

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
FINANCIAL REPORT
June 30, 2024

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
OFFICERS AND MEMBERS OF THE GOVERNING BODY
June 30, 2024

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LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT

A – C

MANAGEMENT'S DISCUSSION AND ANALYSIS

i –vii

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position

1

Statement of Activities

2

Fund Financial Statements

Governmental Funds

Balance Sheet

3

Reconciliation of the Balance Sheet of the Governmental Funds

to the Statement of Net Position

4

Statement of Revenues, Expenditures and Changes in Fund Balance

5

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund

Balance of the Governmental Funds to the Statement of Activities

6

Notes to Basic Financial Statements

7 – 14

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Northwest Urban Renewal District Fund

15

Cheadle Lake Urban Renewal District Fund

16

North Gateway Urban Renewal District Fund

17

Downtown Urban Renewal District Fund

18

Mill Race Urban Renewal District Fund

19

Notes to Required Supplementary Information

20

COMPLIANCE SECTION

Independent Auditor's Report Required by Oregon State Regulations

21 – 22

INDEPENDENT AUDITOR'S REPORT

To the Agency Officials
Lebanon Urban Renewal Agency
Lebanon, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Lebanon Urban Renewal Agency (the "Agency"), a blended component unit of the City of Lebanon, Oregon (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency, as of June 30, 2024, and the respective changes in financial position 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 (GAAS). 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 the Agency, 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 Audit of 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 the Agency'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.

To the Agency Officials
Lebanon Urban Renewal Agency
Independent Auditor's Report
August 14, 2025

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 GAAS 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 GAAS, 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 the Agency'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 the Agency'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.

To the Agency Officials
Lebanon Urban Renewal Agency
Independent Auditor's Report
August 14, 2025

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 required supplementary information in accordance with GAAS, 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 the Agency's basic financial statements. The Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual, included in the required supplementary information in the table of contents, 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 GAAS. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated August 14, 2025 on our considerations of the Agency'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 provide an opinion on compliance.

Singer Lewak LLP

August 14, 2025

By:



Brad Bingenheimer, Partner

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024

The management of the Lebanon Urban Renewal Agency (Agency) a component unit of the City of Lebanon, Oregon presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the Agency for the fiscal year ended June 30, 2024. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2024 are as follows:

- ❖ The Agency is made up of five districts. These districts are Northwest Urban Renewal District, Cheadle Lake Urban Renewal District, North Gateway Urban Renewal District, Downtown Urban Renewal District, and Mill Race Urban Renewal District. Each district represents a different fund of the Agency.
- ❖ The Agency's total assets at June 30, 2024 were \$4,624,721, an increase of \$656,501 from the prior year.
- ❖ The Agency's total liabilities at June 30, 2024 were \$9,032,957, a decrease of \$1,519,284 due to payments on long-term debt.
- ❖ The Agency's net position at June 30, 2024 was \$(4,408,236), an increase of \$2,175,789 from the prior year as reported on the Statement of Activities.
- ❖ At June 30, 2024, the Agency reported an ending fund balance of \$4,526,255, an increase of \$651,191 from the prior year. A portion of the balance in the Cheadle Lake Urban Renewal District Fund is restricted for debt service while the rest remains assigned for urban renewal projects across all funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

MD&A introduces the Agency's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes required supplementary information to supplement the basic financial statements.

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Position*. This is the Agency-wide statement of position presenting information that includes all the Agency's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024

The second government-wide statement is the *Statement of Activities* which reports how the Agency's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the Agency's distinct activities or functions of the Agency that are principally supported by user fee revenues, intergovernmental revenues from grants, and property tax revenues.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the Agency's most significant funds rather than the Agency as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining and individual fund statements in a later section of this report. The Agency has five funds which are considered governmental type funds.

