

**ANNUAL REPORT
FOR THE
CITY OF SWEET HOME
FINANCE DEPARTMENT
&
MUNICIPAL COURT
2015**



FINANCE DEPARTMENT

The Finance Department is responsible for the fiscal management of the City of Sweet Home. This includes accounts payable, payroll, general accounting, preparing the annual budget and the City's annual audit. This department also administers the City's assessment docket, coordinates employee's benefits and maintains financial records relating to grants and contracts.

Unlike other departments within the city, the Finance Department not only responds to what the public needs, but also to what other departments need. If one were to envision the city departments working as a wheel, the Finance Department would be the hub within that wheel, keeping the individual spokes working together.

Without the Finance Department, individual departments would have to process their own payrolls, pay their own bills, reconcile their own checking accounts, handle all accounting duties related to their finances and answer to the auditors. A portion of the Administrative fees paid for by other departments help pay for these services.

STAFF:



Angela Helliwell came to us from the City of Monroe where she was the Assistant City Recorder and Court Clerk. Her first position with the City of Sweet Home was Court Clerk. Angela was promoted to Senior Court Clerk in December of 2007 then to the position of Accounting Technician beginning October 1, 2011. In addition to her accounting responsibilities, Angie processes passports, assists utility billing customers, and has helped at the Library. Angie enjoys serving the citizens of Sweet Home and continues to be a positive addition to our team.

Patricia Gray is the Finance Director for the City of Sweet Home. Originally hired to fill the Accounting Supervisor position in May 1991, she was appointed to her current position in July 1991. In addition to overseeing the finances for the City, Pat is responsible for the fixed assets inventory, special assessments, employees' benefits, workers compensation/SAIF programs, the Fire District's accounting contract, the housing rehab program and passport application services. She also supervises 4 employees in three areas of the City: Finance, Municipal Court and Janitorial services.



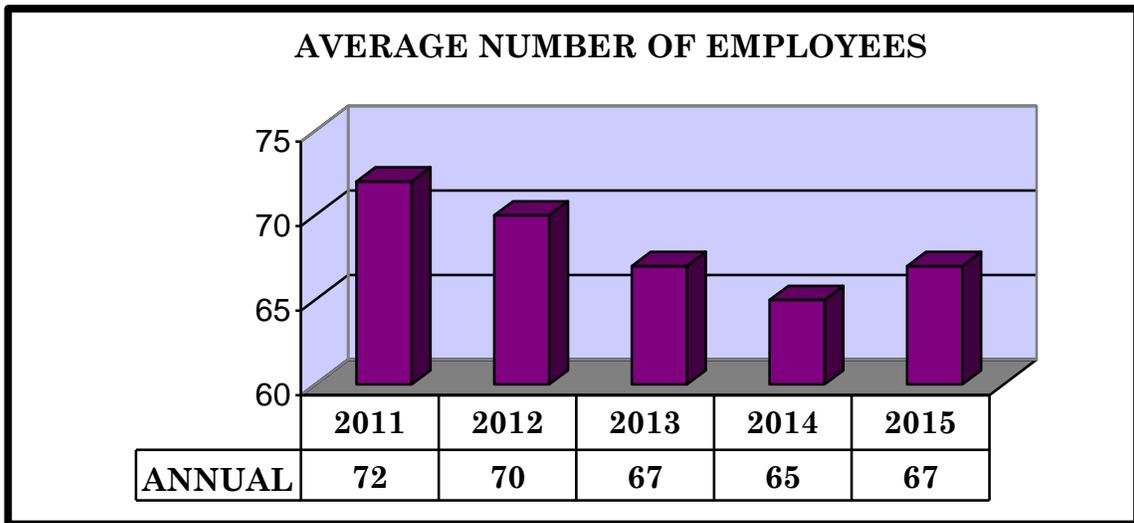
PAYROLL:

On December 31, 2015 the City of Sweet Home employed 67 people. 52 were full-time, 6 were part-time, 7 were City Council members, 1 Municipal Court Judge and 1 City Attorney. 29 employees were women. 38 were men. Although City Council members are elected and the Municipal Court Judge and City Attorney are contracted positions, the IRS made a determination in 2008 that these positions be declared employees for IRS purposes.

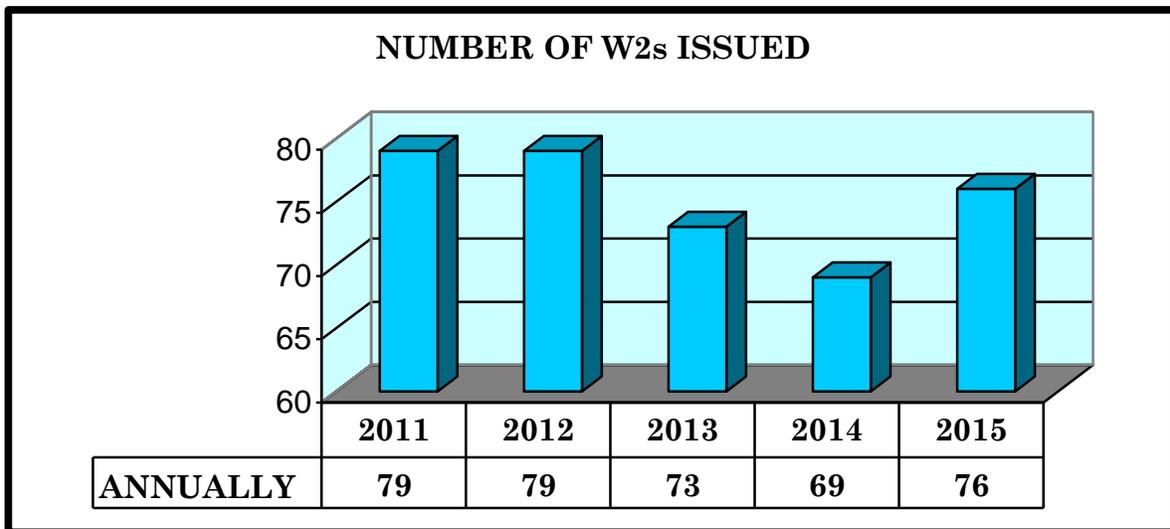
The City of Sweet Home pays its employees on the last working day of the month. Because the City pays monthly, employees are allowed to take a draw on their wages near the middle of the month. Draws are not allowed to exceed 50% of the employee's net pay. 31 employees take advantage of the draws.

