

August 14, 2025

To the Honorable Mayor and Members of City Council  
City of Lebanon  
Lebanon, Oregon

This letter is to inform the City Council/Agency Officials of City of Lebanon, Oregon and the Lebanon Urban Renewal Agency, a blended component unit of the City of Lebanon (collectively the “City”), about significant matters related to the conduct of our audit as of and for the year ended June 30, 2024, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor’s Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

### **Our Responsibilities With Regard to the Financial Statement Audit**

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our engagement letters dated August 13, 2024. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

### **Overview of the Planned Scope and Timing of the Financial Statement Audit**

We have issued a separate communication dated August 13, 2024 regarding the planned scope and timing of our audit and identified significant risks.

### **Significant Accounting Practices, Including Policies, Estimates and Disclosures**

In our meeting with you, we will discuss our views about the qualitative aspects of the City’s significant accounting practices, including significant accounting policies, significant unusual transactions, accounting estimates and financial statement disclosures. The following is a list of the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

#### Accounting Policies

A summary of significant accounting policies adopted by the City is included in Note 2 to the financial statements. Management has evaluated the implementation of Government Accounting Standard Board Statement 100, *Accounting Changes and Error Corrections*, and has determined it would not have a material effect on the financial statements of the City.

#### Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. We evaluated the key factors and assumptions used by management to develop the significant estimates reflected in the financial statements and determined that they are reasonable in relation to the basic financial statements taken as a whole.

The following summarizes the significant accounting estimates reflected in the City's financial statements:

- Accumulated depreciation – Estimated Useful Lives

In the statement of activities and the proprietary fund statements, the costs of capital assets are allocated over their estimated useful lives as depreciation expense. In determining the estimated useful life of an asset, management considers the asset's present condition use of the asset, construction type, maintenance policy and how long it is expected to meet service and technology demands.

- Net pension liability and related deferred outflows and inflows

The net pension liability reflected in the financial statements represents the proportionate share of the amount by which the total pension liability on the Oregon PERS exceeds the Oregon PERS' fiduciary net pension. 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 an actuarial valuation as of December 31, 2021. The Oregon PERS has hired an external actuarial specialist to assist in the measurement of such liability. The total pension liability was measured by the Oregon PERS using the entry age actuarial cost method based on the actuarial present value of projected benefit payments that is attributed to past periods of employee service. The methods and assumptions used were based on the 2021 experience study which reviewed experience for the four-year period ending December 31, 2021.

- Allowance for doubtful accounts – Municipal Court

The allowance for doubtful accounts related to the collectability of court receivables was estimated based on a historical experience with the collection of those related receivables.

### Disclosures

- The disclosure of cash and cash equivalents in the financial statements describes the liquid assets available for operations of the City.

### **Audit Adjustments and Uncorrected Misstatements**

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

### **Disagreements With Management**

We are not aware of any disagreements with management during the audit process.

### **Consultation With Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

### **Other Matters**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

### **Shared Responsibilities: AICPA Independence**

The American Institute of Certified Public Accountants (AICPA) regularly emphasizes that auditor independence is a **joint responsibility** and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with AICPA independence rules. For SingerLewak to fulfill its professional responsibility to maintain and monitor independence, management, the City Council, and SingerLewak each play an important role.

#### *Our Responsibilities*

- AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. SingerLewak LLP is to ensure that the AICPA's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality management over compliance with independence rules and firm policies.

#### *The City's Responsibilities*

- Timely inform SingerLewak, before the effective date of transactions or other business changes, of the following:
  - New component units, City officials, or officers
- Provide necessary component unit information such as new or updated investment structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the City and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with SingerLewak LLP.
- Not entering into relationships resulting in close family members of SingerLewak LLP covered persons, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the City.

#### **Management Representations**

Attached are copies of the management representation letters for both the City and the Agency.

#### **Closing**

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the City.