Governmental funds, focus on how money flows into and out of those funds; the balances left at year-end are available for spending in future periods. Unlike the government-wide financial statements, these statements report short-term fiscal accountability focusing on use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the required supplementary information for each of the Agency's Funds. These schedules demonstrate compliance with the Agency's adopted and final revised budget.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin immediately following the basic financial statements.

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the Agency as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The Agency's net position at fiscal year-end is \$(4,408,230). This is an increase of \$2,166,606 as reported on the Statement of Activities.

A condensed version of the Statement of Net Position as of June 30, 2024 is as follows:

Condensed Statement of Net Position

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Assets		
Current and other assets	<u>\$ 4,624,721</u>	<u>\$ 3,968,220</u>
Total assets	<u>4,624,721</u>	<u>3,968,220</u>
Liabilities		
Current liabilities	67,630	72,684
Long-term liabilities	<u>8,965,327</u>	<u>10,479,557</u>
Total liabilities	<u>9,032,957</u>	<u>10,552,241</u>
Net Position		
Restricted	179,431	179,046
Unrestricted (deficit)	<u>(4,587,667)</u>	<u>(6,763,067)</u>
Total net position (deficit)	<u>\$ (4,408,236)</u>	<u>\$ (6,584,021)</u>

Current and other assets include cash and cash equivalents and property tax receivables. Current and other assets increased by \$656,501 primarily due to an increase in cash as the Agency saves for future projects. The largest increase in cash occurred in the North Gateway Urban Renewal District Fund.

Oregon Revised Statutes (ORS) chapter 457 gives cities the authority to activate urban renewal districts with the power to propose and act on plans and projects to address "blight." Tax increment financing is used to fund these projects by earmarking property tax revenue from increases in assessed property value within an urban renewal area which is then used to pay down debt incurred to pay for the projects. This is the case for the Agency resulting in the deficit net position as total liabilities exceed total assets.

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024

Changes in net position - The Agency's total revenues for the fiscal year ended June 30, 2024 were \$2,668,873. The total cost of all programs and services was \$493,083. The following table shows a comparative analysis of government-wide revenues, expenses and changes in net position.

Condensed Statement of Changes in Net Position

	Governmental Activities	
	2024	2023
Revenues		
Property taxes	\$ 2,439,106	\$ 2,502,308
Intergovernmental	-	480,000
Interest	229,766	112,352
Total Revenues	<u>2,668,872</u>	<u>3,094,660</u>
Program Expenses		
Urban Renewal Projects	146,712	145,992
Interest on Long-Term Debt	346,371	393,164
Total Expenses	<u>493,083</u>	<u>539,156</u>
Change in Net Position	<u><u>\$ 2,175,789</u></u>	<u><u>\$ 2,555,504</u></u>

Property taxes decreased nearly 2.5% over the prior fiscal year. Actual receipts fell 1.2% year-over-year and deferred revenue dropped from \$34k at the end of the prior fiscal year to \$1k at the end of the current year. Total tax rates across the districts fell according to County tax summaries driving the decrease in property tax receipts. Expenses in the current year held near the prior year spending as much of the activity for 2024 was debt service related. Spending in future fiscal years should increase as projects in the North Gateway Urban Renewal District are closer to kickoff and the Agency plans to accelerate debt service payments in the Northwest Urban Renewal District with an intent to close the District prior to the 2028 fiscal year. Finally, intergovernmental revenue decreased in 2024 as the City did not need to cover the over-expenditure of maximum indebtedness (MI) in the Northwest Urban Renewal District.

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Agency's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Agency's net resources available for spending at the end of the fiscal year.

Governmental Funds

As the Agency completed the year, its governmental funds reported a combined fund balance of \$4,526,255, an increase of \$651,191. The fund balance constitutes restricted amounts for debt service with the rest being assigned.

Budgetary Highlights

Northwest Urban Renewal District Fund current revenues were budgeted and anticipated to be collected in the amount of \$1,254,488. Actual resources of \$930,725 were available, \$323,763 less than budgeted. Expenditures planned totaling \$1,517,944 were spent on debt service.