A Direct Deposit program is offered to all City employees who wish to have their paychecks automatically deposited into their bank account. As of December 31, 2015, 62 people used direct deposit for their end of month paycheck, while 31 used the program for their mid-month draw checks.

Since leaving the City on July 1, 2001, the Fire and Ambulance District continues to contract with the City for payroll, accounts payable and cash receipts services through the Finance Department. The District paid the City \$15,825 for these services in 2015.



While it is interesting to see how many people are employed with the City throughout the year, a better measure of the work involved with paying these people are the number of payroll checks and W-2s issued by the City during the year.

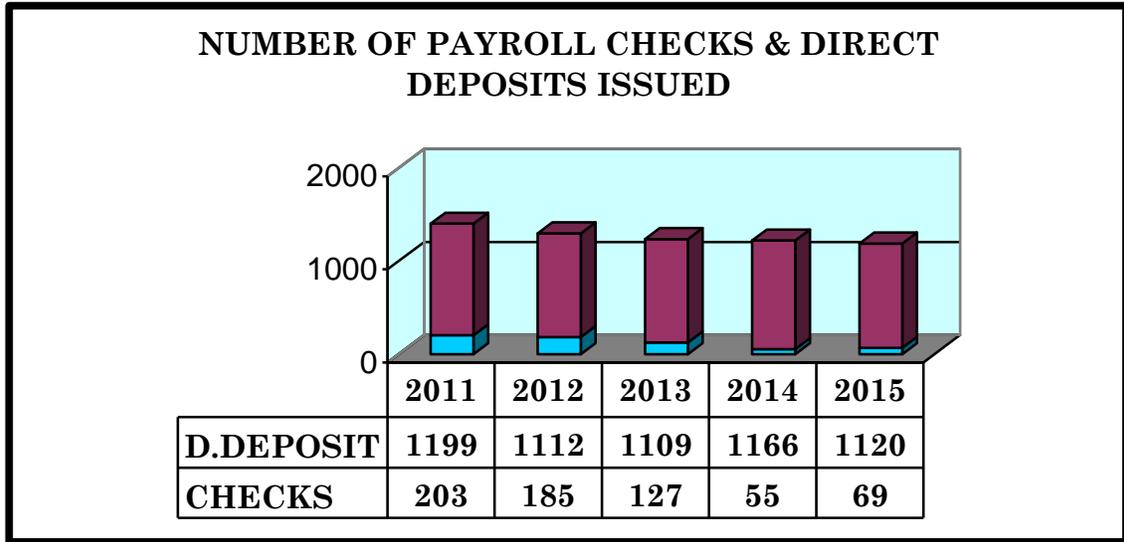


For the 2015 year, the City of Sweet Home issued 76 W2s to current and past employees.

While some private industry employers require their employees to use direct deposit, under Oregon Law the City can only encourage employees to utilize the direct deposit program offered by the City. Direct Deposit is a win-win program for the both the employer and the employee. It is cheaper for the City to send an ACH file to the bank then to process a paper check that could

potentially end up lost or stolen. With direct deposit the employee also has instant access to his/her funds even before they come to work on payday.

Currently, every employee who requests an advance is utilizing Direct Deposit. Five employees continue to request paper checks at the end of the month, while the remaining 62 are on the Direct Deposit program.



The number of electronic bank deposits exceeded our paper payroll checks during 2015 by 1,051 payments.

ACCOUNTS PAYABLE:

Like any other business, the City of Sweet Home has to purchase supplies in order to operate. As a government entity, the City is under more scrutiny when it purchases products than a private company. In order to ensure that purchases are made properly, the City works under the State guidelines for purchasing and its own purchasing manual. While each department may purchase its own supplies, the City Manager is considered the official purchasing agent for the City and has ultimate responsibility over what has been purchased.

