



Service is our nature.

POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year ended June 30, 2020



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From the City Manager ...

Dec. 31, 2020

Dear City Residents,

We are pleased to present the City of Henderson's fourth *Popular Annual Financial Report (PAFR)* for the 2020 Fiscal Year.

This report is intended to present a condensed overview of the City's financial position, financial practices and details outlining how City revenues were generated and spent. Financial information in this report is derived from the independently audited financial statements that are a part of the City of Henderson's *Comprehensive Annual Financial Report (CAFR)* for the year ended June 30, 2020. (See Page 3 for more information about the CAFR and how review the full document.)

We are proud to report that the City has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government

Finance Officers Association the past 21 years. The City was also presented with an Award for Outstanding Achievement for its third Popular Annual Financial Report we produced for Fiscal Year 2019.

That report has been available in the lobby of our Municipal Center, on our web site, at the Henderson County Public Library, at Henderson Chamber of Commerce, at Henderson Economic Development and was distributed at the annual State of the City Address by Mayor Steve Austin. We will add a social media campaign and email distribution plan for the 2020 PAFR as a general news release to local media.

I am grateful to those employees in the City's Finance Department whose hard work and professionalism made those distinctions possible.

As you review this *Popular Annual Financial Report*, please feel free to share any questions, concerns or recommendations that you may have with us.

Respectfully,

William L "Buzzy" Newman

City Manager, 270-831-1200

CityManager@CityOfHendersonKy.org



'On the river, but never in it'

Henderson, originally known as "Red Banks" in reference to the soil along the banks of the Ohio River, was first settled in 1797.

For those seeking the comforts and connections of a small town, **Henderson** is a classic river town on the Ohio River where life is framed by nature's resources so you feel inspired with new ideas.

Henderson is the county seat of Henderson County, Kentucky, and lies on the southern banks of the Ohio River in the western Kentucky coal field region. The City sits on a river bluff more than 70 feet above the Ohio River's low water mark. Since the 1937 flood when **Henderson** was the only City on the Ohio River that did not flood, the local slogan has been "On the Ohio, but never in it." The City of **Henderson** is nearly 18 square miles and is 400 feet above sea level.

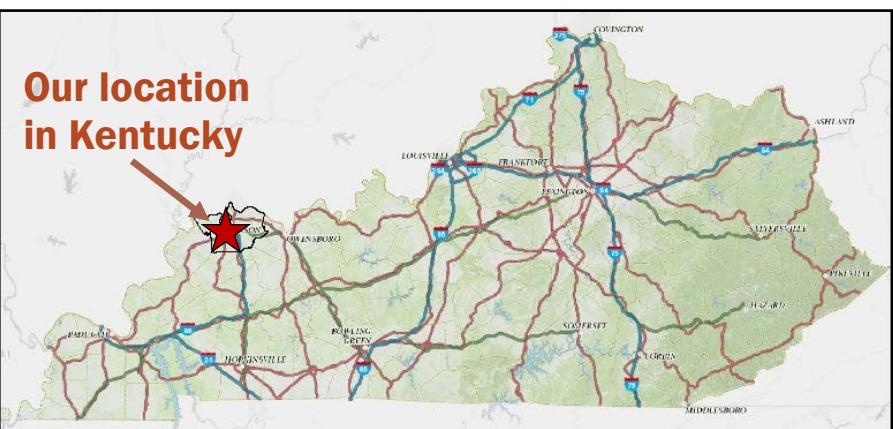
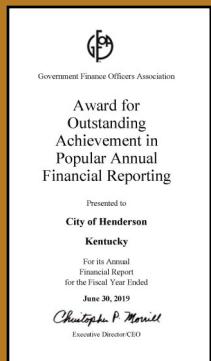
Henderson ranks as Kentucky's 13th largest city in terms of population. Friendly people and southern hospitality are part of our nature.

Henderson is located 10 miles south of Evansville, Indiana, and is 140 miles north of Nashville, Tennessee, 128 miles southwest of Louisville, Kentucky, and 196 miles southeast of St. Louis, Missouri.

The area is home to diverse industries, attracting major manufacturing and processors in aluminum, coal mining, steel, plastics, and agriculture. Locally produced commodities include aluminum ingot, automotive parts, truck axles and wheels, and poultry products.

We have:

- A public school system with 8 elementary schools, 2 middle schools, 1 high school and 1 early learning (preschool) center; Henderson County High School with a Career & Technical Education (CTE) Unit and School of Fine Arts (SOFA); parochial school for grades preschool-8 that feeds into parochial high schools in both Owensboro, Kentucky, and Evansville, Indiana.
- Henderson Community College (a part of the Kentucky Community and Technical College System) and regional campuses of Murray State University and Lindsey Wilson College.
- John James Audubon Museum with an extensive world-class collection of the artist/naturalist's art and artifacts.
- More than 60 churches representing many denominations.