Cheadle Lake Urban Renewal District Fund current revenues were budgeted and anticipated to be collected in the amount of \$482,100. Actual resources of \$545,209 were available, \$63,109 more than budgeted. Cheadle Lake Urban Renewal District Fund expenditures budget were underspent by \$200,000. Budgeted funds in capital outlay were unspent during the fiscal year after planned projects did not move forward into the planning and development process.

North Gateway Urban Renewal District Fund current revenues were budgeted and anticipated to be collected in the amount of \$990,500. Actual resources of \$988,197 were available, \$2,303 less than budgeted. North Gateway Urban Renewal District Fund expenditures budget was underspent by \$895,548. Capital construction expenditures, along with \$500,000 in contingency, had been budgeted for the 2024 fiscal year but were not spent after planned projects were delayed, resulting in significant expenditure savings.

Downtown Urban Renewal District Fund current revenues were budgeted and anticipated to be collected in the amount of \$47,700. Actual resources of \$58,762 were available, \$11,062 more than budgeted. Downtown Urban Renewal District Fund expenditures budget were underspent by \$79,055.

Mill Race Urban Renewal District Fund current revenues were budgeted and anticipated to be collected in the amount of \$123,300. Actual resources of \$144,799 were available, \$21,499 more than budgeted. Mill Race Urban Renewal District Fund expenditures budget was underspent by \$5,340 after a budget transfer resolution was adopted by the Board to cover higher than anticipated expenditures under an Economic Development Agreement (EDA). This occurred after the assessed property value in the district increased more than planned. The budget transfer resolution transferred expenditure authority from a contingency line to the Materials and Supplies lines.

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Agency does not have any capital assets or infrastructure due to all capital outlay expenditures being reported as part of the City of Lebanon's capitalized assets.

Long-Term Debt

At June 30, 2024, the Agency had total long-term debt outstanding of \$8,965,327, inclusive of unamortized premiums. This was a reduction of \$1,514,230 from the prior year. Additional information on the Agency's long-term debt can be found in the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND FUTURE

The Agency continues to focus on investing responsibly and planning for the future. One major change on the horizon is the planned closure of the Northwest Urban Renewal District within the next three years.

Thanks to careful financial management and strong property value growth, the Agency plans to accelerate debt payments using available tax increment revenue – what we call “cap space.” This will allow the district to meet its obligations early and return tax revenues back to the original taxing districts sooner than expected.

When the Northwest URD closes, it will no longer retain the increase in property tax value from its area. Instead, that growth will go back to support the local services and programs that our community relies on. Here is what that means for each affected district using the 2023-24 fiscal year property tax figures:

Taxing Jurisdiction	Estimated Annual Revenue Gained	
City of Lebanon	\$	297,443
Lebanon Community School District #9		291,011
Lebanon Rural Fire District		131,366
Linn County		74,126
Linn-Benton Community College (LBCC)		29,132
Linn Benton Education Service District (ESD)		17,693
Lebanon Aquatic District		13,879
Linn County 4H Extension District (4H)		3,966

That is nearly \$860k a year returning to local partners once the district closes – money that will help fund education, emergency services, parks, and more. This kind of strategic exit is one of the key benefits of urban renewal: investing in an area long enough to encourage growth, then returning that growth to the broader community.

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Lebanon Urban Renewal Agency's finances for those with an interest 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 City of Lebanon. The office is located inside City Hall at 925 S. Main Street, Lebanon, Oregon 97355.