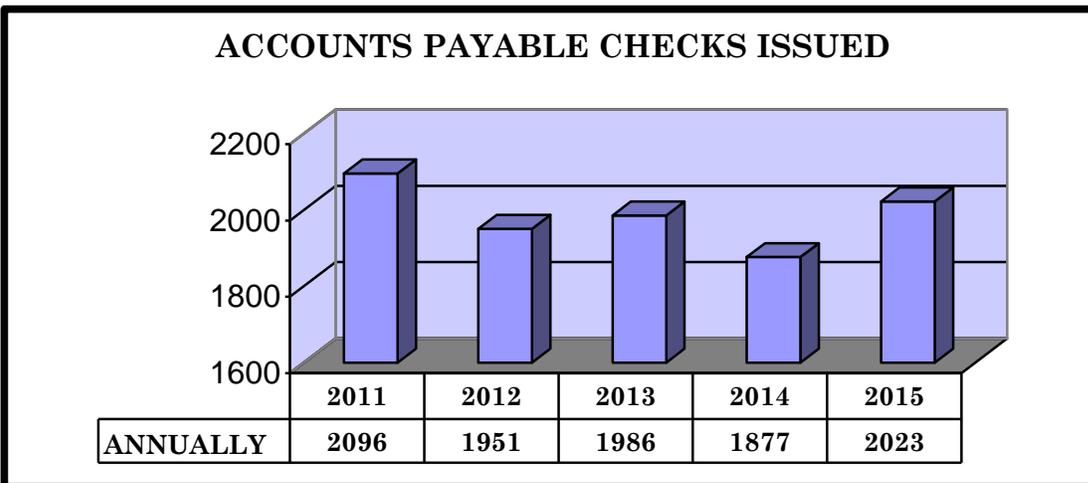
Once the product has been received, each department is responsible for submitting a voucher with the original bill(s), including any back up information to the Finance Department for payment. The voucher displays the vendor name and address, the departmental budget line the purchase should be charged to, the invoice number, and total amount to pay. The vouchers are color-coded per department for easy research. The Library submits purple vouchers, the Police Department has white, Public Works

uses yellow, Community Development Department uses green, Finance/Administration uses blue and Municipal Court submits pink vouchers.

The Finance Department maintains a weekly schedule for AP disbursements. If a Department turns in its vouchers, with bills attached, to the Finance Department by 5 pm on Wednesday, a check will be generated on Friday. The expectation would be for the vendor to have his/her check early the following week.

If a payroll run conflicts with an AP run (because the same person does both), payroll would take precedence and the AP checks would be generated as soon as possible after the completion of payroll or by the following Friday, at the latest.

Whatever may occur, once the Finance Department has the finished voucher, the invoice attached will be paid and a check mailed within 7 business days. This schedule helps ensure prompt and timely payments to the City's vendors.



The number of checks processed does not necessarily mean we spent more money. We processed fewer checks in 2014 than during 2015, but, we spent \$5,202,647 during 2014 while only spending \$4,819,033, a decrease of \$383,614 during 2015.

As with W2s for City employees, the City is required to issue 1099s to vendors who have been paid \$600 or more for services. At the end of 2015, the City issued 27 1099s, five less than the 32 issued in 2014.

ASSESSMENTS:

Oregon Statutes allow property owners the right to place a lien on their property for improvement assessments. These assessments may include the construction costs of city lines, system development fees and street/storm drain/sidewalk improvements. The contracts may not exceed 10 years and the interest rate is currently at 10%. Some assessments associated with LIDs may be at a different interest rate depending upon the cost of financing that particular LID. Liens are also placed on properties if there is an nuisance abatement or mowing needs to be done to meet City codes

As of December 31, 2015 the City had \$464,960.76 outstanding in principal on improvement assessments, a \$24,033.19 decrease from 2014. 87% of the City’s liens are for Housing Rehabilitation projects that were originally funded with Oregon Economic and Community Development grants the City had received during the 1990’s.

A summary of City liens as of December 31, 2015 follows:

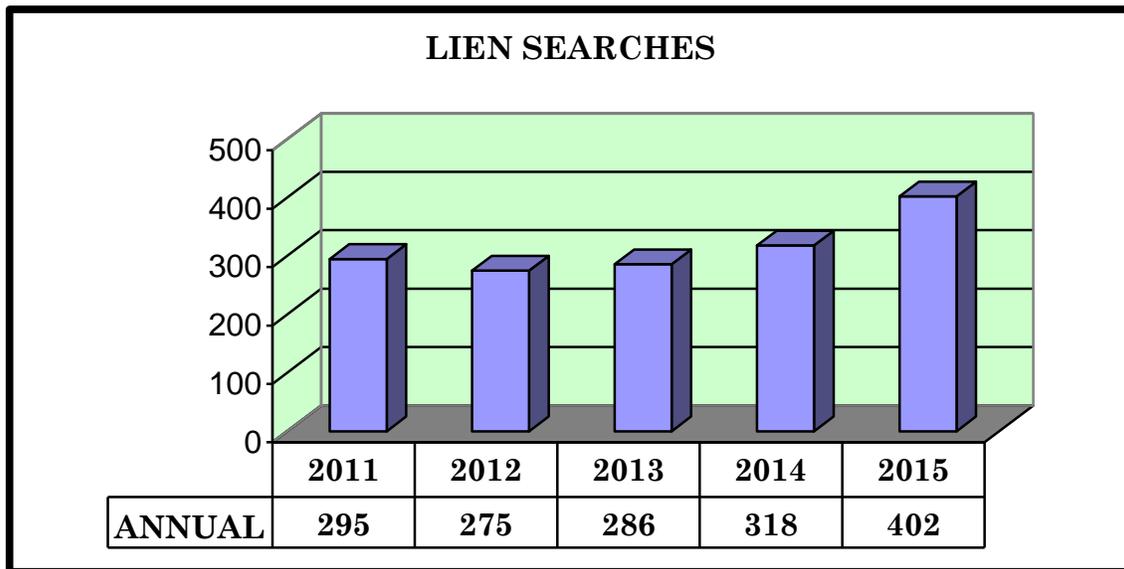
Description	# of Liens Outst.	Balance of Outstanding Liens
Misc./Nuisances	1	\$11,566.68
Mowing/Weed Abatement	16	2,397.82
LIDS: 12 th Ave	2	4,461.66
Housing Rehab. Loans	25	407,693.46
FosterMidway& old streets	6	5,995.05
Water SDC	13	15,657.13
Wastewater SDC	7	11,751.25
Water 6	6	5,437.71
Totals	76	\$464,960.76

