City of Portland

2025 Audit Results

Communication with Those Charged with Governance

Agenda

1. Scope of audit engagements
2. Audit opinion / reports
3. Required communications – highlights
4. Audit adjustment and resulting internal control deficiency recommendation

Scope of Audit Engagements

Entity	Audits Performed
City of Portland	Audit of Annual Comprehensive Financial Report Single Audit
Prosper Portland	Audit of Annual Comprehensive Financial Report Single Audit – combined with City of Portland
Fire and Police Disability and Retirement Funds	Audit of financial statements
Mt. Hood Cable Regulatory Commission	Audit of financial statements

Audit Opinions / Reports

Financial Statements	Government Auditing Standards Report	Oregon Minimum Standards Report	Communication to Those Charged with Governance
Unmodified (clean) opinion on financial statement	Material Weaknesses in internal controls over financial reporting	No compliance findings	Material weaknesses in internal controls over financial reporting

Required Communications – Highlights

- Planned scope and timing – audit finalized December 15, 2025
- Significant accounting policies – Adopted GASB 101, resulted in restatement of beginning net position
- Audit adjustments – Identified material audit adjustments for lack of timeliness in closing out completed projects from construction work in process to assets in service.
- No disagreements with management
- No difficulties in performing the audit

Audit adjustment and resulting internal control deficiency recommendation

Audit Adjustments	Amount
1) Reclassify costs related to completed Parks, Fleet and PBOT projects from construction work in process to capital assets in service	$200,173,127
2) Recognize missed depreciation expense on the projects identified in adjustment #1 above	$6,844,642
3) Recognize expenses that were inappropriately included in construction work in process	$743,602

Material weakness recommendation: Parks, Fleet and PBOT should establish internal controls to periodically review the status of construction projects and properly close those projects to capital assets in service once the assets are ready for their intended use.

Audit adjustment and resulting internal control deficiency recommendation – Prosper Portland

Material Weakness and Recommendation

During our audit of Prosper Portland's pollution remediation liability we identified a calculation error that resulted in a $32.4 million audit adjustment to increase both the pollution remediation liability balance and the associated pollution remediation expenses. We recommend management performs a final review of the workbook in coordination with the real estate team and obtains an understanding of any significant year-over-year changes.

THANK YOU