

LEBANON
URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)
LEBANON, OREGON

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

LEBANON URBAN RENEWAL AGENCY

(A Component Unit of the City of Lebanon)

925 S. Main Street
Lebanon, OR 97355
(541) 258-4900

DISTRICT OFFICIALS

PAUL AZIZ 925 Main Street, Lebanon, OR 97355	Chairman
JASON BOLEN 925 Main Street, Lebanon, OR 97355	Member
REBECCA GRIZZLE 925 Main Street, Lebanon, OR 97355	Member
ROBERT FURLOW 925 Main Street, Lebanon, OR 97355	Member
KARIN STAUDER 925 Main Street, Lebanon, OR 97355	Member
WAYNE RIESKAMP 925 Main Street, Lebanon, OR 97355	Member
MICHELLE STEINHEBEL 925 Main Street, Lebanon, OR 97355	Member

ADMINISTRATION

RON WHITLATCH 925 S Main Street, Lebanon, OR 97355	District Director
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LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Chairman and Members
of the Lebanon Urban Renewal Agency Board

I have audited the accompanying financial statements of the governmental activities and each major fund of the Lebanon Urban Renewal Agency of the City of Lebanon, Oregon, (the Agency), a component unit of the City of Lebanon, Oregon, as of and for the year ended June 30, 2020, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In my opinion, the 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, 2020 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of revenues, expenditures and changes in fund balance – budget and actual on pages 2-6 and 23-26 be presented to supplement the basic financial statements. Such information, 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.

I have applied certain limited procedures to the management’s discussion and analysis in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The schedule of revenues, expenditures and changes in fund balance – budget and actual described above on pages 23-26 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of revenues, expenditures and changes in fund balance – budget and actual 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of revenues, expenditures and changes in fund balance – budget and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency’s basic financial statements. The other supplementary data and schedules on pages 27-31 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Agency.

The other supplementary data and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other 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 my opinion, the other supplementary data and schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, I have issued my report dated January 11, 2021, on my consideration of the Urban Renewal Agency of the City of Lebanon’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 my testing of compliance and the results of that testing and not to provide an opinion on the Agency’s compliance.



Steve Tuchscherer, CPA
January 11, 2021

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2020
Unaudited

The management of the Lebanon Urban Renewal Agency, City of Lebanon, Oregon, 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 ending June 30, 2020. 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, 2020 are as follows:

- Prior period adjustments are reported as restatement of beginning net position to correct amounts identified in the Note on page 22 - Restatement of Beginning Net Position.
- The Agency has previously presented individual annual financial reports for each of the Districts, which are now presented as the single Agency. The amounts presented as prior year information in the summary schedules are a compilation of the three District's amounts and balances separately reported. The Downtown Urban Renewal District is new as of the fiscal year ending June 30, 2020. The beginning net position presented on the Statement of Activities is the combined amounts of the previously separately reported ending net positions of the three Districts.
- The Agency's total assets at June 30, 2020 were \$2,745,330, a decrease of \$740,734 from the prior year reported by the three Districts on their individual statements of net position.
- The Agency's total liabilities at June 30, 2020 were \$16,378,006, a decrease of \$2,490,852 due to payments on long term debt and the Due to City liability.
- The Agency's net position at June 30, 2020 was \$(13,632,676), an increase of \$1,750,118 from the prior year as reported on the Statement of Activities.
- At June 30, 2020, the Agency reported an ending fund balance of \$2,613,599, a decrease of \$635,615 from the prior year. The entire balance is restricted for Urban Renewal Projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis 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 additional 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 of 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 as a whole is improving or deteriorating. Evaluation of the overall economic health of the Agency would extend to other non-financial factors such as the condition of buildings, and water and sewer systems facilities.

LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2020
Unaudited

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, inter-governmental 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 one fund which is considered a governmental type fund.

Governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end 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 basic financial statements 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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for each of the Agency's Funds. The required supplementary information immediately follows the notes to the financial statements.

LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2020
Unaudited

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 \$(13,632,676). This is an increase of \$1,750,118 as reported on the Statement of Activities.

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

Summary of Net Position

	<u>Governmental Activities</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019 Restated</u>
Assets		
Current and Other Assets	<u>\$ 2,745,330</u>	<u>\$ 3,486,064</u>
Total Assets	<u>2,745,330</u>	<u>3,486,064</u>
Liabilities		
Current Liabilities	1,881,356	2,875,700
Long-Term Liabilities	<u>14,496,650</u>	<u>15,993,158</u>
Total Liabilities	<u>16,378,006</u>	<u>18,868,858</u>
Net Position		
Unrestricted	<u>(13,632,676)</u>	<u>(15,382,794)</u>
Total Net Position	<u><u>\$ (13,632,676)</u></u>	<u><u>\$ (15,382,794)</u></u>

LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2020
Unaudited

Changes in net position - The Agency's total revenues for the fiscal year ended June 30, 2020 were \$3,041,519. The total cost of all programs and services was \$638,243. The following table shows a comparative analysis of government-wide revenues, expenses and changes in net position.