ORS 93.643(2)(c)(A) requires that all assessments, systems development charges and nuisance abatements that had been liened prior to September 9, 1995 be displayed over an electronic medium. Assessments and systems development installment contracts signed after September 9, 1995 must be recorded in the County in which the property is located. A City may also maintain a lien docket onsite that is available to the public, if mandated by a City Charter.

When someone comes in to lien an improvement they must prove ownership of the property and provide a reference number confirming the latest ownership recording at Linn County. They must also pay a \$60 recording fee since every contract is required to be recorded with Linn County.

The City has also contracted with an online conduit service called Net Assets. This service allows title companies to search the City's lien docket online, via the Web. Instead of sending a letter requesting a lien search to the City and waiting for a faxed response, title companies simply go online, seek the information they need and are billed at the end of each month. Fifteen title companies have signed on to conduct title searches electronically through the conduit service.

The following graph represents lien searches completed by the City during the prior five years.



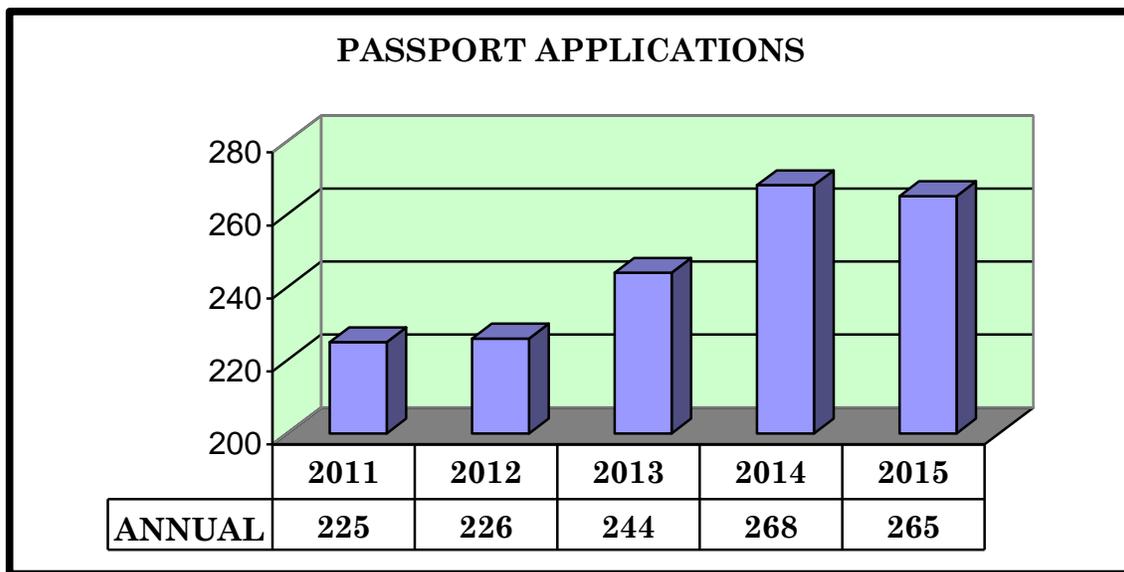
During 2015 the City received \$10,050 from Title companies for lien searches. The City, in turn, paid Net Assets \$4,075 for the conduit service, leaving a net revenue of \$5,975 for the city.

PASSPORT ACCEPTANCE FACILITY:

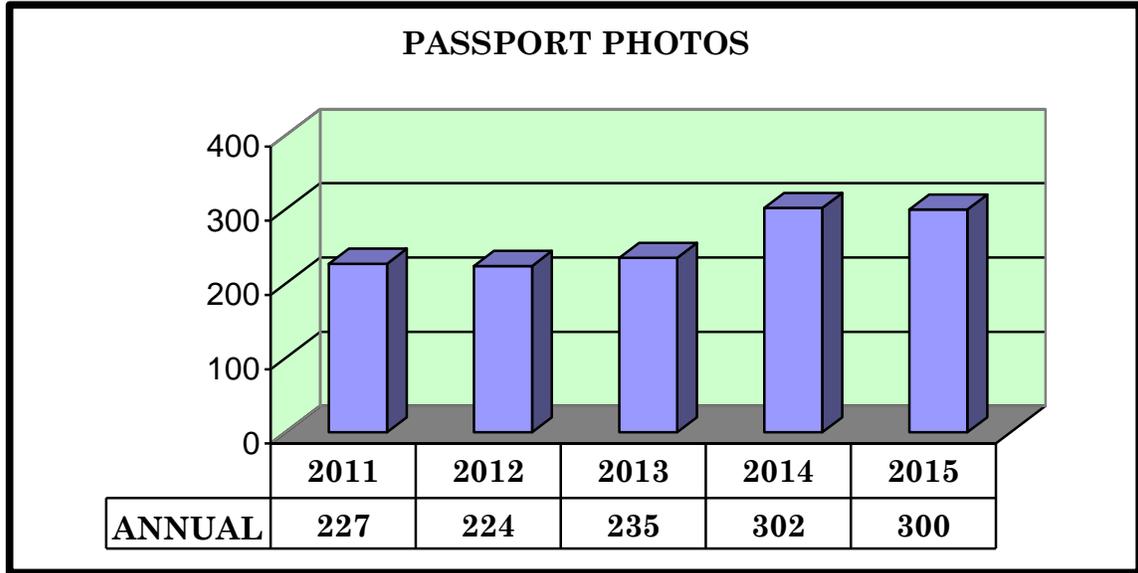
Since 2001 the City has been accepting passport applications for the United States Department of State. Travelers can call, stop by city hall or visit the City's website for information on application requirements. Staff responds to customers' questions about lost passports, the initial application process and renewals nearly every day.

