air Pollution Control Program Support Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.001	A98055712	\$ 641,010	\$ -
	66.034	014-20	100,161	-
		TA01J66101		
Targeted Airshed Grant Program	66.956	TA02J04301	<u>998,610</u>	<u>107,054</u>
Total Environmental Protection Agency			<u>\$ 1,739,781</u>	<u>\$ 107,054</u>

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Lane Regional Air Protection Agency under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operation of Lane Regional Air Protection Agency, it is not intended to and does not present the financial position, changes in financial position, or cash flow for Lane Regional Air Protection Agency.

2. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles. Expenditures reported on this schedule are recognized following the cost principles in Title 2 US Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, where certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Lane Regional Air Protection Agency has not elected to use the 10% *de minimis* cost rate.



CORRECTIVE ACTION PLAN FOR AUDIT FINDINGS – FY24

Finding Reference Number:
2024-001

Description of Finding:
Errors in the Implementation of a New Accounting System

Statement of Concurrence or Nonconcurrence:
LRAPA concurs with the finding as presented in the Schedule of Findings and Questioned Costs.

Corrective Action:
LRAPA will develop a Standard Operating Procedure (SOP) for Financial Database Conversions. It will include verifying both trail balance amounts and subsidiary ledgers from the old database prior to importing data into the new database.

In addition, LRAPA does not anticipate any changes in the financial accounting system now being used. With the corrections to account balances made, the current system meets LRAPA's needs for financial accounting and reporting.

Name of Contact Person:
Travis Knudson, Executive Director, and Christina Ward, Finance Manager.

Contact information for the Agency:
Lane Regional Air Protection Agency
1010 Main Street
Springfield, OR 97477

Phone: 541-736-1056
Toll Free: 877-285-7272
Email: LRAPA@lrapa-or.gov

Projected Completion Date:
The SOP will be drafted by the Finance Manager and approved by the Executive Director on or before August 1, 2025.