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 4,341,372
Restricted cash	179,431
Property tax receivables	<u>103,918</u>
 Total assets	 <u>4,624,721</u>
 Liabilities	
Accounts payable and accrued liabilities	4,130
Accrued interest payable	63,500
Long-term liabilities:	
Due within one year	1,588,206
Due in more than one year	<u>7,377,121</u>
 Total liabilities	 <u>9,032,957</u>
 Net position (deficit)	
Restricted for:	
Debt service	179,431
Unrestricted (deficit)	<u>(4,587,667)</u>
 Total net position (deficit)	 <u>\$ (4,408,236)</u>

See notes to financial statements

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	Governmental Activities
Program expenses	
Project expenses	\$ 146,712
Interest	<u>346,371</u>
Total program expenses	<u>493,083</u>
General revenues:	
Property taxes	2,439,106
Unrestricted investment earnings	<u>229,766</u>
Total general revenues	<u>2,668,872</u>
Change in net position	2,175,789
Net position (deficit) - beginning	<u>(6,584,025)</u>
Net position (deficit) - ending	<u>\$ (4,408,236)</u>

See notes to financial statements

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	Northwest Urban Renewal District Fund	Cheadle Lake Urban Renewal District Fund	North Gateway Urban Renewal District Fund	Downtown Urban Renewal District Fund	Mill Race Urban Renewal District Fund	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 1,428,498	\$ 405,138	\$ 2,345,615	\$ 135,197	\$ 26,924	\$ 4,341,372
Restricted cash	-	179,431	-	-	-	179,431
Property tax receivables	40,579	20,893	38,995	1,806	1,645	103,918
Total assets	\$ 1,469,077	\$ 605,462	\$ 2,384,610	\$ 137,003	\$ 28,569	\$ 4,624,721
Liabilities, deferred inflows and fund balances						
Liabilities						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 4,130	\$ -	\$ -	\$ 4,130
Total liabilities	-	-	4,130	-	-	4,130
Deferred inflows of resources						
Unavailable revenue - property taxes	36,987	18,991	35,448	1,652	1,258	94,336
Total deferred inflows of resources	36,987	18,991	35,448	1,652	1,258	94,336
Fund balances						
Restricted for:						
Urban renewal development	1,432,090	407,040	2,345,032	135,351	27,311	4,346,824
Debt service	-	179,431	-	-	-	179,431
Total fund balances	1,432,090	586,471	2,345,032	135,351	27,311	4,526,255
Total liabilities, deferred inflows and fund balances	\$ 1,469,077	\$ 605,462	\$ 2,384,610	\$ 137,003	\$ 28,569	\$ 4,624,721

See notes to financial statements

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2024

Fund balances - total governmental funds	\$ 4,526,255
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Property taxes receivable not collected within 60 days of the current period ending date are deferred in the governmental funds.	94,336
Long-term obligations are not due and payable in the current period and, therefore, are not reported in the funds	
Bonds payable	(4,878,300)
Notes payable	(4,087,027)
Accrued interest payable	<u>(63,500)</u>
Total long-term liabilities	<u>(9,028,827)</u>
Net position of governmental activities	<u>\$ (4,408,236)</u>

See notes to financial statements

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	Northwest Urban Renewal District Fund	Cheadle Lake Urban Renewal District Fund	North Gateway Urban Renewal District Fund	Downtown Urban Renewal District Fund	Mill Race Urban Renewal District Fund	Total Governmental Funds
Revenues						
Property taxes	\$ 826,504	\$ 521,070	\$ 893,448	\$ 53,076	\$ 143,828	\$ 2,437,926
Interest	<u>104,221</u>	<u>24,139</u>	<u>94,749</u>	<u>5,686</u>	<u>971</u>	<u>229,766</u>
Total revenues	<u>930,725</u>	<u>545,209</u>	<u>988,197</u>	<u>58,762</u>	<u>144,799</u>	<u>2,667,692</u>
Expenditures						
Current						
Project expenses	-	-	24,452	-	122,260	146,712
Debt service						
Principal	1,196,134	272,504	-	-	-	1,468,638
Interest	<u>321,810</u>	<u>79,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>401,151</u>
Total expenditures	<u>1,517,944</u>	<u>351,845</u>	<u>24,452</u>	<u>-</u>	<u>122,260</u>	<u>2,016,501</u>
Net change in fund balances	(587,219)	193,364	963,745	58,762	22,539	651,191
Fund balances at beginning of year	<u>2,019,309</u>	<u>393,107</u>	<u>1,381,287</u>	<u>76,589</u>	<u>4,772</u>	<u>3,875,064</u>
Fund balance at end of year	<u>\$ 1,432,090</u>	<u>\$ 586,471</u>	<u>\$ 2,345,032</u>	<u>\$ 135,351</u>	<u>\$ 27,311</u>	<u>\$ 4,526,255</u>

