City of Rivergrove
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City of Rivergrove - Plan of Action

June 17, 2026

Oregon Secretary of State
Audits Division
255 Capitol St. NE, Suite 180
Salem, OR 97310

PLAN OF ACTION FOR CITY OF RIVERGROVE

City of Rivergrove respectfully submits the following corrective action plan in response to deficiencies reported in the audit for the fiscal year ended June 30, 2025. The corrective actions described below were adopted by the City Council through Resolution

No. 06-17-2026_C
Adopted: June 17, 2026.

DEFICIENCY #1 – MATERIAL WEAKNESS 2025-01
Lack of effective internal controls over financial reporting, cash receipting, and cash disbursements.

CITY PLAN OF ACTION:

The City Council adopted Resolution No. 06-17-2026_C establishing formal internal control policies effective July 1, 2026.

The City has implemented the following compensating controls appropriate for a small municipality with one part-time employee:

• A rotating Council member will be assigned at each regular Council meeting to review monthly disbursements, electronic fund transfers, bank activity, and supporting documentation included in the Council packet.

• All checks exceeding $5,000 require two authorized signatures.
• Any check payable to the Mayor, a Council member, the City Manager, or an affiliated business requires two authorized signatures regardless of amount.
• David Schafer has been appointed by the City Council to perform independent monthly bank reconciliations.
• Electronic fund transfers will be reported to the City Council monthly and reviewed as part of the financial reporting process.
• Council oversight of financial activity will continue through review of monthly financial reports and reconciliations.

Timeframe for implementation: July 1, 2026.

DEFICIENCY #2 – MATERIAL WEAKNESS 2025-02
Lack of historical support to determine accurate beginning fund balances and restrictions for all funds.

CITY PLAN OF ACTION:

The City acknowledges the auditor's finding regarding historical fund balances and classifications.

Beginning in Fiscal Year 2023-2024, the City implemented QuickBooks accounting software, established general ledger account classifications, and implemented fund-based accounting procedures.

The City has made reasonable efforts to reconstruct historical information using available bank statements and records. However, due to incomplete historical records and accounting practices that existed prior to implementation of the current accounting system, the City cannot independently verify all historical transactions or fund classifications.

The City was informed that certain permit fees, grants, reimbursements, and related expenditures were historically treated as pass-through transactions and therefore were not consistently recorded within the City's accounting records.

Due to limited financial resources, the City is unable to undertake a comprehensive historical reconstruction project. The City believes that implementation of QuickBooks, fund-based accounting, fund tracking, periodic fund reporting, and improved documentation procedures represents the most practical and cost-effective corrective action available.

The City will continue maintaining accurate fund accounting and supporting documentation on a prospective basis and will provide periodic fund reports to the City Council for review and oversight.

Timeframe for implementation: Ongoing. QuickBooks and fund accounting controls were implemented beginning Fiscal Year 2023-2024 and will continue prospectively.

DEFICIENCY #3 – SIGNIFICANT DEFICIENCY 2025-03
Lack of controls and documentation over expenditures and contracted services.

CITY PLAN OF ACTION:

The City Council adopted Resolution No. 06-17-2026_C establishing procurement, contracting, record retention, and documentation policies effective July 1, 2026.

Corrective actions include:

• Professional service providers will be retained through written agreements whenever practical.
• Financial records, invoices, contracts, grant records, bank statements, and supporting documentation will be retained in accordance with Oregon records retention requirements.
• Vendor invoices and supporting documentation will be maintained within the City's centralized accounting records.
• The City will develop and document a methodology supporting Highway Fund administrative allocations.
• The City will document support for the current fiscal year Highway Fund transfer amount of $10,800 and establish a methodology for future years.
• The City will continue complying with Oregon Public Contracting Laws and maintain procurement procedures consistent with Resolution No. 06-17-2026_C.

We will begin implementation on or before: July 1, 2026.

The City believes the corrective actions adopted through Resolution No. 06-17-2026_C provide reasonable and sustainable internal controls appropriate for a small municipality with limited staffing resources while addressing the findings identified in the audit for the fiscal year ended June 30, 2025.

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Chris Barhyte, Mayor

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Bill Tuttle, Council President

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City Manager