



925 S. Main Street
Lebanon, Oregon 97355

TEL: 541.258.4212
bneish@lebanonoregon.gov
www.lebanonoregon.gov

MEMORANDUM

Finance Department

To: Council President Steinhebel and
City Council

August 20, 2025

From: Brandon Neish, Finance Director

Subject: Acceptance of the FY2024 Annual Financial Report

I. INTRODUCTION

The City Council has a fiduciary responsibility for the capital and financial assets of the City. The Annual Financial Report (AFR) provides a point-in-time snapshot of the City's financial position, effective for the close of each fiscal year, and provides a formal opportunity for the Council and the community to review financial statements.

The City Council's policy role with the AFR is to review and accept the report. For this report, the City's Auditor (SingerLewak, LLP) was responsible for preparing the financial statements and attesting to whether or not the statements fairly and accurately report the City's financial position. Management (staff) was responsible for reviewing the financial statements and providing necessary documentation and workpapers. AFR reporting requirements are set forth by the Governmental Accounting Standards Board (GASB) which defines what it requires to be reported, and how the report is to be structured.

II. CURRENT REPORT

SingerLewak completed the 2024 AFR on August 21, 2024. There are several areas which staff highlights for the City Council's review.

- The Independent Auditors Report highlights the Auditor's responsibilities and provides their opinion. This letter should be combined with the Auditors Communication to the Governing Body (Attachment A). There were no deficiencies noted for the year ended June 30, 2024 similar to the year ended June 30, 2023.
- Management's Discussion and Analysis (page a) provides a high-level summary of the entire report, and in most cases, provides comparisons to prior years.
- The Statement of Net Position and Statement of Activities (pages 1-2) shows the City's financial performance in one place, with all data reported on the same basis of accounting.

- The financial footnotes have a lot of information you often will not find in other places.
 - The note on capital assets (pages 14 and 20-21) shows the changes in the investment in capital assets. Cities invest in capital assets to have the infrastructure needed to provide services. In business-type activities (water, sewer, storm drainage, and internal services), depreciation exceeded assets added for the fiscal year, excluding construction in progress.
 - Long-term liabilities (pages 22-25): The City has a significant amount of outstanding debt. The most significant amounts of debt are within the business-type funds (primarily sewer) and the Lebanon Urban Renewal Agency (LURA). Tax revenue from the LURA are used to satisfy most of the debt obligations the City has. Pension liability (pages 25-44) represents the City's portion of the overall liability within the Oregon Public Employees Retirement System. The City's portion of the overall net liability increased 45.3% (\$4,518,199) since last year.
- The General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance, Budget to Actual (page 47) provides a budget performance report – how well did the City's actual performance match with the budget plan.
- The Notes to the Required Supplementary Information (page 49) highlights expenditures in excess of appropriations (in major funds), violating Oregon Revised Statutes (ORS) Chapter 294. For the year ended June 30, 2024, the Library and capital expenditures exceeded authorized spending limits.

Included with this report is the following items:

- Attachment A: Communication to the Governing Body
- Attachment B: Engagement Letter for the 2024 Audit
- 2024 Annual Financial Report

III. RECOMMENDATION

Staff recommends the City Council move to accept the Annual Financial Report for the fiscal year ended June 30, 2024.