Summary of Changes in Net Position

	Governmental Activities	
	2019-20	2018-19 As Originally Stated
Revenues		
Taxes and Assessments	\$ 2,970,780	\$ 2,855,600
Interest & Investment Earnings	70,739	91,713
Total Revenues	3,041,519	2,947,313
Program Expenses		
Urban Renewal Projects	48,138	40,626
Interest on Long-Term Debt	590,105	301,682
Total Expenses	638,243	342,308
Transfers	(490,133)	(1,342,391)
Equity Transfers	(163,025)	(464,434)
Change in Net Position	\$ 1,750,118	\$ 798,180

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 \$2,613,599, a decrease of \$635,615. The fund balance constitutes restricted and unassigned amounts. Of the current fund balance the entire amount is restricted for urban renewal projects.

Budgetary Highlights

Northwest Urban Renewal District Fund current revenues were budgeted and anticipated to be collected in the amount of \$1,650,000. Actual resources of \$1,733,729 were available, \$83,729 more than budgeted. Northwest Urban Renewal District Fund expenditures budget was under-spent by \$1,773,868.

LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2020
Unaudited

Cheadle Lake Urban Renewal District Fund current revenues were budgeted and anticipated to be collected in the amount of \$395,897. Actual resources of \$418,353 were available, \$22,456 more than budgeted. Cheadle Lake Urban Renewal District Fund expenditures budget was under-spent by \$41,049.

North Gateway Urban Renewal District Fund current revenues were budgeted and anticipated to be collected in the amount of \$830,904. Actual resources of \$902,087 were available, \$71,183 more than budgeted. North Gateway Urban Renewal District Fund expenditures budget was under-spent by \$311,211.

Downtown Urban Renewal District Fund current revenues were budgeted and anticipated to be collected in the amount of \$1,000. Actual resources of \$954 were available, \$46 less than budgeted. Downtown Urban Renewal District Fund expenditures budget was under-spent by \$1,000.

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, 2020 the Agency had total long-term debt outstanding of \$15,511,796. Principal paid on the existing debt was \$1,392,992 and interest paid was \$644,214 during the current fiscal year. Additional information on the Agency's long-term debt can be found in the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the Lebanon Urban Renewal Agency. The following were determinations used to develop the 2020-21 budget:

- The URD's budget for the fiscal year ending June 30, 2021 totaled \$5,886,185.
- Agency contingencies are up 48 percent from 2019-2020.
- The Agency continues to set aside funds for future debt payments.
- The Northwest URD will underfund taxes for 2020-21 by approximately \$1,600,000 in order to allow the property taxes to be distributed to other taxing districts in the area.

CONTACTING THE DISTRICT'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.

BASIC FINANCIAL
STATEMENTS

Government -Wide
Financial Statements

LEBANON URBAN RENEWAL AGENCY

(A Component Unit of the City of Lebanon)

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities
<u>ASSETS:</u>	
Current Assets:	
Cash and Investments	\$ 2,420,503
Restricted Cash	175,923
Accounts Receivable	1,044
Property Taxes Receivable	147,860
Total Assets	<u>2,745,330</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	65
Due to City	313,645
Interest Payable	116,734
Current Portion of Long-Term Liabilities:	
Note Payable	520,912
Bond Payable	930,000
Total Current Liabilities	<u>1,881,356</u>
Long-Term Liabilities:	
Noncurrent Portion of Long-Term Liabilities:	
Note Payable	6,255,884
Bonds Payable	7,805,000
Bond Premium, Net	435,766
Total Long-Term Liabilities	<u>14,496,650</u>
Total Liabilities	<u>16,378,006</u>
<u>NET POSITION:</u>	
Unrestricted	<u>(13,632,676)</u>
Total Net Position	<u>\$ (13,632,676)</u>

The accompanying notes are an integral part of these financial statements.

LEBANON URBAN RENEWAL AGENCY

(A Component Unit of the City of Lebanon)

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2020

<u>Functions / Programs</u>	<u>(Expenses)</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<u>GOVERNMENTAL ACTIVITIES:</u>				
Urban Renewal Projects	\$ 48,138	\$ -	\$ -	\$ (48,138)
Interest and Fees on Long-Term Debt	590,105	-	-	(590,105)
Total Governmental Activities	\$ 638,243	\$ -	\$ -	\$ (638,243)
 <u>GENERAL REVENUES:</u>				
Taxes				
Property Taxes				
Interest and Investment Earnings				
Subtotal - General Revenues				
Transfer to Primary Government				
Equity Transfers				
Change in Net Position				
Net Position, July 1, 2019- Restated				
Net Position, June 30, 2020				

The accompanying notes are an integral part of these financial statements.

