

Shady Cove Advocates (SCA) Statement of Support for City Administrator & City Hall Staff

Disclaimer. The information contained in this document represents the opinions and conclusions of the Shady Cove Advocates (SCA). Readers of this document are encouraged to draw their own independent conclusions. Where possible, SCA has cited published online documents provided on the City of Shady Cove's website.

Purpose and Overview.

This document is a statement of support from SCA on behalf of the Shady Cove City Administrator and City Hall Staff. This is also intended to provide additional background information supporting the SCA Goal to Promote Respectful and Constructive Relationships Between Council & City Hall Employees.

1. Statement of Support.

Prior to the May 2024 hiring of new City Administrator Michele Parry, there were well-documented problems at City Hall. Most notably, the City had four years of backlogged financial audits (since FY20-21), putting the City's financial health at significant risk. Administrator Parry did not create problems; she walked into a backlog of five years' worth of issues and has accomplished much in relatively short time to put the City on a sound financial footing.

We do not understand why certain current and former members of our City government are working to vilify the one person who is actively working to get audits completed, especially since many of those same individuals stood by for many years while more and more problems piled up.

Quite simply, we don't believe the statements made by the former Mayor and Council President, and we suspect there is an agenda behind their efforts to disparage the City Administrator and her employees. We believe the former Mayor and Council President overstepped their authority and attempted – in violation of the City Charter – to micromanage the daily activities of City Hall.

We believe there is a strong possibility that Administrator Parry was retaliated against, due to her attempt to protect and properly account for ~1.7M in unspent revenues from Shady Cove's 2018 USDA Sewer Bond refinancing. (SCA plans to release a detailed statement regarding those activities separately.)

Lastly, we note that the Council's actions may put the City at substantial risk of multiple lawsuits for wrongful termination and hostile conduct, potentially resulting in significant legal costs to the City.

2. Comments on Administrator Parry's work related to Audits, Budget and RVSS.

Much of Ms. Parry's time has been occupied by detailed work to catch up with multiple backlogged years of audits dating back to 2021. The Auditors noted Shady Cove's financial records were "disorganized", which means a great deal of investigation and reconstruction of financial records was required to accomplish the task. Notes and documents related to these audits are below, we call your attention to the negative findings in the two recently completed audits.

| Backlogged Audit Status – 2020 to Present | | |
|---|---|--|
| Fiscal Yr | Audit Status | Notes |
| FY20-21 | Completed, with disclaimer. | <p>On May 16th, 2024 Mayor Ball noted that the City had just received closing entries for the FY2020-2021 audit. The council packet (https://shadycove.org/wp-content/uploads/2024/05/051624-City-Council-Regular-Meeting.pdf) had a preliminary report from the auditor (Isler CPA) starting on page 32. The auditor noted that City staff were unable to locate and provide documentation and information that they had requested. Further, they noted “the disorganization of digital and physical records relating to 2021”.</p> <p>Note: The City’s original auditor (KDP) quit, and a new firm (Isler CPA) was brought on in April 2022 to perform the audit work.</p> |
| FY21-22 | Completed, with disclaimer. | <p>Establishing a new timeline to restart work on this delayed audit was mentioned in the 8/15/24 City Council meeting, with a task force including Mayor Ball, Council President Nuckles, Administrator Parry, the Auditor (Isler CPA) and RVCOC .</p> <p>On Sept 19th, 2024 Administrator Parry presented a status report to the City Council detailing how issues from the delinquent 21-22 audit were impacting the calculation of beginning balances for FY24-25 budget. 10172024_Q1-2024-Presentation-CityCouncil.pdf</p> <p>In the March 6th, 2025 City Council Packet the City finally received a completed audit for the FY21-22 fiscal year (from Isler). This audit was almost three years overdue, and Administrator Parry was instrumental in its completion. https://shadycove.org/wp-content/uploads/2025/01/03062025-CC-Agenda-and-Packet-v3.pdf (page 35).</p> <p>The Auditor issued a Disclaimer of Opinions (essentially the worst possible rating for an audit), again noting that financial records and documents were not available for review, and they were unable to determine the accuracy of financial statements.</p> |
| FY22-23 | Close to completion as of September 2025. | <p>In November 2024 Administrator Parry requested a contract from Caselle (the company which provides accounting software and support to the City) to assist in completing the backlogged audit. Per page 5 of the November 7th, 2024 Council meeting (https://shadycove.org/wp-content/uploads/2024/10/11072024CC-Agenda-and-Packet.pdf) the work was to be for “<i>FY2022-2023 to complete year end general ledger tasks, pre-audit, tasks for the general ledger, payroll, cash receipting, accounts receivable, and utility management, printing out a working trial balance for the auditors, preparing a detail ledger for the entire year, preparing a financial statement for the last month of the year for the auditor, backing up the general ledger and closing the year.</i>”</p> <p>Nine months later as the audit neared completion, in August 2025 the City’s Auditor formally requested that the City engage a second Auditor for an independent review of their work before they will sign off. No reason was publicly provided, presumably the request was due diligence based on issues that were encountered.</p> |
| FY23-24 | In-progress | In the same November 2024 meeting described above, Administrator Parry requested a similar contract from Caselle for support services associated with the FY2023 – 2024 audit. |

| | | |
|---------|-------------|---|
| | | <p>She hoped to parallel the work needed for both fiscal years to more quickly complete the delayed audits.</p> <p>SCA would like to note that Administrator Parry has been publicly accused of wasting money by failing to have herself and City Hall staff do the work internally. We do not believe the accusation is credible. Given the issues with the FY2020-21 & FY21-22 audits, we believe this was likely the only option to get the audits completed in a timely manner.</p> |
| FY24-25 | In-progress | Most recent past fiscal year ended June 30, 2025. Audit currently in-progress. |