See notes to financial statements

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$	651,191
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*Amounts reported for governmental activities in the
Statement of Activities are different because of the following*

Some revenues will not be collected for several months after the Agency's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue. However, these funds are recorded as revenue in the Statement of Activities. The changes in amounts deferred are as follows:

Property taxes		1,180
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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 governmental funds.

Accrued interest	45,595	
Amortization of debt premiums	9,185	54,780

The repayment of the principal of debt consumes the current financial resources of the governmental funds. This transaction has no effect on net position. This amount is the difference in the treatment of debt.

		1,468,638
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Change in net position of governmental activities	\$	2,175,789
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LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – FINANCIAL REPORTING ENTITY

The Lebanon Urban Renewal Agency of the City of Lebanon, Oregon (the Agency) was established in 1978. The purpose of the Agency is to provide for the development of infrastructure to serve a blighted area of Lebanon. The Agency is organized under general laws pertaining to urban renewal agencies in the State of Oregon. The governing body is comprised of the Mayor and the Councilors of the City of Lebanon.

The Agency is a separate legal entity, governed by the City of Lebanon. The City Council has the ability to impose its will over the Agency as determined on the basis of budget adoption, taxing authority and funding for the Agency. Therefore, under the criteria set by the Governmental Accounting Standards Board (GASB), the Agency is considered a component unit of the City of Lebanon and the Agency's financial activities are included as a blended component unit in the basic financial statements of the City of Lebanon as special revenue funds.

The Agency has no potential component units.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

The statement of net position and the statement of activities display information about the Agency, including all of its financial activities. Governmental activities are financed primarily through property taxes and proceeds from borrowings.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the Agency's funds. Funds are classified and summarized as governmental, proprietary, and fiduciary. Currently, the Agency only has governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Each fund is identified as a major fund.

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Property taxes are recognized as revenues in the year for which they are levied. 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the Agency. 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.

Budget Policies and Budgetary Control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal yearend.

The Agency begins its budgeting process by appointing budget committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The governing body adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally overextended.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The governing body established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds.

Budget amounts shown in the financial statements have not been revised since the original budget amounts were adopted. The governing body must authorize all appropriation transfers and supplementary budgetary appropriations.

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Agency considers cash equivalents as all highly liquid investments with an original maturity of three months or less.

Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15 and May 15 each year.

Uncollected property taxes are reported in the governmental funds balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred inflows of resources. Property taxes which are collected within 60 days of the end of the current period are considered available and recognized as revenue.

Unavailable revenue, presented as deferred inflows of resources, consists primarily of uncollected property taxes and assessments not deemed available to financial operation of the current period. In the government-wide Statement of Net Position, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the deferred inflow created on the Governmental Fund Balance Sheet for unavailable revenue is eliminated.

Capital Assets

All capital assets which include property and infrastructure assets (e.g. roads, bridges, sidewalks, etc.) become the City of Lebanon's capital assets and therefore are not reported on the Agency's Statement of Net Position.

Long-Term Obligations

In the government-wide financial statements' long-term obligations are reported as liabilities in the governmental activities' statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are deferred and amortized over the life of the bond.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position

Government-wide financial statements

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” are reported as “unrestricted net position.”

In the government-wide financial statements when both restricted and unrestricted net position are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Governmental fund type balance reporting

Governmental type fund balance is reported within one of the fund balance categories listed below:

Non-spendable — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — Amounts that can be used only for specific purposes determined by a formal action of the Agency Officials. The Agency Officials is the highest level of decision-making authority for the Agency. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Agency Officials.