BASIC FINANCIAL
STATEMENTS

Fund Financial Statements

LEBANON URBAN RENEWAL AGENCY

(A Component Unit of the City of Lebanon)

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2020

	Northwest Urban Renewal District Fund	Cheadle Lake Urban Renewal District Fund	North Gateway Urban Renewal District Fund	Downtown Urban Renewal District Fund	Total Governmental Funds
<u>ASSETS:</u>					
Cash and Investments	\$ 1,969,009	\$ 45,586	\$ 404,957	\$ 951	\$ 2,420,503
Restricted Cash - Debt Service	-	175,923	-	-	175,923
Accounts Receivable	1,044	-	-	-	1,044
Property Taxes Receivable	86,781	19,688	41,366	25	147,860
Total Assets	<u>\$ 2,056,834</u>	<u>\$ 241,197</u>	<u>\$ 446,323</u>	<u>\$ 976</u>	<u>\$ 2,745,330</u>
<u>DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</u>					
LIABILITIES:					
Accounts Payable	\$ -	\$ 65	\$ -	\$ -	\$ 65
Total Liabilities	<u>-</u>	<u>65</u>	<u>-</u>	<u>-</u>	<u>65</u>
DEFERRED INFLOWS OF RESOURCES:					
Deferred Property Tax Revenue	77,196	17,580	36,868	22	131,666
Total Deferred Inflows of Resources	<u>77,196</u>	<u>17,580</u>	<u>36,868</u>	<u>22</u>	<u>131,666</u>
FUND BALANCES:					
Restricted for:					
Urban Renewal Projects	1,979,638	223,552	409,455	954	2,613,599
Total Fund Balances	<u>1,979,638</u>	<u>223,552</u>	<u>409,455</u>	<u>954</u>	<u>2,613,599</u>
Total Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,056,834</u>	<u>\$ 241,197</u>	<u>\$ 446,323</u>	<u>\$ 976</u>	<u>\$ 2,745,330</u>

The accompanying notes are an integral part of these financial statements.

LEBANON URBAN RENEWAL AGENCY

(A Component Unit of the City of Lebanon)

**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

June 30, 2020

Total Fund Balances - Governmental Funds	\$ 2,613,599
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Property taxes receivables not collected within 60 days of the current period ending date are deferred in the governmental funds.	131,666
Interest payable that is not recognized in the governmental fund is accrued in the Statement of Net Position.	(116,734)
Amounts Due to the City of Lebanon are not reported on the Balance Sheet but are reported as a liability on the Statement of Net Position	(313,645)
Long-term liabilities, including notes payable, bonds payable and net bond premiums, are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(15,947,562)</u>
Net Position of Governmental Activities	<u><u>\$(13,632,676)</u></u>

The accompanying notes are an integral part of these financial statements.

LEBANON URBAN RENEWAL AGENCY

(A Component Unit of the City of Lebanon)

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE**

GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2020

	Northwest Urban Renewal District Fund	Cheadle Lake Urban Renewal District Fund	North Gateway Urban Renewal District Fund	Downtown Urban Renewal District Fund	Total Governmental Funds
<u>REVENUES:</u>					
Taxes and Assessments	\$ 1,683,557	\$ 412,538	\$ 887,335	\$ 954	\$ 2,984,384
Interest and Investment Earnings	50,172	5,815	14,752	-	70,739
Total Revenues	1,733,729	418,353	902,087	954	3,055,123
<u>EXPENDITURES:</u>					
Current Operating:					
Urban Renewal Projects	48,138	-	-	-	48,138
Debt Service	618,444	351,846	201,666	-	1,171,956
Capital Outlay	-	163,025	-	-	163,025
Total Expenditures	666,582	514,871	201,666	-	1,383,119
Excess (Deficiency) of Revenues Over Expenditures	1,067,147	(96,518)	700,421	954	1,672,004
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers (Out)	(1,055,647)	(125,671)	(1,126,301)	-	(2,307,619)
Total Other Financing Sources (Uses)	(1,055,647)	(125,671)	(1,126,301)	-	(2,307,619)
Net Change in Fund Balance	11,500	(222,189)	(425,880)	954	(635,615)
Fund Balance - July 1, 2019	1,968,138	445,741	835,335	-	3,249,214
Fund Balance - June 30, 2020	1,979,638	223,552	409,455	954	2,613,599

The accompanying notes are an integral part of these 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 BALANCE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2020

Net changes in fund balances - total governmental funds **\$ (635,615)**

**Amounts reported for governmental activities in the Statement
of Activities are different because:**

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 (13,604)

Additions to certain liabilities are reported as an expense in the Statement of Activities.