In addition to the financial audits, as part of her work to understand the City's revenue and finances, Administrator Parry implemented the first audit of RVSS revenues and liabilities since RVSS took over the City Sewer plant in 2019. She found multiple issues during that audit, including:

- There were numerous delinquent accounts including some dating from 2021 that were three years behind in payments, which she worked to catch up. (Documented on page 8 of the Agenda for the July 7, 2024 Council meeting <https://shadycove.org/wp-content/uploads/2024/07/072024-City-Council-Complete-Packet.pdf>)
- The City had not properly billed RVSS for annual increases in billing services the City provides for handling sewer billing, resulting in underpayment to the City.
- In fiscal year 2023-2024, the City failed to update its billing software to reflect RVSS's updates sewer rates, resulting in underpayment to RVSS.
- Both parties settled the matter by agreeing the financial losses were a wash, and amended the Franchise Agreement, as documented on page 25 of the Sept. 5, 2024 Council Packet (<https://shadycove.org/wp-content/uploads/2024/09/Draft-City-Council-Packet-v13.1.pdf>)

Administrator Parry worked with the City Budget Committee from April 2025 to June 2025 to implement a budget for FY25-26 based on actual data. (During audio recordings of the City's recent budget committee meetings, multiple participants admitted that previous budgets were basically "made-up numbers".) Upon finalizing the budget, it was noted that beginning balances would need to be adjusted once all of the prior backlogged audits were finally completed.

3. Other accomplishments during Administrator Parry's time in Shady Cove.

Administrator Parry has helped the Council purchase the new City Park via American Rescue Plan funding. After purchase, she coordinated the bidding, contracts, surveying, environmental testing and work to demolish structures within the new park.

She has re-organized the City Planning Department, bringing on part-time contracted staff with deep expertise in land-use planning, saving the City money vs. a full-time employee position.

She has started efforts to implement an Urban Renewal Area to bring more money into Shady Cove, and she's applied for numerous small grants, including a \$1M grant to support the new City Park, grants to support street maintenance and a \$100K grant to support ordinance updates.

Administrator Parry has also worked tirelessly to support former Mayor Ball and former Council President Kathy Nuckles to deploy \$1.5M in approved grant funding; and assisted the Mayor and Council President as they worked to acquire an additional \$5M in funding for Municipal Water.

4. Disparagement of the City Administrator During Resignations of Mayor Ball & Council President Nuckles.

The July 1st Special Session and subsequent resignations of Mayor Jon Ball and Kathy Nuckles were a stunning low point for the City. The former Mayor called the City Administrator (CA) incompetent, called the staff dysfunctional, and strongly alluded (***without evidence***) to financial mismanagement at City Hall. The Council President characterized informational texts about a serious legal matter from the CA as “threatening” and as an attempt to gain “exorbitant legal fees”.

During his resignation speech, the former Mayor also alluded to his desire to change City Hall. He said City staff were going to become “a huge issue” if Shady Cove received the \$5M grant from the state of Oregon for water. He further said this “*Sometimes to build a stronger sustainable thriving city or community **you must break down the structure, staff everything around it and rebuild from the foundation up***”.

The former Council President in her resignation speech said “*City Hall just blew our little team apart with him [Jon Ball] resigning citing incompetence at City Hall*”. “*It takes two people full time to keep this city even part-way on-track*.” “*We have serious problems in City Hall*.” “*I don’t need to sacrifice more to clean up this new and what I consider selfish mess created by City Hall someone else can jump in*.” And, in a most interesting turn of phrase, she referred to an earlier conversation apparently when the City Administrator was first hired. “*I have a message for our City Administrator. In the beginning you and I had severe trust issues and um I told you in your office with the Mayor there that if we are to go forward if you **defy** my trust I would no longer support you*.”

The former Mayor and Council President provided further negative publicity by giving media interviews and writing articles in the Upper Rogue Independent.

We’re a small town, there are few secrets, and most residents know more than they let on about the goings-on at City Hall. We note that none of the Mayor and Council President’s allegations have been substantiated with formal complaints, and we believe the narratives are being used as an ongoing, orchestrated attempt to fire the City Administrator. ***We wonder – given all of the negative comments about Administrator Parry – why were there no similar concerns expressed during the years of her predecessor when year after year of financial audits went unaddressed?*** If things were truly so bad at City Hall, we wonder why the former Mayor and Council President chose to resign, instead of sharing their concerns with their fellow Council members.

5. SCA Recommendations To Improve Council Relationship with City Hall Employees

5.1. We urge the Council to commit to an action plan for improving relationships with City Hall

- Hostile behavior in public meetings must stop immediately

- Carefully examine the root causes of any pending litigation; create an “after-action” report with actionable steps to ensure all employees are treated professionally and respectfully.
- Review the City Charter delineation between the duties of Council and City Administrator and develop a mutually acceptable policy with the City Administrator to prevent micro-management and overstepping of job boundaries.

5.2. To restore trust, root causes of financial issues/delayed audits which occurred prior to the hiring of Administrator Parry must be addressed.

- We believe that once all backlogged audits are completed, a formal after-action review should be completed, facilitated by the City’s Audit firm.
- Major stakeholders including Council, City Administrator, Budget Committee and City Legal Counsel should participate.
- Findings and recommendations need to be made public