ON THE COVER: (Top) Our downtown riverfront, with the American Queen riverboat docked; (middle) A new community event, celebration of Dia de la Muertos; (bottom) Our sunsets are spectacular. This photo won a local "Sunset Photo Contest" organized by our Downtown Henderson Partnership. **ABOVE:** Fountain in Central Park, a replica of historic feature.

Board of Commissioners

The City, incorporated as a town in 1810 and as a City in 1867, has operated under the City Manager form of government since 1966. The Henderson Board of Commissioners consists of a mayor and four commissioners elected by the citizens on a non-partisan ballot. The mayor is elected for a term of four years, while the commissioners are elected for a term of two years. The mayor and commissioners have equal voting power.



Clockwise from lower left: 2020 Board of Commissioners – Commissioner Brad Staton (two terms), Commissioner Patti Bugg (two terms), Commissioner XR Royster (one term), Commissioner Austin Vowels (two terms), and Mayor Steve Austin (three terms).

Commissioners elected by the citizens on a non-partisan ballot. The mayor is elected for a term of four years, while the commissioners are elected for a term of two years. The mayor and commissioners have equal voting power.

The Commission sets policies that govern the City. It appoints advisory groups that assist in the decision making process. The city manager is appointed by the Commission and is responsible for the day-to-day operations of the City. The department managers responsible for their various departments report to the city manager.



Introduction to the Popular Annual Financial Report

The Popular Annual Financial Report (PAFR) is intended to brief the residents of the City of Henderson on the financial standing of their City Government. The information in this report is drawn from the 2020 Comprehensive Annual Financial Report (CAFR). The CAFR conforms to the generally accepted accounting principles (GAAP) and includes an audited financial statement. The financial information presented in the PAFR primarily comes from the Governmental Funds and does not include all component units. For more detailed information and copies of the CAFR and PAFR, visit the City's website at www.CityOfHendersonKY.org.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to the City of Henderson for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the 21st consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement,

the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

The City of Henderson also received the GFOA's **Distinguished Budget Presentation Award** for its annual budget document beginning July 1, 2019, and ending June 30, 2020. This was the 11th consecutive year that the government has achieved this prestigious award. To qualify for the Distinguished Budget Presentation Award, the



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Henderson
Kentucky

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell
Executive Director/CEO

government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

For the third year, the City of Henderson received the **Popular Annual Financial Reporting Award** for its June 30, 2019, presentation. Henderson is one of only four cities in Kentucky to be awarded all three awards for the most recent year.

CAFR

More financial detail is available in our Comprehensive Annual Financial Report. **Find our reports at:** www.cityofhendersonky.org/165/Audit-Financial-Reports

Notable in Community

—Habitat for Humanity of Henderson dedicated its 65th home in a small development that is a collaboration with the City of Henderson. Habitat's "Thursday Crew" of retirees was honored for Community Service by Kentucky Gov. Andy Beshear.

—Radio Station WSON won a Special Citation from the Kentucky Recreation and Parks Society and an award from the Kentucky Broadcasters Association for its weekday public affair program "Speak-Up."

—Rotary Club of Henderson received Club of Distinction, the top award in its district consisting of 53 clubs.

—17 local attractions, restaurants and events in Henderson County won awards in the 11th-annual Best in Kentucky Awards presented by Kentucky Living magazine.

—Henderson War Memorial Foundation received a Special Citation from the Kentucky Recreation and Parks Society for its work over the years in recognizing the contributions of the community's veterans.

—Housing Authority of Henderson was named an Envision Center by the U.S. Housing and Urban Development.

—In non-COVID years, our three major music festivals are listed on Southeast Tourism Society's Top 20 Events.



Capital Expenditures, Major Projects

Major projects in the next fiscal year will be the completion of the riverfront improvements, Wathen Lane Road and final payment on the new radio and tower equipment for the 911 dispatch system. A number of other capital projects and initiatives are also included in this year's General Fund operating budget which will serve to enhance the City's ability to operate effectively, as well as, serve the citizens responsibly.

The Budget Process

As required by Kentucky Revised Statutes 91A.030 and 83A.150, the City Manager submits a proposed operating budget on or before June 1 to the mayor and Board of Commissioners for the fiscal year commencing July 1. The budget includes appropriations for expenditures and means of financing them.



Public input is welcomed, and all commission meetings concerning the budget are scheduled and announced in advance. The meetings are held at the Municipal Building and are open to the public. A city cannot expend any funds from any governmental or proprietary fund without a legally enacted budget passed by the Board of Commissioners.