Amortization of Debt Premium 45,596

Expense accruals in the governmental funds do not include all accrued interest expense payable.

The change in payables from prior to current year is reconciled here: 8,513

Amounts reported as transfers out to the City's Debt Service fund for payment of the debt principle on the fund financial statements are a reduction of debt, not an expense on the Statement of Activities

505,000

Amounts reported as transfers out to the City are reported as expenditures on the Agency's fund financial statements but are reclassified as reduction of the amount of the Agency's Due to City liability on the government-wide statement

952,236

Repayment of long-term debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Position.

Retirement of debt principal is as follows:

General Obligations Bonds 380,000

Notes Payable 507,992

Changes in net position of governmental activities

\$ 1,750,118

The accompanying notes are an integral part of these financial statements.

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

The Lebanon Urban Renewal Agency of the City of Lebanon, Oregon (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, 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 a special revenue fund.

Although a component unit of the City of Lebanon, the Agency exists and operates separately from the City of Lebanon. Accordingly, the Agency's financial statements will also be included in the financial statements of the City of Lebanon.

The Agency has no potential component units.

Basis of Presentation

The financial statements of the Lebanon Urban Renewal Agency (Agency) of the City of Lebanon have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Basic financial statements are presented at both the government-wide and fund financial level. The Agency's activities are governmental and are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements display information about the reporting government as a whole. The effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

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. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, and fiduciary. Currently the Agency has only governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Basis of Presentation (Cont.)

The financial transactions of the Agency are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Agency has elected to report each as a major fund in order to assist in compiling a complete and accurate picture of the financial position of the Agency.

Measurement Focus/Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Agency receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the Agency funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Agency considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Measurement Focus/Basis of Accounting (Cont.)

Similar to the way revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long-term portions of debt must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

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. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Agency's practice to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The Agency has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the Agency to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The Agency's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The Agency's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the Agency's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any Agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Property Taxes

The assessment date for the tax year is July 1. Personal and real property taxes are a lien on July 1. Total personal property tax becomes due and is delinquent when any installment is not paid by its due date. Real property tax is due and payable on November 15. However, a taxpayer may pay real property taxes in three equal installments, due the 15th day of November, February and May. Real property taxes become delinquent if not paid by May 15.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds."

Deferred Inflows of Resources:

In the governmental funds, property taxes which have not been collected within sixty days subsequent to year-end are not considered measurable and available and are therefore not recognized as revenue, but rather as deferred inflows of resources.

Capital Assets

All capital assets which include property and infrastructure assets (e.g. roads, bridges, sidewalks, etc.) become City of Lebanon (primary government) 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 debt and other long-term obligations are reported as liabilities in the 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 treated as period costs in the year of issue and are shown as other financing uses.

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.

Equity Classifications

Government-Wide Statements - Equity is classified as net position, which represents the difference between assets and liabilities. Net position is displayed in two components:

1. 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 or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
2. Unrestricted net position - All other net position that do not meet the definition of "restricted".

The Agency's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Equity Classifications (Cont.).

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The Agency did not have any nonspendable resources.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Agency has restricted funds for urban renewal projects.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision-making authority, the Agency Board, and does not lapse at year-end. The Agency does not have committed resources.
- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the Agency Board or through the Agency Board delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The Agency's policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

Use of Estimates

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LEBANON URBAN RENEWAL AGENCY
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NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 -Local Budget Law). The Agency is required to budget all funds. The budget is prepared for each fund on the modified accrual basis of accounting. For all fund types, inter-fund loans are budgeted as sources and uses in accordance with state budget laws. Estimated receipts and expenditures are budgeted for by fund and object. Information on the past two years' actual receipts and expenditures and current-year estimates are included in the budget document. The process under which the budget is adopted is described in the following paragraphs.

In early spring a preliminary budget calendar, budget preparation manual and budget worksheets are distributed to appropriate department directors. The City Administrator (Agency Director) and the Finance Director develop a proposed budget, after which the Agency Director publishes two notices of Budget Committee meetings. No less than five days, or more than thirty days after the notices are published, the Budget Committee (consisting of the Agency Board and an equal number of citizens of the City of Lebanon) meets to consider the proposed budget. The Budget Message is delivered, explaining the proposed budget and any significant changes in the Agency 's financial position.

