

CITY OF GRESHAM, OREGON

REPORT ON FEDERAL AWARDS EXPENDED For the Fiscal Year Ended June 30, 2025

**Prepared by
Budget and Finance Department**



**City Of Gresham, Oregon
Report on Federal Awards Expended
For the Fiscal Year Ended June 30, 2025**

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gresham, Oregon (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Gresham, Oregon's basic financial statements, and have issued our report thereon dated December 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

[Signature]



Portland, Oregon
December 19, 2025

Report of Independent Auditors on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Gresham, Oregon's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Gresham, Oregon's major federal programs for the year ended June 30, 2025. The City of Gresham, Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Gresham, Oregon complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Gresham, Oregon and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Gresham, Oregon's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gresham, Oregon as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Gresham, Oregon's basic financial statements. We issued our report thereon dated December 19, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

Portland, Oregon
February 17, 2026

City of Gresham, Oregon
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/ Pass-through Grantor Program Title or Cluster Title	Assistance Listing Number	Agency or Pass-Through Number	Expenditures of Federal Awards	Amounts Provided to Sub Recipients
U.S. Department of Agriculture Forest Service				
Pass-through assistance:				
Friends of Trees				
Inflation Reduction Act Urban and Community Forestry Program	10.727	24-DG-11062765-300	\$ 312,471	\$ -
Total U.S. Department of Agriculture Forest Service			312,471	-
U.S. Department of Housing and Urban Development				
Direct Assistance:				
Community Development Block Grants/Entitlement Grants. CDBG Entitlement/ Special Purpose Grants Cluster	14.218	B-24-MC-41-0006	916,829	728,275
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251	B-22-CP-OR-0743	1,587,963	-
Pass-through assistance:				
Multnomah County				
Emergency Solutions Grant Program	14.231	HSD-IGA-E-18374-2026	46,057	-
City of Portland				
Home Investment Partnerships Program	14.239	30008886	1,090,057	721,003
Home Investment Partnerships Program - ARP	14.239	30008218	241,814	218,712
Subtotal for ALN 14.239			1,331,871	939,715
Total U.S. Department of Housing and Urban Development			3,882,720	1,667,990
U.S. Department of Justice				
Direct Assistance:				
Criminal and Juvenile Justice and Mental Health Collaboration Program - 2023	16.745	15PBJA-23-GG-01468-MENT	193,123	193,123
Criminal and Juvenile Justice and Mental Health Collaboration Program - 2023	16.745	15PBJA-23-GG-02160-MENT	271,599	271,599
Subtotal for ALN 16.745			464,722	464,722
Equitable Sharing Program	16.922	N/A	6,904	-
Pass-through assistance:				
City of Portland				
Edward Byrne Memorial Justice Assistance Grant Program - 2021	16.738	15PBJA-21-GG-01763-JAGX	29,050	-
Edward Byrne Memorial Justice Assistance Grant Program - 2022	16.738	15PBJA-22-GG-02081-JAGX	12,439	-
Edward Byrne Memorial Justice Assistance Grant Program - 2023	16.738	15PBJA-23-GG-03712-JAGX	31,442	-
Subtotal for ALN 16.738			72,931	-
Total U.S. Department of Justice			544,557	464,722
U.S. Department of Transportation				
Pass-through assistance:				
Oregon Department of Transportation				
Highway Planning and Construction - NW Division Complete St - Phase 1: Wallula Ave - Birdsdale Ave	20.205	16986	2,716,914	-
Highway Planning and Construction - Gresham Pedestrian Improvements	20.205	22832	14,106	-
Highway Planning and Construction - City of Gresham Safety Project	20.205	20303	645,568	-
Highway Planning and Construction - NE Cleveland Ave: SE Stark St - NE Burnside	20.205	20808	123,292	-
Highway Planning and Construction - 181st Ave Safety Upgrades: SE Stark St to E Burnside St	20.205	23555	123,319	-
Subtotal for ALN 20.205			3,623,199	-
Metro				
Federal Transit Formula Grants - Davis Park Traffic Playground	20.507	938625	7,572	-
Federal Transit Formula Grants - Gresham Greenways 2024	20.507	939403	10,201	-
Subtotal for ALN 20.507 and Federal Transit Cluster			17,773	-
Highway Safety Cluster:				
Oregon Department of Transportation				
State and Community Highway Safety - Safety Belt Overtime Grants	20.600	N/A	6,125	-
Oregon Impact				
National Priority Safety Programs - Driving Under the Influence of Intoxicants	20.616	N/A	291	-
National Priority Safety Programs - Distracted Driving Grant	20.616	N/A	291	-
National Priority Safety Programs - Pedestrian Safety Enforcement Grant	20.616	N/A	1,456	-
Subtotal for ALN 20.616			2,038	-
Total Highway Safety Cluster			8,163	-
Total U.S. Department of Transportation			3,649,135	-