Increases in services historically occur during school breaks as families apply for passports for upcoming cruises, holiday trips or spring break vacations. Processing time at the State Department can take up to 4 to 6 weeks, but unless there is a major influx of applications, customers will usually get their passports within 3 weeks. When an application is processed at city hall, staff is required to have the completed application(s) at the post office prior to the mail leaving Sweet Home. Due to this requirement, passport appointments are not scheduled after 3:00.

The State Department sets the \$25 rate the City must charge customers to process their applications. During 2015 City staff processed 265 applications, bringing in \$6,625 in acceptance fees compared to 268 applications in 2014, resulting in a slight decrease.



The City also provides passport photo services to its customers. Instead of traveling to Lebanon or Albany for photos, the entire process can be taken care of at City Hall. During 2015 the City took 300 photos, bringing in \$3,000, again a slight decrease from 2014.



MUNICIPAL COURT

The Municipal Court is responsible for the processing of citations and complaints issued by the Sweet Home Police Department, the City's Code Enforcer, the City Attorney and by private citizens within the City of Sweet Home. While three full-time Court Clerk positions has been funded in the 2015-2016 Operating budget, as a cost saving measure, there are only 2.5 FTE Court Clerks in Municipal Court. The .50 position is shared with the Public Works Utility Billing department. This position has specific responsibilities that are needed on Court days, such as setting up the court room, processing warrants and set-overs. The employee in this position comes over from Utility Billing prior to, during and after Court, which is held on the 1st and 3rd Thursday of each month. The two full-time Court Clerks are responsible for court finances and collections, coordinating and conducting pre-trial hearings and trials, processing and accounting for misdemeanor and violation citations and complaints, issuing warrants, processing DUII diversions, suspension of driving privileges, collection of fines and monitoring bench probation.

STAFF:

Dianna Huenergardt came to work for the city in 2008. She enjoys working with the public and has continued to gain a greater understanding of the legislative and legal side of her position. As the Court Clerk II, Dianna finds her job challenging, but rewarding. She also enjoys the relationships she has established through her job. During her free time, Dianna enjoys spending time with her family.





Elisha Wilson was hired in August 2010 to fill the Court Clerk I position left vacant when Dianna was promoted. Elisha worked with her family in the trucking industry and has a prior history in banking. Elisha enjoys working with the finance side of her job, utilizing what she has learned to create a more efficient work environment. During her free time, Elisha enjoys traveling with her husband and making crafts

Connie DeBusschere began her career with the City in 2007 when she was hired in the Building Department to help with the permit process. When building permits slowed down, Connie began job sharing in the Planning Department and the Library. When a full-time position opened up in Utility Billing she moved into it and in July 2014 Connie began working half time in Municipal Court, where she sets up for court, issues warrants and processes court documents. Being very versatile, Connie also volunteers to help with the City's Summer Rec. program, Reading program and Harvest Festival.



JUDGE:



Larry J. Blake, Jr. has been the Municipal Court Judge for the City of Sweet Home since 2006. Judge Blake's experience includes prior employment with the Clackamas County DA, Municipal Judging for a total of seven (7) jurisdictions, prosecution for Tigard, as well as his extensive experience from his private practice established in 1993. Judge Blake also works as an Instructor for Mt. Hood Community College where he teaches evening courses in Criminology. Judge Blake has a thorough understanding of Municipal Court procedures and management; and familiarity and appreciation for the interworkings of small towns.

CITY ATTORNEY:

Robert Snyder, City Attorney, has worked in the office of the City Attorney since 1981. As City Prosecutor in Sweet Home Municipal Court, Mr. Snyder files the complaints and prosecutes the cases. As City Attorney, he works with the City Manager, Department Heads, and City staff on the legal issues that confront the City.



