

Vermilion City Council
FINANCE COMMITTEE MINUTES
Of September 15, 2025

In Attendance:

Vermilion City Council: *John Gabriel, Council President; Pat West, Ward One; Greg Drew, Ward Two; Drew Werley, Ward Three; Jeff Lucas, Ward Four; Brian Holmes, Ward Five; Melanie Wood, Clerk of Council; Dannin Strittmather, Assistant Clerk of Council. Absent: Brian Holmes, Ward Five.*

Administration: *Jim Forthofer, Mayor; Amy Hendricks, Finance Director; Tony Valerius, Service Director; Chris Howard, City Engineer; Bill Brown, Fire Chief; Chris Hartung, Police Chief.*

Call to Order: Jeff Lucas, Chairman, RESOLVED THAT this Finance Committee comprised of the committee of the whole has now come to order.

TOPIC ONE: General Financial Update

Amy Hendricks said she had announced last week that Software Solutions would be coming in and migrating their VIP software to a cloud migration rather than it being on the city server. It was one of the smoothest migrations she has ever experienced. They left wondering what it was going to be like in the morning, and it was all perfect when they came in. It went as planned and will eliminate costs of maintaining an additional server down the road.

Amy Hendricks reported on the appropriation updates for 2025 which will be on the next council reading for appropriation updates.

APPROPRIATION UPDATES 2025

Fund 101	Increase Rev/Exp Building Dept Fees/Inspections	\$ 50,000
Fund 202	Increase Exp State Hwy Maint. Additional expenses	\$ 2,000
Fund 205	Increase Exp Recreation Programs	\$ 1,325
Fund 513	Increase Rev/Exp Street Bond Fund Interest Income	\$ 10,000
Fund 601	Increase Rev/Exp OPWC Waterline Share	\$325,000
Fund 804	Increase Rev/Exp Contractor Deposits	\$ 59,550
Fund 807	Increase Rev Cemetery Endowment Fund	\$ 7,500

She thanked all of the departments who have been responding to the communications for year-end budget planning, which she started about six weeks early knowing there will be an administrative transition at the end of the year. This allows them to review their budgets they have as well as needs to finalize 2025 and to keep them going the first few weeks of 2026.

TOPIC TWO: 2026 Tax Rate Adoption

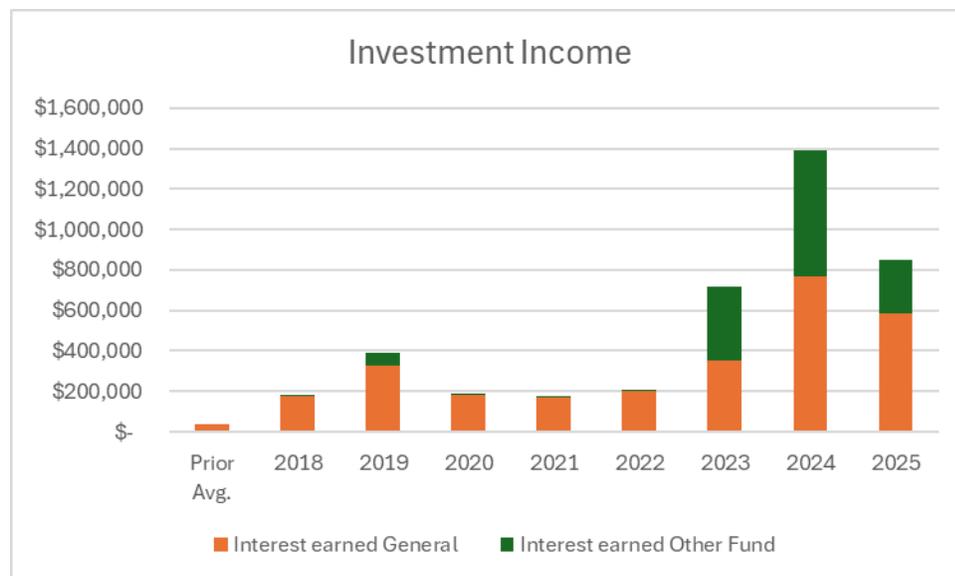
Amy Hendricks said those were distributed by email and will be a part of the ordinance on Monday evening to be able to approve those and get them back to the County Budget Commission prior to their October 1st deadline and the good news is the County Budget Commission did use the full voted rates and collection amounts for the 2026 budget year.

TOPIC THREE: Investment Update

Amy Hendricks stated as a part of the transition with cash flow to the 2026 administration, she has increasingly been placing maturities in investments that have liquidities rather than

purchasing U.S. Securities and Treasuries that at this point have maturities well into and out through 2026. She wanted to make sure the cash was available for paying bills and whatever the plans are that will come about in 2026, so they are not sacrificing seriously on their investment income, they have the monies placed in STAR Ohio and that has daily liquidity of an annualized yield of 4.56%. They have experienced increases in the last six weeks or so of accounts payable outflow because of the large projects and purchases that are underway at this time.

