



# James P. Stith II

## City Auditor

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February 16, 2016

To: City Council  
City of Norwood, Ohio

Subject: Projected Severe Cash Flow Limitations in 2016

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Dear Council Members,

With 2015 ending with a negative balance and substantial amounts owed to multiple sources our available cash for 2016 is very restricted. The high overtime and payroll costs in 2015 have left the City with no available cash. On February 4, 2016 a letter was sent to the Mayor expressing concern about the ability to meet payroll this month. A copy of this letter was sent out to all employees in the February 12, 2016 payroll and a copy is attached to this letter.

Given our current debt and projected revenue, I believe that we simply cannot afford our current obligations. These obligations include, but are not limited to, our contracts, retiree's health care and C9 Trust agreements. Several upcoming and past due payments to employees are of concern and must be addressed such as clothing allowance, training allowances and buybacks. Each of these issues must be addressed and decisions made on how to manage these payments which appear to exceed our ability to pay at this time.

I am requesting a meeting of Council Members, including the Finance Committee, to evaluate and prioritize bill payment and plan for payment and management of potential delays of our financial obligations.

Sincerely,

Jim Stith  
Auditor

Cc: Tom Williams, Mayor  
City of Norwood