VIOLATIONS BUREAU:

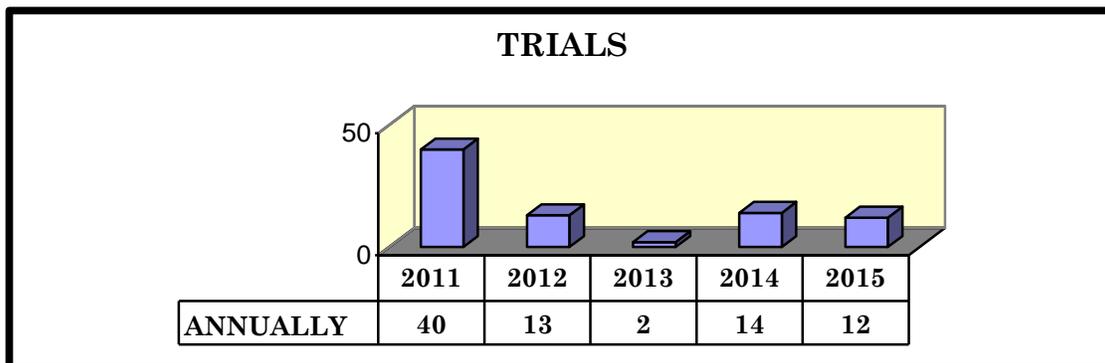
Established in 1994, the Violations Bureau exercises authority over any and all offenses for which the only penalty that may be imposed is a fine or forfeiture. The Violations Bureau is operated by the Court Clerks, as sworn officers of the Court.

Persons charged with violations, who qualify for disposition through the Violations Bureau, and who report in person to the court, are given three options: plead not guilty, plead no contest or come back to see the Judge. Violations Bureau can be held for anyone who receives a traffic citation up to one week prior to his/her court appearance.

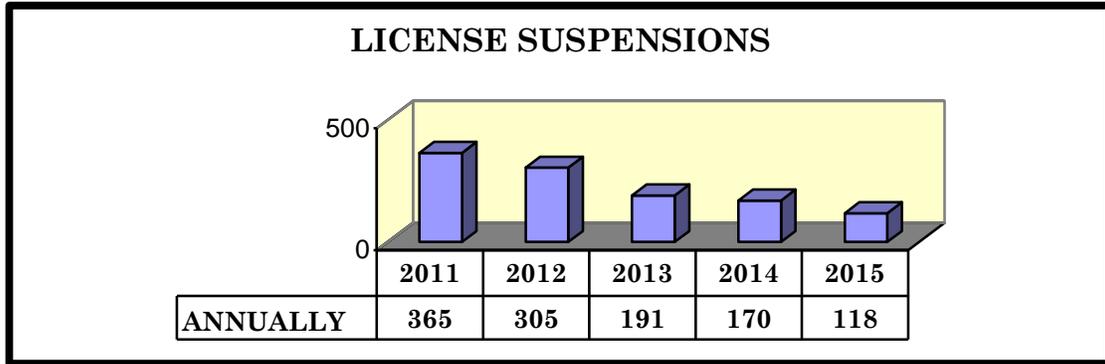
The Judge presides over misdemeanor cases, city ordinance violations, general violations, and pre-trial conferences that have been scheduled on a prepared court docket. Defendants must first check in with the court clerk. They are given a Criminal Rights/Court Policy handout to read as they await their appearance before the Judge.

Trials are scheduled for the Fridays following Court days. The Court Clerks are responsible for notifying the defendant, jury members, witnesses, police officers and attorneys prior to the trial.

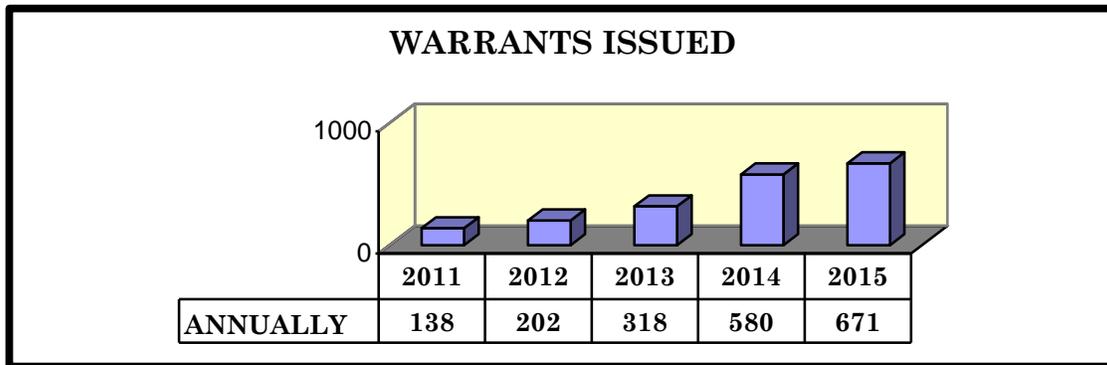
The number of scheduled trials have dropped significantly since the City Attorney began working with the Defendants' attorney to reach an agreement that is brought before the Judge in a pre-trial conference prior to the scheduling of any trials. This avoids the stair-step negotiating that used to occur the day of a trial after the jury had been selected and costs incurred.



During 2015, Municipal Court suspended 118 licenses for a variety of reasons from not showing up on a traffic citation to noncompliance with a court order or for not making the minimum payments on fines to keep an account current.



Warrants are issued when defendants fail to appear as ordered or fail to comply with their sentence order and/or installment agreements. Warrants may also be issued at the request of the City Attorney and Judge.



As demonstrated in the graph above, the number of warrants continues to increase as defendants who are cited defy court orders and continuously not show up for Court, which is also why there continues to be a significant number of pending citations in the following graph and more drawers needed for holding unserved warrants in the Court office.