Assigned — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned — The residual classification for the Agency's General Fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Agency considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Agency considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

Risk management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Newly issued accounting standards

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The statement enhances the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Implementation of this standard had no impact on the Agency's financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

The Agency's cash and cash equivalents at June 30, 2024 are as follows:

Deposits with financial institutions	\$ 179,235
State of Oregon Local Government Investment Pool	<u>4,341,372</u>
Total cash and cash equivalents	<u>\$ 4,520,607</u>

The Agency's cash and cash equivalents are pooled with the City. The City maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalents balances.

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the Agency's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Agency's deposits with financial institutions up to \$250,000 each for the aggregate of all noninterest-bearing accounts and the aggregate of all interest-bearing accounts at each institution.

Deposits in excess of FDIC coverage with financial institutions participating in the Oregon Public Funds Collateralization Program are collateralized under the Public Funds Collateralization Program (PFCP) of the Oregon State Treasurer. The PFCP is a shared liability structure for participating financial institutions and is considered additional depository insurance as defined in GASB 40. Participating financial institutions are required to pledge securities, held by the Federal Home Loan Bank of Seattle in the name of the financial institution, with a value equal to at least 10%, with limited exceptions that may require up to 110%, of the amount of deposits of Oregon municipal corporations in excess of FDIC depository insurance. In the event of a failure of a participating financial institution the collective amount of all pledged securities under the PFCP are available to return the Agency's deposits. As of June 30, 2024, none of the Agency's deposits with financial institutions were exposed to custodial credit risk.

State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the Agency's position in the LGIP is the same as the value of the pool shares.

Credit risk: Oregon statutes authorize the Agency to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

Concentration of Credit Risk: The Agency does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100% of the Agency's investments are in the State of Oregon State and Local Investment Pool.

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

Interest Rate Risk: The Agency does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, the Agency will not be able to recover the value of its investments that are in the possession of an outside party. The Agency does not have a policy which limits the amount of investments that can be held with counterparties.

NOTE 4 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2024

	Outstanding July 1, 2023	Additions	Reductions	Outstanding June 30, 2024	Balances Due Within One Year
Long-term debt					
General obligation bonds:					
2013 Full Faith and Credit	\$ 5,820,000	\$ -	\$ 1,050,000	\$ 4,770,000	\$ 1,110,000
Premium	135,374	-	27,074	108,300	27,074
Direct borrowing:					
Pacific Premier Bank Loan	2,754,903	-	272,504	2,482,399	280,353
Business Oregon Loan	1,605,676	-	146,134	1,459,542	152,258
Premium	163,607	-	18,521	145,086	18,521
Total long-term debt	<u>\$ 10,479,560</u>	<u>\$ -</u>	<u>\$ 1,514,233</u>	<u>\$ 8,965,327</u>	<u>\$ 1,588,206</u>

Governmental activities long-term debt obligations

Full Faith and Credit Obligation Bonds, series 2013 – On July 31, 2013, the City issued Full Faith and Credit and Refunding Obligations Bonds to finance improvements to the City's water and transportation systems; and refund City's Wastewater Revenue Refunding Bonds, Series 2003 and a portion of Special Water Refunding Obligations, Series 2004. The bonds are held by Bank of New York Mellon / Zion Bank. The original balance of the bonds is \$15,235,000 with an interest rate between 2.0% and 4.0%. The amounts for these bonds are divided by the City for Northwest Urban Renewal District (URD), Water and Wastewater. The amount allocated for Northwest URD of the bonds was originally \$11,855,000. The Bonds are set to mature during the 2028 fiscal year.

