

6/10/2026

To: Shady Cove City Council, Interim City Administrator Edwards & Members of the Budget Committee

From: Natalie Swendener, on behalf of Shady Cove Matters Political Action Committee

To whom it may concern,

I attended the Council's recent budget committee meeting on 5/26/2026, where I expressed public comment stating concerns about the City's budget. I am repeating those concerns in public comments, on behalf of Shady Cove Matters Political Action Committee.

Shady Cove has spent over \$230,000 on Auditors & Accounting fees in the past two years alone. The City claims finances are "*too uncertain*" due to audits to use beginning fund balances in this year's upcoming budget. We have been told that this is prudent, and that the City must live within its means in an attempt to justify the missing numbers.

SCM strongly believes that the City needs to report fund balances and set-asides for reserves in the budget. We note that in the current fiscal year, this Council has had large cost overruns in multiple areas and has never bothered to do a supplemental budget – you simply overspent.

- There is no allocated budget in the current year for ~\$81,000 in IRS fines and fees
- There is no allocated budget in the current year to pay the over ~\$129,000 overrun in sewer tax certifications from prior fiscal years; and we still don't know if that amount includes tax certifications for the current fiscal year.
- There is no allocation to cover new RVCOG hiring and HR costs that were never budgeted for.
- There is no allocated budget to support the ~\$75,000 overrun in legal and accounting fees. In April and May, the City accumulated additional \$18K in spending on top of the existing deficit. The City never attempted to handle the overruns, and we're sure there are more bills coming for this fiscal year.

So, where is the money to pay for this coming from? Let's not kid ourselves, it's all coming from Shady Cove's financial reserves. And, since we have no idea what those numbers are, it's very easy to hide cost overruns, because at the rate we're going it will be another year before the City discloses the audit for the current fiscal year.

The City claims it is being financially responsible, and that we should ignore beginning fund balances anyway. **We counter that money which is not properly reported within the budget, and not claimed explicitly as an investment reserve is at risk of becoming an unaccountable slush fund.** Shady Cove is recovering from years of financial issues; Residents deserve honesty, not "smoke and mirrors"

from their City leaders. Additionally, Mayor Richardson has admitted openly in the April budget meeting that the City still isn't caught up with balancing its bank account to the ledger, and the City is still working on implementing missing financial controls. So, against that backdrop, we believe it would help restore Resident's trust in the City if estimated beginning fund balances were reported, based on the existing trial balances that are available and sanity checked against our financial reserves. Every resident in our City understands how to manage spending against a cash balance. Businesses in the City don't wait years until their audits are done before they adjust to rising costs and spending challenges. Why should this City have the option to continue being unaccountable? This is not transparency.

Oregon budget law makes it clear that estimated amounts can be used for beginning fund balances. There is a Caselle report called a Trial Balance which can be ran to obtain fund balances. There are mechanisms to set aside money from the budget while still acknowledging the funds exist. We know that financial reserves exist, because we made a public records request for the information. As of sometime in April, the City had over \$2.4M in its cash and investment reserves. We know the money exists, and therefore we are asking Council to bring this budget back to the drawing board, and provide fund balances.

We also want to call out one more concern with the Fiscal year 26-27 budget.

The City has been extremely optimistic in estimating that we will collect over \$75,000 in Transient Lodging Tax money (TLT). This represents an unrealistic 220% increase from the four previous years. We believe this is not a mistake – it's a deliberate attempt to pull money from the City's TLT reserves to fund a park project. If the City can't provide realistic fund balances estimate for other areas of the budget, it shouldn't be trying to overestimate income for non-essential uses. The City's business community could really use some help, we think Residents deserve to have some funding for special events, and we would rather see the City apply a realistic budget of TLT money for those uses.

Respectfully,

Natalie Swendener, on behalf of Shady Cove Matters