This report is intended solely for the information and use of the Mayor, City Council and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

*SingerLewak LLP*



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August 14, 2025

SingerLewak LLP  
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This representation letter is provided in connection with your audit of the financial statements 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 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, that as of the date of this letter:

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated August 13, 2024, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the

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requirements of U.S. GAAP. Types of related party transactions engaged in by the Agency include:

- a. Those with the primary government having accountability for the Agency.
  - b. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees.
6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
  7. The Agency is following either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or is following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.
  8. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
  9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
  10. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
  11. Risk disclosures associated with deposit and investment securities are presented in accordance with GASB requirements.
  12. Accounts receivable have been properly identified and recorded, and are fully collectible.
  13. The Agency properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.
  14. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

15. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
16. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
17. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
18. The Agency's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
19. The government has disclosed the entities with which it has a tax abatement agreement, the total gross amount of taxes abated during the period, the specific taxes that were abated and whether any commitments other than to reduce taxes were made as part of any tax abatement agreement as required by GASB Statement No. 77, *Tax Abatement Disclosures*.
20. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders, that is not disclosed in the financial statements.
21. With respect to the nonaudit services performed related to drafting the financial statements and related notes, as well as, proposing U.S. GAAP journal entries, based on client provided information, in the course of the audit:
  - a. We have made all management decisions and performed all management functions;
  - b. We assigned an appropriate individual to oversee the services;
  - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
  - d. We have accepted responsibility for the results of the services; and
  - e. We have accepted responsibility for all significant judgments and decisions that were made.
22. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

23. We have reviewed the GASB Statements effective for the fiscal year ending June 30, 2024 and concluded the implementation of the following Statements did not have a material impact on the basic financial statements for the year ended June 30, 2024:

a. GASB Statement No. 100, *Accounting Changes and Error Corrections*

24. We have no knowledge of any uncorrected misstatements in the financial statements.

25. If we have requested an unsecured electronic copy of the auditor's report and basic financial statements, we agree that the auditor's report and basic financial statements will not be modified in any manner.

#### **Information Provided**

26. We have provided you with:

a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.

b. Additional information that you have requested from us for the purpose of the audit.

c. Unrestricted access to persons within the Agency from whom you determined it necessary to obtain audit evidence.

d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

27. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.

28. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.

29. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an Agency's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.

30. We have no knowledge of allegations of fraud or suspected fraud affecting the Agency's basic financial statements involving:

- a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the basic financial statements.
31. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.
32. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
33. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
34. We have disclosed to you the identity of all of the Agency's related parties and all the related-party relationships and transactions of which we are aware.
35. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Agency's ability to record, process, summarize and report financial data.
36. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
37. It is our responsibility to inform you of all current and potential affiliates of the Agency as defined by the "State and Local Government Client Affiliates" interpretation (ET sec. 1.224.020). Financial interests in, and other relationships with, affiliates of the Agency may create threats to independence. We have:
- a. Provided you with all information we are aware of with respect to current and potential affiliates, including degree of influence assessments and materiality assessments.
  - b. Notified you of all changes to relevant considerations that may impact our determination of the existence of current or potential affiliates involving (i) changes in the determination of the materiality of an entity to the Agency's financial statements as a whole, (ii) the level of influence the Agency has over an entity's financial reporting process or (iii) the level of control or influence the Agency or a potential or current affiliate has over an investee that is not trivial or clearly inconsequential, sufficiently in advance of their effective dates to enable the Agency and SingerLewak LLP to identify and eliminate potential impermissible services and relationships between SingerLewak LLP, prior to the effective dates.

- c. Made you aware, to the best of our knowledge and belief, of any nonaudit services that the Agency or any of our affiliates has engaged SingerLewak LLP or any of its associated entities to perform.

38. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

#### **Required Supplementary Information**

39. With respect to the Management's Discussion and Analysis and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual presented as required by U.S. GAAP to supplement the basic financial statements:

- f. We acknowledge our responsibility for the presentation of such required supplementary information.
- g. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
- h. The methods of measurement or presentation have not changed from those used in the prior period.
- i. The significant assumptions or interpretations underlying the measurement or presentation of the Required Supplementary Information and the basis for our assumptions and interpretations are reasonable and appropriate in the circumstances.

#### **Lebanon Urban Renewal Agency**



Brandon Neish, MPA, Finance Director



Date