Pacific Premier Bank Loan – On May 18, 2017, the Agency entered into a loan agreement with Opus Bank (now Pacific Premier Bank) for Cheadle Lake URD. The original balance of the loan is \$4,232,723 and has a fixed annual interest rate of 2.88%. The loan requires a reserve account be established and funded until the reserve account accumulates \$175,923. The loan is scheduled to mature during the 2032 fiscal year.

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – LONG-TERM OBLIGATIONS (Continued)

Business Oregon Loan – On May 13, 2005, the City entered into a loan agreement with Business Oregon (IFA) for the Northwest Urban Renewal District. The original balance of the loan is \$3,699,984 with an interest rate between 4.0 - 4.375%. On April 10, 2018, a reduction of the loan amount set forth in the agreement occurred in exchange for a higher nominal interest rate, less certain issuance costs. This was done through Oregon Bond Bank Revenue Bonds, 2018 B05003. The loan is scheduled to mature during the 2032 fiscal year.

The Agency has no unused lines of credit and has no assets that are specifically pledged as collateral for any of the debt.

Future maturities are as follows:

Fiscal Year	Full Faith and Credit Obligations					
	Series 2013		Pacific Premier Bank Loan		Business Oregon Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,110,000	\$ 190,800	\$ 280,353	\$ 71,493	\$ 152,258	\$ 71,386
2026	1,165,000	146,400	288,426	63,419	158,450	63,944
2027	1,220,000	99,800	296,733	55,112	169,696	56,199
2028	1,275,000	51,000	305,279	46,566	175,994	47,900
2029	-	-	314,071	37,774	187,350	39,294
2030-34	-	-	997,537	58,003	615,794	61,389
	<u>\$ 4,770,000</u>	<u>\$ 488,000</u>	<u>\$ 2,482,399</u>	<u>\$ 332,367</u>	<u>\$ 1,459,542</u>	<u>\$ 340,112</u>

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
NORTHWEST URBAN RENEWAL DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2024

	Budget			
	Original	Final	Actual	Variance
Revenues				
Property taxes	\$ 1,009,488	\$ 1,009,488	\$ 826,504	\$ (182,984)
Interest	20,000	20,000	104,221	84,221
Total revenues	1,029,488	1,029,488	930,725	(98,763)
Expenditures				
Debt service	1,517,944	1,517,944	1,517,944	-
Total expenditures	1,517,944	1,517,944	1,517,944	-
Excess (deficiency) of revenues over expenditures	(488,456)	(488,456)	(587,219)	(98,763)
Other financing sources (uses)				
Transfers in	225,000	225,000	-	(225,000)
Total other financing sources (uses)	225,000	225,000	-	(225,000)
Net change in fund balance	(263,456)	(263,456)	(587,219)	(323,763)
Fund balance at beginning of year	1,787,900	1,787,900	2,019,309	231,409
Fund balance at end of year	\$ 1,524,444	\$ 1,524,444	\$ 1,432,090	\$ (92,354)

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
CHEADLE LAKE URBAN RENEWAL DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2024

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 480,100	\$ 480,100	\$ 521,070	\$ 40,970
Interest	2,000	2,000	24,139	22,139
Total revenues	482,100	482,100	545,209	63,109
Expenditures				
Debt service	351,845	351,845	351,845	-
Capital outlay	200,000	200,000	-	200,000
Total expenditures	551,845	551,845	351,845	200,000
Net change in fund balance	(69,745)	(69,745)	193,364	263,109
Fund balance at beginning of year	250,400	250,400	393,107	142,707
Fund balance at end of year	\$ 180,655	\$ 180,655	\$ 586,471	\$ 405,816

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
NORTH GATEWAY URBAN RENEWAL DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2024

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 983,500	\$ 983,500	\$ 893,448	\$ (90,052)
Interest	7,000	7,000	94,749	87,749
Total revenues	990,500	990,500	988,197	(2,303)
Expenditures				
Materials and services	20,000	20,000	-	20,000
Capital outlay	400,000	400,000	24,452	375,548
Contingency	500,000	500,000	-	500,000
Total expenditures	920,000	920,000	24,452	895,548
Net change in fund balance	70,500	70,500	963,745	893,245
Fund balance at beginning of year	543,100	543,100	1,381,287	838,187
Fund balance at end of year	\$ 613,600	\$ 613,600	\$ 2,345,032	\$ 1,731,432