She provided the following graph:



Amy Hendricks noted key points

Annual Average Interest prior to 2018	\$ 38,315
Total Interest income 2018 to 2025 YTD	\$4.09 million
General Fund	\$2.75 million
Other Funds	\$1.34 million
Average 2018 to 2025 YTD	+\$500,000/yr

TOPIC FOUR: FHI Overview

Amy Hendricks said copies were emailed out and are available for any members of the public on the Auditor of State’s website. She noted the color chart in the front shows the years 2015-2024 and they use a stop light color scheme. The green sections are good and go, cautionary are in yellow and the critical signs to consider stopping or redirecting financial matters are red. They talked about things in depth at the last meeting regarding debt service and how that has helped them to improve their financial position because they have been able to eliminate obsolete assets and increase the value of the infrastructure to solidify the financial position.

There are 16 indicators and the first which has a positive outlook is Indicator #1 – the Unrestricted Net Assets/Position and how they relate to Governmental Type Activities (GTA) and those are considered administration, public safety, judicial, and public works that are activities and functions that are generally funded by tax dollars rather than fees. There was a dip there in 2022 when they issued new debt however, they have elevated right back up in their value and have a positive look for that indicator.

Indicator #2 – Unassigned Fund Balances they have a strong balance which may decline due to some of the revenue reductions that were made in wastewater and the income tax but they also have some monies that have moved from the general fund to other funds to support capital projects so they may see some changes there for 2025.

Indicator #3 – Change in Unrestricted Net Assets/Position – GTA looks at unrestricted net assets from the prior years to the current year and is useful in identifying local governments who have a deteriorating position in their unrestricted net assets. Again, they have continued to have growth in recent years and are not experiencing declines in those key indicators.

Indicator #4 – Change in General Fund Unassigned Fund Balances has a positive look and is important because if it is declining, it can be a sign of fiscal distress. This indicator is important in identifying trends of deteriorating unassigned general fund balances as well as how rapidly it is deteriorating. The graph on page 3 shows the indicator for continued growth. There is another trend here that is key, and they are looking for changes between the current year and three years back so you will see the squares in the graph and in this case the decline is a good thing that we have less percentage of the general fund that is assigned.

Indicator #5 – Positive Outlook on Total General Fund Balance/GF Revenues also they have stabilized in 2023 and 2024 the general fund balance versus general fund revenues year over year and they are looking at situations where you might have a decline in trend they dropped between 5% and 10% over a three year period or a fund balance of less than six months of available cash or half of a year decline in the last three years would be considered red flags. Again, they have been able to increase the general fund balance and things like the investment income have assisted with that as well. For example, the health insurance shows how they were spending \$1.4 million per year in 2018, and they are still spending less than that per year eight years later so that has been a significant increase in fund balances between \$600,000-\$700,000 per year and they have maintained the benefit levels the employees are able to get.

Indicator #10 – General Fund Intergovernmental Revenues as a Percentage of Total General Fund Revenues. This indicator is looking for how much volatility a budget has based on intergovernmental revenues which are monies between the counties or the state. Also, very heavily they have a reliance on grants, and this indicator is – especially when the economy overall has some question marks on the state or national level to see if for example the Federal Government started doing grants what would that have as an overall effect on the City of Vermilion. As you can see by looking at the graph in section 10, Vermilion has a very low indicator of that nature at less than 5%.

Indicator #11 – Condition of Capital Assets. They have talked a little bit about the condition of the capital assets in relation to their debt indicator 11 on page 7. It shows the condition of the capital assets and that is one in 2021 that was in a critical standpoint because over 70% of the capital assets were viewed as they had exceeded their useful life and were staged for replacement. The city is now down to about 60% in need of replacement and they actually should drop down to the positive category within the next year or so as projects are completed and will drop below the 50%.

Indicator #12 – Debt Service Expenditures / Total Revenues they talked about last time about the critical outlook of debt service expenditures versus total revenues. They had a critical outlook in 2015-2018 when it exceeded 15% down to the cautionary ratio which is between 12%-15% in years since. In the year 2025, it should bring the city back to the positive range as they continue to pay down the debt without occurring additional.

Indicator #14 – Average Daily Expenditures of the General Fund are a combination of indicators 13, 14, and 15 they are all interrelated, and all have a positive outlook knowing the average daily expenditures versus the general fund revenue – the city has 325 days of available cash based on the current budget. Unrestricted net assets are 200 days. Also, cash and investments of the general fund versus the daily expenditures of the general fund are at 400 days.

Indicator #16 – Total Liabilities-to-Net Assets/Position they talked about last week as well. It does have a cautionary status, and they have gone from in 2022 they were just below 70% on that and next year they should drop below 50% and be in the positive category in that as well. In looking at the chart – they will put it on the website, and it is also available on the Auditor of State’s website to be compared to other cities. Vermilion continues to make improvements from where they were prior to 2015.

Mayor Forthofer said a third-party observation of the health situation of the City of Vermilion Financially, this chart indicates Finance Director Hendricks, and her administration has been a significant improvement for the city, and he has to applaud her and her team for bringing us to this point.

J. Lucas adjourned the meeting upon no further discussion.

Next Meeting: Next scheduled meeting is October 20, 2025 @ 6:00 p.m. at the Vermilion Municipal Court Complex, 687 Decatur Street, Vermilion, Ohio.

Transcribed by: Melanie Wood, Clerk of Council (September 17, 2025)