City of Gresham, Oregon
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/ Pass-through Grantor Program Title or Cluster Title	Assistance Listing Number	Agency or Pass-Through Number	Expenditures of Federal Awards	Amounts Provided to Sub Recipients
Department of the Treasury				
Direct Assistance:				
COVID-19 State and Local Fiscal Recovery Funds	21.027	SLT-3322	9,427,842	-
Total Department of the Treasury			9,427,842	-
U.S. Environmental Protection Agency				
Direct Assistance:				
Water Infrastructure Finance and Innovation (WIFIA)	66.958	WIFIA-N20153OR	1,535,929	-
Columbia River Basin Restoration (CRBR) Program	66.962	R10-OW-CRBRP-2022-01/02	28,264	-
Pass-through assistance:				
Oregon Department of Environmental Quality (DEQ)				
Clean Water State Revolving Fund	66.458	R39194	64,817	-
Total Environmental Protection Agency			1,629,010	-
Department of Health and Human Services				
Pass-through assistance:				
Multnomah County				
Racial and Ethnic Approaches to Community Health	93.304	HD-IGA-E-12089-2020	27,712	-
Total Department of Health and Human Services			27,712	-
U.S. Department of Homeland Security				
Direct Assistance:				
Assistance to Firefighters Grant (AFG) and Fire Prevention & Safety (FP&S) - 2022	97.044	EMW-2022-FP-00593	30,807	-
Pass-through assistance:				
Oregon Office of Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	4768-DR-OR	235,022	-
Emergency Management Performance Grants	97.042	EMS-2024-EP-00005	78,666	-
Building Resilient Infrastructure and Communities (BRIC)	97.047	EMS-2021-BR-028-0004	6,546	-
Total U.S. Department of Homeland Security			351,041	-
Total Federal Expenditures			\$ 19,824,488	\$ 2,132,712

City of Gresham, Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the City of Gresham under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Expenditures reported on this Schedule are recognized following the cost principles in 2 CFR 200, where certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3. Indirect Cost Rate

The City does not qualify to use the de minimus rate per 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* because a negotiated rate exists.

**CITY OF GRESHAM, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2025**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of Major Federal Programs and Type of Auditor’s Report Issued on Compliance for Major Federal Programs

<i>Federal Assistance Listing Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Program</i>
14.251	Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	<i>Unmodified</i>
20.205	Highway Planning and Construction	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes No

Section II – Financial Statement Findings

None noted

Section III – Federal Award Findings and Questioned Costs

Finding 2025-001 – Reporting – Significant Deficiency in Internal Controls over Compliance

Federal Assistance Listing Number	Federal Agency/Pass-through Entity – Program Name	Award Number	Award Year	Questioned Costs
14.251	Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	N/A	N/A	None

Criteria or specific requirement: According to Article VI of the City’s agreement, the City must submit a performance report in Disaster Recovery Grant Reporting (DRGR) on a semi-annual basis and must include a completed Federal financial report as an attachment to each performance report in DRGR. The City must submit these reports in DRGR no later than 30 calendar days after the end of the 6-month reporting period.

Condition: During our testing, we noted the City had not filed the required reports for the period covering 7/1/2024-12/31/2024 or 1/1/2025-6/30/2025.

Context: Of the two reports that were required to be filed, neither had been filed as of the date of our audit procedures.

Effect: The reports were not filed timely.

Cause: The City does not have an effective control to monitor reporting timelines and submission dates. This was also caused by a change in personnel responsible for submitting the required reports.

Repeat finding: No.

Recommendation: We recommend the City work to establish an internal tracking system to memorialize reporting deadlines and track submission of required reports under the program.

Views of responsible officials: Management agrees with the auditor’s recommendation.

Corrective Action Plan

Finding 2025-001 – Reporting – Significant Deficiency in Internal Controls over Compliance and Instance of Noncompliance

Management agrees with the finding and the auditor's recommendation.

Contacts responsible for corrective action:

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503-618-2276

Bill Eggert, Budget Manager

bill.eggert@greshamoregon.gov

503-618-2927

Corrective action planned:

Management will investigate functionality within the City's ERP system to store information about reporting responsibilities and deadlines associated with individual grants, which will make information available to management and staff if there is turnover in a responsible position during the lifecycle of a grant. Management will also evaluate assigning responsibility to specific staff to monitor that required reporting is completed within established deadlines.

Anticipated completion date:

June 30, 2026