Budgeted revenues and expenditures represent the formal operating budget adopted by the Board of Commissioners, as amended by the Board during the year. Budgetary control is maintained at the departmental level. Budgeted amounts not spent by year-end lapse. Individual amendments are typically not of significant dollar value in comparison to the original appropriations. Department heads have the authority to submit a budget adjustment request to the city manager for approval. The city manager may choose to take any request to the Board if it is one that may be unusual or highly visible. All budget amendments are documented by ordinance and tracked in the city's computerized financial system.

Some highlights of things to come:

Public Safety

- Five pursuit vehicles for Police Department.
- Hire architecture firm to prepare the plans for renovations of the IBT building for its use as a fire station and develop a timetable for remodeling and construction of it as possibly a second outdated fire station.

Technology

- Fifteen personal computers are proposed for replacement. Included in the 15 are three laptops and three rugged computers. This will continue the program of replacing older, slower computers with newer computers.

Public Works

- Constructing Green River Road sidewalks.
- Widening of Wathen Lane road improvements.
- Sanitation restructuring to determine whether to switch from rear-loaders with a crew of three to one-man trucks with automatic tippers.

Administration

- Study the composition of the new County Employee Retirement System and how future pension costs will change.
 - Begin design work on a new and long-awaited sports complex.
 - Begin design work and study for a municipal dock.
- In addition to the above capital items and initiatives, we are scheduled to purchase a replacement for the heavy-duty truck scale at the landfill and a new fire pumper to replace an aging unit.

Quick Fact

The City of Henderson has 119 miles of streets and 110 miles of sidewalks to maintain.



The former clubhouse for Municipal Golf Course renovation will make the space rentable for small events, adding to space available at both Denton Shelter and John F. Kennedy Community Center.

General Financial Information

- Primary Government liabilities exceeded assets by \$22.9 million at the close of fiscal 2020. Due to pension and other post-employment obligations, the unrestricted net position is a negative \$44.4 million.
- City governmental funds reported combined ending fund balances of \$42.4 million. Of this total, \$7.7 million is unassigned.
- In the City's business-type activities, income from operations decreased from \$1,297,766 in fiscal 2019 to \$831,271 in fiscal 2020.
- The City's General Fund ended the year with a fund balance of \$11,078,441, an increase of \$2,103,059, or 23.4 percent, from fiscal year 2019's balance of \$8,975,382.
- In the past four years, the General Fund's fund balance has decreased 3.9 percent from \$11.5 million in 2016 to \$11.1 million in 2020.

*EDITOR'S NOTE: Information in this report is drawn from the Comprehensive Annual Financial Report (CAFR) and conforms to generally accepted account principles (GAAP).

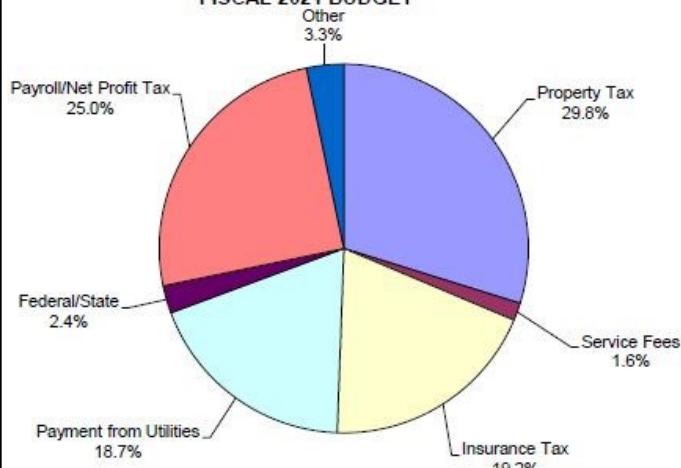


Quick Fact

Henderson has been the home of four Kentucky governors and two lieutenant governors, the artist/naturalist John James Audubon, "Father of the Blues" W.C. Handy, Admiral Husband Kimmel of Pearl Harbor fame and an originator of Mother's Day, Mary Towles Sasseen Wilson.

