



James P. Stith II

City Auditor

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February 4, 2016

To: Hon. Thomas Williams, Mayor
City of Norwood, Ohio

Subject: Projected Severe Cash Flow Limitations in 2016

Dear Mayor Williams,

As we have discussed and as I have announced at City finance committee and Council meetings 2016 is projected to be a financially challenging year. 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.

The General Fund payroll for January 2016 of \$1,277,467 was among the highest ever experienced by the City. This severely outpaced our revenue and left the City with a negative cash balance for the second month in a row. We cannot continue with a negative balance and must end the month of February in the positive. While it is not a certainty at this time, I am concerned that the City may not have a sufficient cash balance to pay the February 26, 2016 payroll. If this happens, the payroll will have to be run on Tuesday March 1, 2016. We expect the March 11, 2016 payroll to be on time and will keep you updated concerning the March 25, 2016 payroll though this may be a problem throughout the year due to 2016 projected of having the highest payroll costs ever.

Please understand that it is our objective to meet payroll every pay period but this is entirely dependent upon the City's cash flow and available funds. Meetings with the finance committee will determine which bills will be paid and when with the primary focus on payroll and insurance. Buybacks and bonus pays will have to be addressed on a per instance basis with the finance committee and your office but may be delayed dependent upon cash flow.

Sincerely,

Jim Stith
Auditor

Cc: Joe Sanker, Chairman
Norwood City Council Finance Committee