The Budget Committee conducts public meetings for the purpose of obtaining citizens' comments, deliberates on, and subsequently approves the proposed budget, which includes any additions or deletions from the one presented by the Agency Director originally. The Budget Committee then submits the approved budget to the Agency Board for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the board without returning to the Budget Committee for a second approval. After the board adopts the budget and certifies the total of ad valorem taxes to be levied, as approved by the budget committee, no additional tax levy may be made for that fiscal year.

The Agency Board legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is the object group level (i.e. personal services, materials and services, capital outlay, and other expenditures). Appropriations lapse at the end of the year.

The Agency Board may change the budget throughout the year by resolution and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the board. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year.

CASH AND INVESTMENTS:

For discussion of deposit and investment policies and other related information, see Cash and Investments note under the Summary of Significant Accounting Policies.

The Agency follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Cash and Investments note under the Summary of Significant Accounting Policies.

LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

CASH AND INVESTMENTS (CONT.):

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, 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. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The balances in excess of the FDIC insurance are considered exposed to custodial credit risk.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the Agency's deposits may not be returned to it. The Agency does not have a deposit policy for custodial credit risk.

As of June 30, 2020, the Agency reported \$175,923 in deposits, all of which are restricted. The bank balance at June 30 was \$175,923.

Investments - Oregon statutes authorize the Agency to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The Agency has no credit risk policy or investment policy that would further limit its investment choices.

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2020, the Agency's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2020, the Agency's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	<u>\$ 2,420,503</u>	N/A
Total Investments	<u><u>\$ 2,420,503</u></u>	

Investments in the LGIP and federal agency notes do not require disclosure credit rating quality.

LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

CASH AND INVESTMENTS (CONT.):

Concentration of Credit Risk - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a concentration of credit risk. The Agency places no limit on the amount that may be invested in any one issuer. More than 5 percent of the Agency's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100% of the Agency's total investments.

LONG TERM DEBT:

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in those obligations and the current portions due for each issue.

GOVERNMENTAL ACTIVITIES:

NW URD - November 2, 2010, the City issued General Obligation Bonds for the Northwest URD. The bonds are held by Bank of New York Mellon / Zion Bank. The original balance of the bonds is \$3,310,000 with an Interest rate between 2.0% and 3.5%.

NW URD - 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 URD, Water and Wastewater. The amount allocated for Northwest URD of the bonds was originally \$11,855,000.

NW URD - 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.

N GATEWAY URD - January 1, 2011, the City entered a Note Payable agreement with Samaritan Health Services for the N Gateway URD. The original balance of the loan is \$2,283,572. The loan carries an interest rate of 5.0% that was changed by the lender to 4.25% during the 2017-18 fiscal year.

CHEADLE LAKE URD - May 18, 2017, the City entered into a loan agreement with Opus 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.

LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

LONG TERM DEBT: (CONT.):

<u>Governmental Long-Term Debt</u>	<u>Outstanding Balance July 1, 2019</u>	<u>Principal Paid</u>	<u>Interest Paid</u>	<u>Outstanding Balance June 30, 2020</u>	<u>Due Within One Year</u>
Bonds Payable:					
NW URD General Obligation Bond	380,000	380,000	13,300	-	-
Full Faith and Credit Bond 2013 #LebanonFFC2013	9,240,000	505,000	360,250	8,735,000	930,000
Total Bonds Payable	\$ 9,620,000	\$ 885,000	\$ 373,550	\$ 8,735,000	\$ 930,000
Notes from Direct Borrowings:					
NW URD Loan with IFA #B05003	\$ 2,130,032	\$ 122,163	\$ 102,981	\$ 2,007,869	\$ 57,206
N Gateway URD Note Payable with Samaritan Health	1,384,013	142,581	59,086	1,241,432	142,581
Cheadle Lake URD Loan with Opus Bank	3,770,743	243,248	108,597	3,527,495	250,254
Total Notes Payable	\$ 7,284,788	\$ 507,992	\$ 270,664	\$ 6,776,796	\$ 450,041
Total Governmental Long-Term Debt	\$ 16,904,788	\$ 1,392,992	\$ 644,214	\$ 15,511,796	\$ 1,380,041

The debt service requirements on the above debt are as follows:

General Obligation and Limited Tax Bonds:

<u>Due Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 930,000	\$ 340,050	\$ 1,270,050
2022	975,000	302,850	1,277,850
2023	1,010,000	273,600	1,283,600
2024	1,050,000	243,300	1,293,300
2025	1,110,000	190,800	1,300,800
2026 - 2030	3,660,000	297,200	3,957,200
Total	\$ 8,735,000	\$ 1,647,800	\$ 10,382,800

Notes from Direct Borrowings:

<u>Due Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 520,912	\$ 260,255	\$ 781,167
2022	534,089	240,769	774,858
2023	547,526	220,773	768,299
2024	561,219	200,269	761,488
2025	575,192	179,237	754,429
2026 - 2030	2,941,410	544,642	3,486,052
2031 - 2035	1,096,448	60,533	1,156,981
Total	\$ 6,776,796	\$ 1,706,478	\$ 8,483,274

The Urban Renewal Agency has no unused lines of credit.

