



925 S. Main Street  
Lebanon, Oregon 97355

TEL: 541.258.4212  
brandon.neish@lebanonoregon.gov  
www.lebanonoregon.gov

# MEMORANDUM

*Finance Department*

To: Chair Jackola and Agency Directors

August 14, 2024

From: Brandon Neish, Finance Director

Subject: Acceptance of the FY2023 Annual Financial Report

## I. INTRODUCTION

The Agency Directors have 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 Agency's financial position, effective for the close of each fiscal year, and provides a formal opportunity for the Board and the community to review financial statements.

The Board's policy role with the AFR is to review and accept the report. Management (staff) is responsible for preparing the financial statements, and the Agency's auditor (SingerLewak, LLP) is responsible for reviewing the financial statements to attest to whether or not the statements fairly and accurately report the Agency's financial position. 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

Staff completed the 2023 AFR on August 6, 2024. There are several areas which staff highlights for the Board's review.

- The Independent Auditors Report (page 1a of the AFR) 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, 2023.
- Management's Discussion and Analysis (page one) 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 8-9) shows the Agency'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.

- Long-term liabilities (pages 41-45): The Agency has a significant amount of outstanding debt (nearly \$10.5 million). Tax revenue from the LURA are used to satisfy most of the debt obligations the Agency has.
- The Fund Statement of Revenues, Expenditures, and Changes in Fund Balance, Budget to Actual (pages 25-29) provides a budget performance report – how well did the Agency’s actual performance match with the budget plan.
- The Notes to the Required Supplementary Information (page 30) highlights expenditures in excess of appropriations, violating Oregon Revised Statutes (ORS) Chapter 294. For the year ended June 30, 2023, the Northwest Urban Renewal District and the Mill Race Urban Renewal District exceeded expenditure authority. The NW URD overspent by \$260 in a materials line (budget was in debt service) and the Mill Race URD exceeded authority due to increased property values beyond the anticipated valuation. In the Mill Race URD, the Agency returns a portion of the tax proceeds to the developer under an economic development agreement (EDA) equal to 80%.

Included with this report is the following items:

- Attachment A: Communication to the Governing Body
- Attachment B: Engagement Letter for the 2023 Audit
- 2023 Annual Financial Report

### III. RECOMMENDATION

Staff recommends the Board move to accept the Annual Financial Report for the fiscal year ended June 30, 2023.