

6/22/2026. Shady Cove Matter's Response to Mayor Richardson's Ballot Statement

Mayor Richardson claims that in July 2025 (when she was appointed Mayor), Shady Cove's years of operational dysfunction had resulted in no state-mandated yearly audits or financial statements since 2020. She provides a long list of financial problems; but fails to note her own yearslong involvement as both Mayor (2019-2020) and as a Budget Committee leader (2023 to present).

In Richardson's recall ballot statement, she says that she completed the first full audit since 2020 and the first budget to actuals document in five years. Her claim that there were "no state-mandated yearly audits or financial statements since 2020" is demonstrably false. Shady Cove had two disclaimed audits completed prior to her taking office. Both audits (one completed in early 2024, the other in early 2025) cited significant financial problems, including a lack of internal controls and destruction of records. You can find documents for these completed audits on the Oregon Secretary of State's website, and on Shady Cove's City website. The third delayed audit (for Fiscal Year 2023) was already well underway before Richardson took office.

Since Richardson was appointed in July 2025, the City has had large cost overruns in multiple areas and has never once bothered to do a supplemental budget. That is very concerning to us, because since 2025 (while Richardson served on the budget committee) the City has deliberately chosen to stop reporting beginning fund balances in our budget, claiming "audit uncertainty". Through public records requests, we have been able to estimate that the City currently has over \$2.4M in reserves that the public has no visibility to.

The budget to actuals document that Richardson mentions in her recall ballot is a document that she publicly admitted is hand-created. It isn't generated from our City's Caselle Accounting software because Mayor Richardson says that it has too many problems and isn't accurate. We raised concerns about the Mayor's budget to actuals document in a public Council meeting, noting multiple issues including property tax revenue that was over \$50K different than Jackson County's official tax reports and noting that the budget to actuals document did nothing to forecast remaining revenue and spending.

The City had an overrun of over \$75,000 in legal and accounting fees at the end of March 2026. Since then, the City's published Bills Paid Reports show another \$25,000 in spending, bringing the overall deficit in just those two budget line items to over \$100,000. We were absolutely stunned to see that **just last week**, the City published a [Bills to be paid report](#) which showed accrued expenses from a brand new legal firm (Local Government Law Group) with no public Council discussion or approval of the unbudgeted costs. For those keeping track, we now have two legal firms billing the City almost \$50K for "confidential" fees that are withheld from the public. That figure represents well over 40% of all legal services spending in the current fiscal year.

Richardson states that under her leadership, the City adopted the first balanced budget with correct allocations of restricted funds. We counter that as a former Mayor and yearslong budget committee member, she was a key member who helped create and approve the prior budgets which misallocated funds.

Richardson calls us a group of "*grievance collectors*" without plans to bring Shady Cove back from financial ruin. When we raised concerns that Richardson's proposal for Internal Financial Controls

lacked requirements for payroll controls or fraud monitoring, she responded by refusing to allow changes to the document and insisted on immediate approval. When we raised concerns that the City had spent over \$230,000 in two years on audits and could still not report beginning fund balances in the current budget, she and her supporters responded by saying the information wasn't needed and that that City simply needed to "live within its means". 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.

These are some of the many reasons why we moved to recall Mayor Lena Richardson, and why we recommend that residents of Shady Cove vote YES on the recall petition. For more information, please see our website shadycovematters.com/recall-main-page.