

**Subject: Merit-Based Salary Adjustments – Discrepancy Identified in Recent Payroll**

**Council Members,**

I am writing to provide information regarding the implementation of the merit-based salary adjustments approved by the City Council.

During the processing of the first payroll cycle that included the merit increases, I identified a discrepancy between the salary adjustments outlined in the Council-approved Merit-Based Salary Procedure Guide and the increases that were submitted for two employees. The procedure authorized a standard 3% merit increase, with the possibility of slightly higher or lower adjustments based on individual performance evaluations, with a maximum merit increase of 5%.

The payroll documentation submitted for processing included two employees whose increases exceeded the ranges described in the approved procedure. The paperwork was signed and approved prior to submission, and payroll was processed accordingly. For reference, the Council-approved merit range resulted in increases of approximately 3% for most employees, with the maximum allowable increase being 5%. The two employees in question received increases of approximately 9.25% and 20%, respectively, which fall outside the approved range. I also reviewed the remaining employee increases and confirmed that all other adjustments were within the approved 5% maximum. The Police and Fire Departments are not included in the merit-based salary procedure, and I do not have access to Police payroll records. For that reason, my review was limited to the employees covered under the Council-approved merit policy.

One of the payroll adjustment forms referenced additional responsibilities based on the new organizational chart. However, the current Council-approved chart shows the assistant reporting directly to the mayor without supervisory responsibilities, and the duties referenced in the form are assigned to the two deputy positions.

The discrepancy came to my attention during the payroll process, and I am providing the information and supporting documentation to the Council for review, including:

- The council approved resolution dated December 17, 2024, and Merit-Based Salary Procedure Guide.
- The approved payroll adjustment forms that were submitted.

- The council approved resolution dated November 18, 2025, for an amended Organizational Chart, along with the updated chart.
- The processed payroll report reflecting the implemented increases is available upon Council request.

Because payroll actions are subject to the Arkansas Freedom of Information Act, I want to ensure the Council is fully aware of this discrepancy. Variances of this nature may also draw attention during routine audits, so I am providing this information proactively to support transparency and compliance.

Any questions I asked were solely to confirm factual information so I could accurately report the issue to the Council. I did not inquire into how or why the discrepancy occurred, as I believe that review should be handled at the Council's discretion.

I am providing this information so the Council may determine whether any corrective action is needed. Once direction is provided, I will ensure that any administrative steps required on my part are completed in accordance with Council policy.

Please let me know if you need any additional information or documentation.

Respectfully,

Rhonda Ardemagni

City Clerk-Treasurer, City of Tontitown