

IRS

Department of the Treasury
Internal Revenue Service
[Operating Division]
955 S. Springfield Ave, 2nd Floor
Springfield, NJ 07081

City of Shady Cove
P O Box 1210
Shady Cove, OR 97539-1210

Date: 09/04/2025
Taxpayer ID number: EIN (LAST 4): 8363
Form: 941
Information Document Request numbers:
2nd Request
Issue date: 09/04/2025
Original IDR due date: 05/08/2025
Person to contact:
Michael Shehata
Employee ID number: 1001307364
Telephone: (973) 921-4136
Fax: (855) 708-3796
Manager's contact information:
Mariluz Lopez
Supervisory Internal Revenue Agent
Phone # 689-285-6298

Delinquency Notice

Dear City of Shady Cove:

We sent you Forms 4564, *Information Document Request* (IDR) dated 05/08/2025. You haven't provided us with all of the requested information by the original IDR due date.

This letter is to inform you your response is delinquent. If you don't fully respond to the IDRs, we'll send you a pre-summons letter.

We've listed the information we haven't received on the enclosed IDRs.

If you have questions, you can contact us at the contact information above.

Thank you for your cooperation.

Sincerely,
Michael Shehata
Michael Shehata
Internal Revenue Agent - TE/GE
Federal, State & Local Governments

Digitally signed by Michael Shehata
Date: 2025.09.04 15:34:41
-0400

Enclosures:

Form 4564, Information Document Request

List of Delinquent Returns Required to file - Form 941

Letter 5077-D (9-2016)
Catalog Number 68763U

City of Shady Cove

Delinquent Returns Required to file ASAP - Form 941

Year	Balance	File
202103	14,742-	No
202106	13,693-	No
202109	13,409-	No
202112	12,645-	No
202203	16,242-	No
202206	14,897-	No
202209	17,785-	No
202212	14,583-	No
202303	15,797-	No
202306	18,911-	No
202309	19,716-	No
202312	19,308-	No
202403	19,044-	No
202406	19,170-	No
202409	20,556-	No
202412	21,239-	No
202503	11,955-	No
202506	8,422-	No

Form **4564**
(May 2023)

Department of the Treasury - Internal Revenue Service
Information Document Request

Request number
IDR 02 Payroll

To (Name of taxpayer)

City of Shady Cove
22451 Highway 62
P O Box 1210
Shady Cove, OR 97539-1210

Subject
Payroll

SAIN Submitted to

Dates of previous requests (mmddyyyy)
3rd Request

Description of documents requested (additional records may be requested as the examination progresses)

Please provide the following information for the calendar year **2020-2025**. Whenever possible, provide the items electronically in Excel spreadsheet format for reconciliations and PDF format for payroll summaries.

DO NOT PROVIDE ORIGINALS-COPIES ONLY.

1. Forms 941 including 941X amended/corrected returns.
2. Form W-3 (or equivalent such as Electronic Wage Report (EWR)) including any W-3C
3. End of calendar year 2022 Gross Payroll summary (from the payroll journal) in Excel spreadsheet format detailing wages, other compensation paid, and all deductions for all employees.
4. End of calendar year 2022 individual payroll summary for each employee in Excel spreadsheet format showing individual items of compensation and individual deductions from compensation.
5. Please include a definition of any codes/abbreviations used in these summaries.
6. Reconciliation of the following items for the 2020-2025 calendar year:
 - a. Gross Payroll (from payroll summary) to Medicare Wages (Form W-3 box 5)
 - b. Gross Payroll (from payroll summary) to Social Security Wages (Form W-3 box 3)
 - c. Gross Payroll (from payroll summary) to Income taxable wages (Form W-3 box 1)

***** Refer to examples starting on page 2 *****
7. Identify and explain any nontaxable payroll item amounts. Include a definition and the basis for the nontaxable status.

If you have questions about this Information Document Request, contact the examiner listed below.

Information due by At or before next appointment

Select Date Other _____

From

Examiner name	Examiner title	Employee ID number	Date (mmddyyyy)
Michael Shehata	Internal Revenue Agent	1001307364	9/4/2025
Office location 955 S. Springfield Ave, 2nd Floor Springfield, NJ 07081		Telephone number (973) 921-4136	e-Fax number (855) 708-3796



Outlook

Audit and Reports Update

From Michele Parry <mparry@shadycove.org>

Date Mon 9/29/2025 2:43 PM

To Mayor <mayor@shadycove.org>; Steve Mitchell <smitchell@shadycove.org>; Paige Winfrey <pwinfrey@shadycove.org>

Cc Jeremy Green <green@bjllawyers.com>

1 attachment (348 KB)

IRS 941 Delinquent Quarterly Reports.pdf;

Mayor and City Councilors,

I am providing an update on two key financial matters that demonstrate the progress made to restore compliance and strengthen the City's financial stability.

The third-party municipal CPA auditor has been scheduled. Sorren has projected completion of the 2022–2023 audit on or before October 30, 2025, and Ben Cohen, our contact at Sorren, has confirmed that the City will receive an **Unmodified Clean Audit**—the highest rating a municipality can achieve. While the audit will include a list of recommendations and improvements, many of these have already been implemented anticipating the 2023-2024 audit to streamline the audit process. It is a point of real pride that the City has moved from two consecutive disclaimers of opinion to the strongest possible audit outcome.

In addition, on **September 5, 2025**, all *18 outstanding IRS Form 941 payroll reports*, left unfiled since 2021, were submitted to the IRS. This corrective action closes a multi-year compliance gap, eliminates the risk of penalties or interest, and brings payroll reporting current for the first time in four years.

The IRS will finalize penalties once the delinquent returns are processed. If a balance is due, available credits from other years will be applied to reduce the liability. Any remaining balance will generate an invoice from the IRS with interest calculated from the original due date and any applicable penalties. This report will be issued directly from the IRS service center that processes the returns. We are actively tracking the processing and confirmation of acceptance, and new procedures are firmly in place to ensure all future filings are completed on time and without recurrence of past omissions.

These corrective measures reflect the goal to resolve longstanding problems, restore fiscal accountability, and reinforce public trust. The City is now on a stronger financial footing, and I will continue to provide updates as further progress is made.

Michele Parry

City Administrator

541-878-2225



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