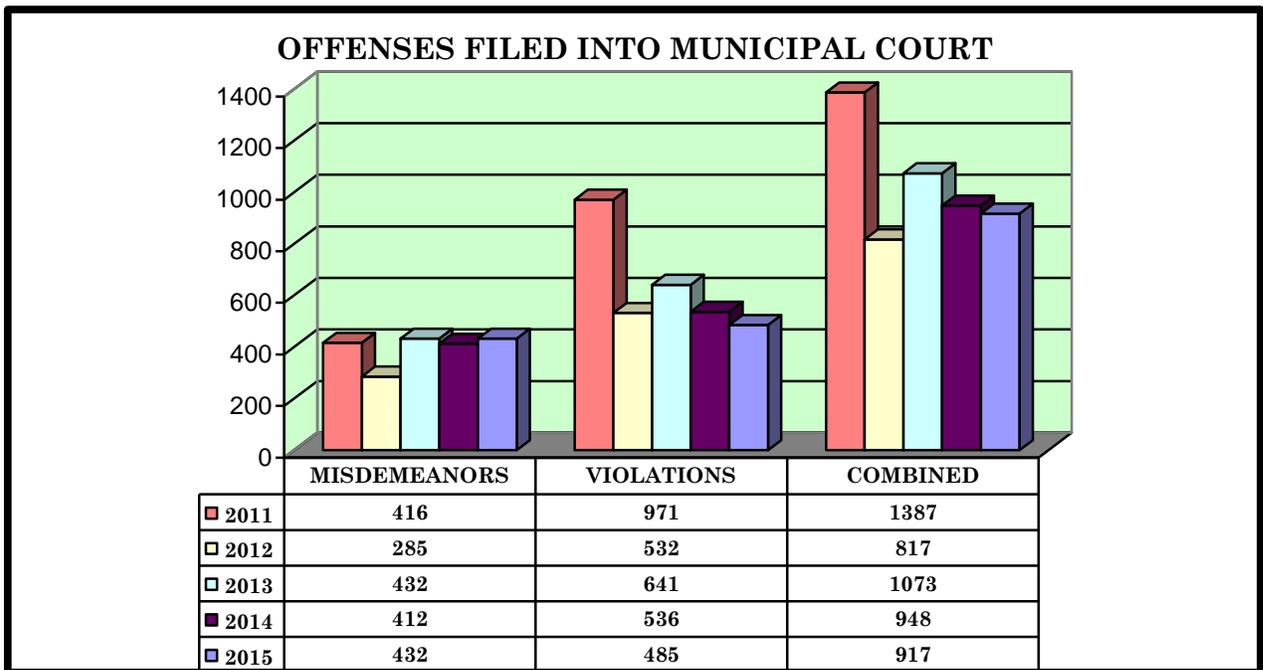
OFFENSES:

In addition to the trials, suspensions and warrants, the Municipal Court Clerks process two basic types of citations: violations and misdemeanors.

Violations are punishable by fines. City Ordinances such as nuisance abatements, minor in possession, possession of a controlled substance and, traffic offenses also fall into this category.

Misdemeanors involve major traffic crimes, and offenses such as assault or harassment, which are punishable by fines, jail time, and/or other sanctions.

The number of offenses filed into the Sweet Home Municipal Court decreased by 31 citations from 948 in 2014 to 917 in 2015.

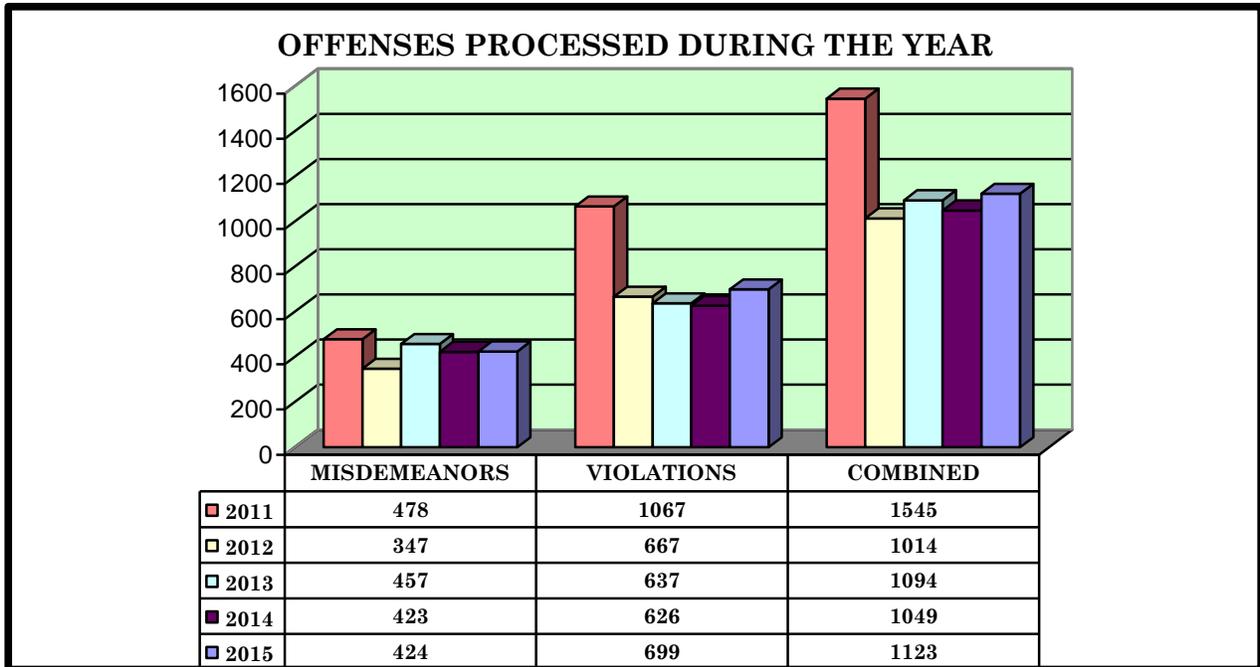


While the number of citations filed can give a snapshot of citations written into Municipal Court by the Police Department, it does not give the reader a realistic picture of what Court staff ends up actually processing during the year.

