



James P. Stith II

City Auditor

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February 22, 2016

To: Hon. Thomas Williams, Mayor
All Department Heads & Employees
Norwood City Council
City of Norwood, Ohio

Subject: February 26, 2016 Payroll

Dear Sirs,

As described in my letter of February 4, 2016, the City's General Fund currently lacks the sufficient cash to meet the February 26, 2016 payroll. This will cause payroll to be delayed until March 1, 2016. The March 11, 2016 payroll is projected to be paid at its regular time.

This event has been caused by several factors. 2015 ending with a negative balance with substantial amounts owed to multiple sources causing our available cash for 2016 to be very restricted. The high overtime and payroll costs in 2015 and January 2016 have left the City with limited available cash. This issue has been discussed with the Mayor, City Council, and the Finance Committee who continues to develop a plan for priority of payments this year with payroll near the top of the priority list. February's payments, made so far, include a payment to the Police and Fire Pension Fund, the February 12, 2016 payroll and other expenses totaling less than \$3,000. Even with these minimal expenses, the General Fund is currently short \$207,016 from meeting this payroll.

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