The Urban Renewal Agency has no assets that are specifically pledged as collateral for any of the debt.

For further detail on debt service, see the 'Schedule of Long-Term Debt Transactions' in the Other Supplementary Data section of this report.

LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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; and natural disasters for which the Agency carries commercial insurance. There has been no significant reduction in insurance coverage from the prior years and the District has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years. The Agency's insurance is provided in combination with the City of Lebanon.

RESTATEMENT OF BEGINNING NET POSITION:

The beginning net position as of July 1, 2019, is restated to reflect corrections to the Governmental Activities of the Agency. The restatement amounts and explanations are as follows:

	<u>Governmental Activities</u>
Net Position, Beginning of the Year, at July 1, 2019 (as previously reported)	\$ (5,884,538)
Restatement for (decrease)/increase for:	
Bond Payable by Northwest URA	(9,240,000)
Bond Premiums	(228,235)
Interest Payable	<u>(30,021)</u>
Net Position, Beginning of the Year, at July 1, 2019 (as restated)	<u>\$ (15,382,794)</u>

REQUIRED
SUPPLEMENTARY
INFORMATION

LEBANON URBAN RENEWAL AGENCY

(A Component Unit of the City of Lebanon)

**Schedule of Revenues, Expenditures,
and Changes In Fund Balance - Budget and Actual**

CHEADLE LAKE URBAN RENEWAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
REVENUES:				
Property Taxes	\$ 394,397	\$ 394,397	\$ 412,538	\$ 18,141
Investment Earnings	1,500	1,500	5,815	4,315
Total Revenues	395,897	395,897	418,353	22,456
EXPENDITURES:				
Non-Departmental:				
Debt Service	351,845	351,845	351,846	1
Capital Outlay	161,591	161,591	163,025	1,434
Contingency	42,484	42,484	-	(42,484)
Total Expenditures	555,920	555,920	514,871	(41,049)
Excess (Deficiency) of Revenues Over Expenditures	(160,023)	(160,023)	(96,518)	63,505
OTHER FINANCING SOURCES / (USES):				
Transfers Out to City	(125,671)	(125,671)	(125,671)	-
Total Other Financing Sources (Uses)	(125,671)	(125,671)	(125,671)	-
Net Change in Fund Balance	(285,694)	(285,694)	(222,189)	63,505
Beginning Fund Balance	285,694	285,694	445,741	160,047
ENDING FUND BALANCE	\$ -	\$ -	\$ 223,552	\$ 223,552

LEBANON URBAN RENEWAL AGENCY

(A Component Unit of the City of Lebanon)

**Schedule of Revenues, Expenditures,
and Changes In Fund Balance - Budget and Actual**

NORTH GATEWAY URBAN RENEWAL FUND

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)				
	<u>Original</u>	<u>Final</u>						
<u>REVENUES:</u>								
Property Taxes	\$ 828,404	\$ 828,404	\$ 887,335	\$ 58,931				
Investment Earnings	2,500	2,500	14,752	12,252				
Total Revenues	830,904	830,904	902,087	71,183				
<u>EXPENDITURES:</u>								
Non-Departmental:								
Debt Service	321,533	321,533	201,666	(119,867)				
Contingency	191,344	191,344	-	(191,344)				
Total Expenditures	512,877	512,877	201,666	(311,211)				
Excess (Deficiency) of Revenues Over Expenditures					318,027	318,027	700,421	382,394
<u>OTHER FINANCING SOURCES / (USES):</u>								
Transfers Out to City	(1,126,301)	(1,126,301)	(1,126,301)	-				
Total Other Financing Sources (Uses)	(1,126,301)	(1,126,301)	(1,126,301)	-				
Net Change in Fund Balance	(808,274)	(808,274)	(425,880)	382,394				
Beginning Fund Balance	808,274	808,274	835,335	27,061				
ENDING FUND BALANCE	\$ -	\$ -	\$ 409,455	\$ 409,455				

LEBANON URBAN RENEWAL AGENCY

(A Component Unit of the City of Lebanon)