Court is not just a revolving door that moves a defendant in and back out. Court is more like a slow escalator that many times seems to revolve around in a circle, and that's if the defendant shows up. Processing many court citations, especially misdemeanors can involve years of monitoring, set overs, failures to show up, failures to comply with court sanctions, warrants,

suspensions, diversions, and hopefully, maybe an eventual final disposition, only with the defendant cited back in another or more citations.

This being said, while a more accurate reflection of Municipal Court activity lies in the number of offenses processed during the year, it still does not reflect the number of citations pending due to diversions, active warrants, no shows and set-overs when further information is needed and court appointed attorneys are assigned.



At the end of 2015 there are still 1,413 citations pending for processing in Municipal Court. A slight decrease from the 1,619 pending citations at the end of 2014.

REVENUE/ACCOUNTS RECEIVABLES:

Municipal Court started seeing an increase of payments during 2015 and was able to continue capturing nearly 90% of what was paid by closely monitoring late payments and assessing fees when additional processes were needed.

The following table demonstrates how much Sweet Home Municipal Court was able to keep as city revenue during the past five years compared to what Court customers paid.

	2011	2012	2013	2014	2015
Fines	\$ 90,777.77	\$ 71,033.58	\$ 58,259.44	\$53,551.57	\$66,397.01
Jail assessment	5,491.89	2,130.36	124.50	159.00	96.75
Fees/city costs	143,531.12	125,844.88	\$139,628.30	116,824.13	114,603.24
Total City Revenues	\$239,800.78	\$199,008.82	\$198,012.24	\$170,534.70	\$181,097.00
State assessments	33,812.83	20,780.45	20,695.40	13,371.06	14,065.36
County assessments	1,830.63	710.12	286.50	1,792.00	2,432.25
Restitution	4,173.72	5,649.77	1,550.17	5,567.28	6,275.01
Total Payments Received	\$279,617.96	\$226,149.16	\$220,544.31	\$191,265.04	\$203,869.62
% City Revenues	85%	88%	89%	89%	89%

Municipal Court maintains a monthly schedule of accounts turned over to collections. Accounts of clients who have not been kept current or have failed to contact Court staff after a 60-day period are turned over to the Department of Revenue and a collection service per ORS 138.188.

\$179,462.58 was turned over to the DOR and credit collection companies in 2015. This number is a substantial decrease from the \$346,199.83 turned over in 2014 as it only recognizes 8 months of accounts being sent over to collection services. The court clerk responsible for this process was on leave for four months.

Despite the reduction of turnovers, Municipal Court received back \$70,673.92, which is more than what was collected in 2014 and continues to be 40% of its total City revenue.

During 2015 Municipal Court changed its collection service from Valley Credit Service to Professional Credit Service. PCS offers online payment options for court clients and easier tracking services for Court staff. In the past, Court staff would have to send customers who's accounts were in collections to Salem to make their payments. With PCS, court clients can make their payments online or at the Court office. Their payments will be credited to their accounts at PCS without having to make a trip out of town.

	2011	2012	2013	2014	2015
Turned Over	\$305,109.46	\$605,106.40	\$308,286.31	\$346,199.83	\$179,462.58
Received Back	\$101,039.11	\$92,583.67	\$91,764.09	\$67,909.28	\$70,673.92
% of Revenue	42%	47%	46%	40%	40%

A substantial jump in A/R occurred in May 2013 when \$1,237,752.47 was reinstated back into Collections following a correction of allowable years per ORS.

	2011	2012	2013	2014	2015
Beginning A/R	\$ 99,468.93	\$190,764.01	\$62,099.77	\$1,222,898.44	\$1,158,748.56
Total A/R Imposed	449,744.39	611,493.03	\$1,607,283.96	413,524.21	421,612.93
Total Payments Rec.	(242,525.92)	(132,188.28)	(128,783.73)	(123,281.76)	(133,129.70)
Adjust/Collections	(115,923.39)	(608,038.99)	(317,701.56)	(354,392.33)	(180,977.58)
Ending A/R	\$190,764.01	\$62,099.77	\$1,222,898.44	\$1,158,748.56	\$1,266,254.21

JANITORIAL SERVICES

Melanie has been employed by the City of Sweet Home since 1996. She is responsible for keeping City Hall, the Municipal Court Annex and Library building in clean and orderly conditions. She checks in at each department and completes tasks as assigned. Each area has different needs and she has to be constantly aware of changes that may be occurring or schedules that she does not want to conflict with while cleaning an area.



The work that Melanie produces is what ensures a clean and comfortable environment for City employees and a professional appearance for people visiting our City facilities.