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
DOWNTOWN URBAN RENEWAL DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2024

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 47,200	\$ 47,200	\$ 53,076	\$ 5,876
Interest	500	500	5,686	5,186
Total revenues	47,700	47,700	58,762	11,062
Expenditures				
Materials and services	79,055	79,055	-	79,055
Total expenditures	79,055	79,055	-	79,055
Net change in fund balance	(31,355)	(31,355)	58,762	90,117
Fund balance at beginning of year	89,300	89,300	76,589	(12,711)
Fund balance at end of year	\$ 57,945	\$ 57,945	\$ 135,351	\$ 77,406

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
MILL RACE URBAN RENEWAL DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2024

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 123,200	\$ 123,200	\$ 143,828	\$ 20,628
Interest	<u>100</u>	<u>100</u>	<u>971</u>	<u>871</u>
Total revenues	<u>123,300</u>	<u>123,300</u>	<u>144,799</u>	<u>21,499</u>
Expenditures				
Materials and services	100,000	127,600	122,260	5,340
Contingency	<u>27,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>127,600</u>	<u>127,600</u>	<u>122,260</u>	<u>5,340</u>
Net change in fund balance	(4,300)	(4,300)	22,539	26,839
Fund balance at beginning of year	<u>4,300</u>	<u>4,300</u>	<u>4,772</u>	<u>472</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,311</u>	<u>\$ 27,311</u>

LEBANON URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF LEBANON)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 – BUDGETARY INFORMATION

Budget Policies and Budgetary Control

A budget is prepared for each District within the Agency in accordance with the modified accrual basis of accounting and legal requirements set forth in Oregon local budget law (ORS Chapter 294). The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, capital outlay, contingencies, and debt service by fund are the levels of control. The budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Appropriations lapse on June 30. No expenditures exceeded appropriation levels in the year ended June 30, 2024.

Unexpected additional resources may be added to the budget by a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the Board. Original and supplemental budgets may be modified by using appropriations transfers between the levels of control. Such transfers require approval by the Board.

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

To the Agency Officials
Lebanon Urban Renewal Agency
Lebanon, Oregon

We have audited the basic financial statements of the Lebanon Urban Renewal Agency (the "Agency"), a component unit of the City of Lebanon, Oregon (the "City"), as of and for the year ended June 30, 2024, and have issued our report thereon dated August 14, 2025. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-000 through 162-010-0320 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 statements 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)
- Indebtedness limitations, restrictions and repayment
- 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 the Agency 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 162-010-000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

To the Agency Officials
Lebanon Urban Renewal Agency
Lebanon, Oregon
Independent Auditor’s Report Required By
Oregon State Regulations

Budgets legally required

The URA's published financial summary, Form UR-1, for the 2024-25 budget did not agree with the amounts on the detailed budget sheets as required by ORS 294.438 as follows:

	Budget	UR-1	Variance
2022-23 Actual Amounts			
Resources	\$ 5,834,522	\$ 5,881,897	\$ (47,375)
Requirements	5,789,799	5,881,897	(92,098)
2023-24 Adopted Amounts			
Resources	6,696,462	5,573,088	1,123,374
Requirements	6,727,817	5,573,088	1,154,729
2024-25 Approved Amounts			
Resources	7,796,865	7,929,115	(132,250)
Requirements	7,740,165	7,929,115	(188,950)

OAR 162-010-0230 Internal Control

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

Restriction of Use

This report is intended solely for the information and use of the Agency officials and management of Lebanon Urban Renewal Agency and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Singer Lewak LLP

August 14, 2025

By:



Brad Bingenheimer, Partner