**Schedule of Revenues, Expenditures,
and Changes In Fund Balance - Budget and Actual**

NORTHWEST URBAN RENEWAL FUND

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
<u>REVENUES:</u>				
Property Taxes	\$ 1,635,000	\$ 1,635,000	\$ 1,683,557	\$ 48,557
Investment Earnings	15,000	15,000	50,172	35,172
Total Revenues	<u>1,650,000</u>	<u>1,650,000</u>	<u>1,733,729</u>	<u>83,729</u>
<u>EXPENDITURES:</u>				
Current:				
Materials and Supplies	20,000	70,000	48,138	(21,862)
Non-Departmental:				
Debt Service	618,444	618,444	618,444	-
Contingency	1,802,006	1,752,006	-	(1,752,006)
Total Expenditures	<u>2,440,450</u>	<u>2,440,450</u>	<u>666,582</u>	<u>(1,773,868)</u>
Excess (Deficiency) of Revenues Over Expenditures	(790,450)	(790,450)	1,067,147	1,857,597
<u>OTHER FINANCING SOURCES / (USES):</u>				
Transfers Out to City	(190,397)	(190,397)	(190,397)	-
Transfers Out Debt Service	(865,250)	(865,250)	(865,250)	-
Total Other Financing Sources (Uses)	<u>(1,055,647)</u>	<u>(1,055,647)</u>	<u>(1,055,647)</u>	<u>-</u>
Net Change in Fund Balance	(1,846,097)	(1,846,097)	11,500	1,857,597
Beginning Fund Balance	1,846,097	1,846,097	1,968,138	122,041
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,979,638</u>	<u>\$ 1,979,638</u>

LEBANON URBAN RENEWAL AGENCY

(A Component Unit of the City of Lebanon)

**Schedule of Revenues, Expenditures,
and Changes In Fund Balance - Budget and Actual**

DOWNTOWN URBAN RENEWAL FUND

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Property Taxes	\$ 1,000	\$ 1,000	\$ 954	\$ (46)
Investment Earnings	-	-	-	-
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>954</u>	<u>(46)</u>
<u>EXPENDITURES:</u>				
Current:				
Materials and Supplies	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	954	954
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 954</u>	<u>\$ 954</u>

OTHER
SUPPLEMENTARY
INFORMATION

Additional
Supporting Schedules

LEBANON URBAN RENEWAL AGENCY

(A Component Unit of the City of Lebanon)

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2020

NW URD Loan with IFA #B050003

NW URD - 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.

Current Year Activity:

	Outstanding Balance July 1, 2019	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2020	Due Within One Year
Principal	\$ 2,130,032	\$ -	\$ 122,163	\$ 2,007,869	\$ 128,077
Interest	-	102,981	102,981	-	98,067
Total	<u>\$ 2,130,032</u>	<u>\$ 102,981</u>	<u>\$ 225,144</u>	<u>\$ 2,007,869</u>	<u>\$ 226,144</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2021	\$ 128,077	\$ 98,067	\$ 226,144	5.00%
	2022	134,047	91,847	225,894	5.00%
	2023	140,069	85,325	225,394	5.00%
	2024	146,134	78,510	224,644	5.00%
	2025	152,258	71,386	223,644	5.00%
	2026	158,450	63,944	222,394	5.00%
	2027	169,696	56,199	225,895	5.00%
	2028	175,994	47,900	223,894	5.00%
	2029	187,350	39,294	226,644	5.00%
	2030	193,766	30,129	223,895	5.00%
	2031	205,243	20,651	225,894	5.00%
	2032	216,785	10,609	227,394	5.00%
Total		<u>\$ 2,007,869</u>	<u>\$ 693,861</u>	<u>\$ 2,701,730</u>	

LEBANON URBAN RENEWAL AGENCY

(A Component Unit of the City of Lebanon)

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2020

Full Faith and Credit Bond 2013 #LebanonFFC2013

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

Current Year Activity:

	Outstanding Balance July 1, 2019	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2020	Due Within One Year
Principal	\$ 9,240,000	\$ -	\$ 505,000	\$ 8,735,000	\$ 930,000
Interest	-	360,250	360,250	-	340,050
Total	<u>\$ 9,240,000</u>	<u>\$ 360,250</u>	<u>\$ 865,250</u>	<u>\$ 8,735,000</u>	<u>\$ 1,270,050</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2021	\$ 930,000	\$ 340,050	\$ 1,270,050	4.25%
	2022	975,000	302,850	1,277,850	4.25%
	2023	1,010,000	273,600	1,283,600	4.25%
	2024	1,050,000	243,300	1,293,300	4.25%
	2025	1,110,000	190,800	1,300,800	4.25%
	2026	1,165,000	146,400	1,311,400	4.25%
	2027	1,220,000	99,800	1,319,800	4.25%
	2028	1,275,000	51,000	1,326,000	4.25%
	2029				4.25%
Total		<u>\$ 8,735,000</u>	<u>\$ 1,647,800</u>	<u>\$ 10,382,800</u>	

LEBANON URBAN RENEWAL AGENCY

(A Component Unit of the City of Lebanon)

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2020

NW URD General Obligation Bond Lebanon UR10

NW URD - November 2, 2010, the City issued General Obligation Bonds for the Northwest URD. The bonds are held by Bank of New York Mellon / Zion Bank. The original balance of the bonds is \$3,310,000 with an Interest rate between 2.0% and 3.5%. LebanonUR10

Current Year Activity:

	Outstanding Balance <u>July 1, 2019</u>	New Issues and Interest <u>Matured</u>	Principal and Interest <u>Retired</u>	Outstanding Balance <u>June 30, 2020</u>	Due Within <u>One Year</u>
Principal	\$ 380,000	\$ -	\$ 380,000	\$ -	\$ -
Interest	-	13,300	13,300	-	-
Total	<u>\$ 380,000</u>	<u>\$ 13,300</u>	<u>\$ 393,300</u>	<u>\$ -</u>	<u>\$ -</u>

LEBANON URBAN RENEWAL AGENCY

(A Component Unit of the City of Lebanon)

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2020

Cheadle Lake URD Loan with Opus Bank

CHEADLE LAKE URD - May 18, 2017, the City entered into a loan agreement with Opus 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. Loan #530000006441

Current Year Activity:

	Outstanding Balance July 1, 2019	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2020	Due Within One Year
Principal	\$ 3,770,743	\$ -	\$ 243,248	\$ 3,527,495	\$ 250,254
Interest	-	108,597	108,597	-	101,592
Total	\$ 3,770,743	\$ 108,597	\$ 351,845	\$ 3,527,495	\$ 351,846

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2021	\$ 250,254	\$ 101,592	\$ 351,846	2.88%
	2022	257,461	94,385	351,846	2.88%
	2023	264,876	86,970	351,846	2.88%
	2024	272,504	79,341	351,845	2.88%
	2025	280,353	71,493	351,846	2.88%
	2026	288,427	63,419	351,846	2.88%
	2027	296,733	55,112	351,845	2.88%
	2028	305,279	46,566	351,845	2.88%
	2029	314,071	37,774	351,845	2.88%
	2030	323,117	28,729	351,846	2.88%
	2031	332,422	19,423	351,845	2.88%
	2032	341,998	9,850	351,848	2.88%
Total		\$ 3,527,495	\$ 694,654	\$ 4,222,149	

LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2020

N Gateway URD Note Payable with Samaritan Health

N GATEWAY URD - January 1, 2011, the City entered a Note Payable agreement with Samaritan Health Services for the N Gateway URD. The original balance of the loan is \$2,283,572. The loan carries an interest rate of 5.0% that was changed by the lender to 4.25% during the 2017-18 fiscal year.

Current Year Activity:

	Outstanding Balance <u>July 1, 2019</u>	New Issues and Interest <u>Matured</u>	Principal and Interest <u>Retired</u>	Outstanding Balance <u>June 30, 2020</u>	Due Within <u>One Year</u>
Principal	\$ 1,384,013	\$ -	\$ 142,581	\$ 1,241,432	\$ 142,581
Interest	-	59,086	59,086	-	60,597
Total	<u>\$ 1,384,013</u>	<u>\$ 59,086</u>	<u>\$ 201,667</u>	<u>\$ 1,241,432</u>	<u>\$ 203,178</u>

Future Requirements:

	Fiscal Year Ended June <u>30,</u>	Principal	Interest	Total	Interest Rate
	2021	\$ 142,581	\$ 60,597	\$ 203,178	4.25%
	2022	142,581	54,537	197,118	4.25%
	2023	142,581	48,477	191,058	4.25%
	2024	142,581	42,418	184,999	4.25%
	2025	142,581	36,358	178,939	4.25%
	2026	142,581	30,298	172,879	4.25%
	2027	142,581	24,239	166,820	4.25%
	2028	142,581	18,179	160,760	4.25%
	2029	100,784	2,860	103,644	4.25%
Total		<u>\$ 1,241,432</u>	<u>\$ 317,963</u>	<u>\$ 1,559,395</u>	

ACCOMPANYING
INFORMATION

LEBANON URBAN RENEWAL AGENCY
(A Component Unit of the City of Lebanon)

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

As of June 30, 2020

To the Governing Body of the Lebanon Urban Renewal Agency
Lebanon, Oregon

We have audited the basic financial statements of the Lebanon Urban Renewal Agency of the City of Lebanon (Agency) as of and for the year ended June 30, 2020, and have issued our report thereon dated January 11, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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 162-10-000 through 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 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 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the Agency'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 the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency internal control over financial reporting.

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



Steve Tuchscherer, CPA
Umpqua Valley Financial
Roseburg, Oregon
January 11, 2021