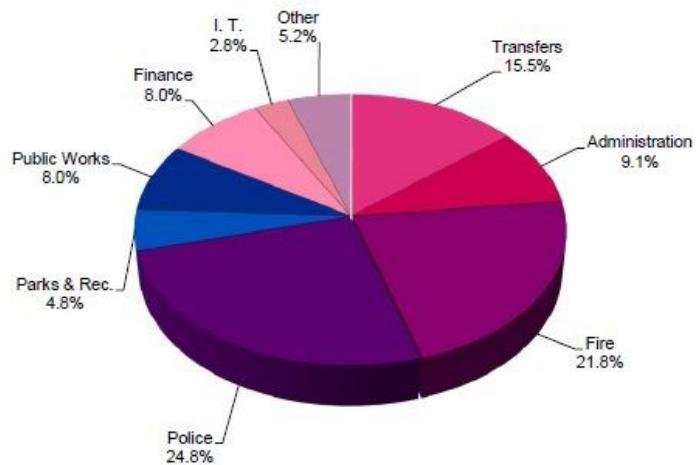
CITY OF HENDERSON GENERAL FUND REVENUE

FISCAL 2021 BUDGET



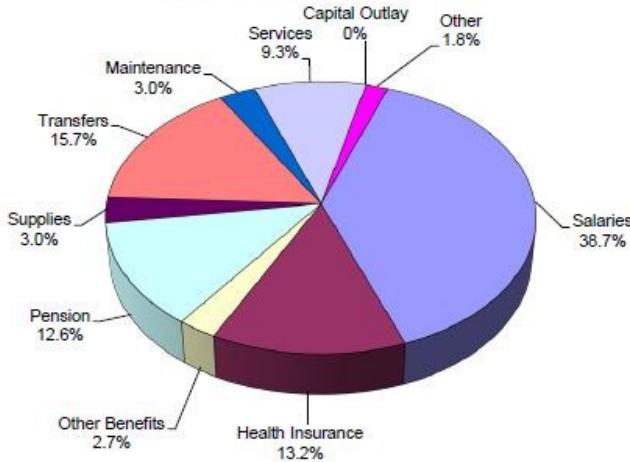
CITY OF HENDERSON GENERAL FUND EXPENDITURES

FISCAL 2021 BUDGET



CITY OF HENDERSON GENERAL FUND EXPENDITURES

FISCAL 2021 BUDGET



Quick Fact

Henderson County Public Library, built in 1904 with assistance from philanthropist Andrew Carnegie, has nearly completed an 18,000-square-foot, \$8.4 million expansion that is scheduled to be completed in 2021 after having been slowed by the pandemic. The expansion will add new space for the library's collections of various media and will include new community meeting spaces.

General Fund Components

Unassigned Fund Balance

The unassigned fund balance classification can be considered as available surplus for the General Fund that can be spent for any purpose.



Assigned Fund Balance

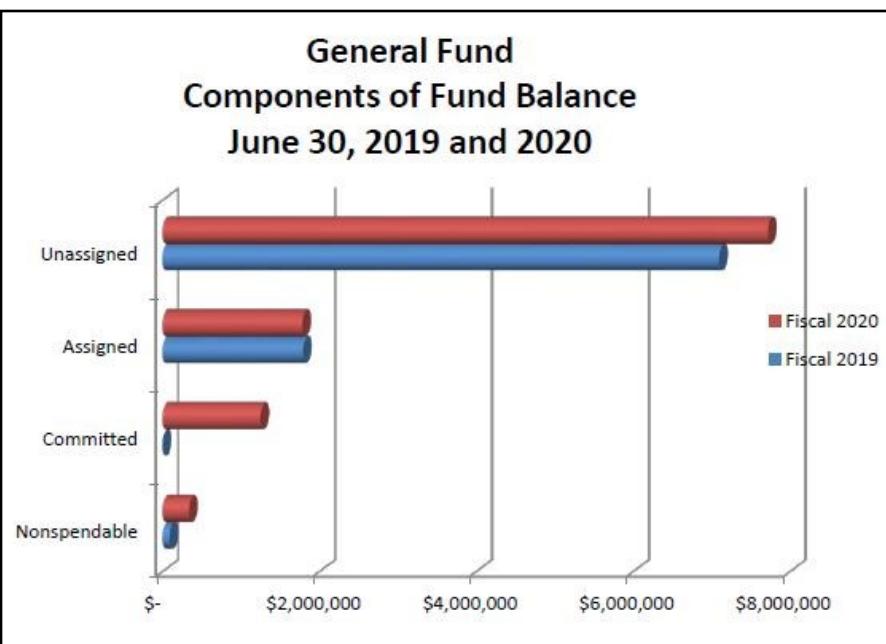
The assigned fund balance classification includes amounts to be used for specific purposes. The intent for the specific purpose was set by either the Board of Commissioners or the City Manager.

Committed Fund Balance

The committed fund balance classification includes amounts that can only be used for specific purposes and those committed amounts cannot be used for any other purpose unless the Board of Commissioners changes the commitments by ordinance or resolution.

Non-spendable Fund Balance

The non-spendable fund balance classification includes amounts that cannot be spent because they are either 1) not in spendable form, or 2) legally or contractually required to be maintained intact.



2020 factors

During the fiscal year, the fund balance for the City of Henderson's general fund increased by \$2,103,059. The factors contributing to this increase:

- **CARES Act grant** in the amount of \$1,388,800. The City used fire and police salaries expenditures incurred during March-June.
- Even though **pension benefits** increased \$322,647 over the prior year, total personnel costs were up only \$106,977 or 0.6 percent. Salaries decreased \$173,452 or 1.5 percent.
- **Transfers to other funds** decreased by \$840,000 with \$870,000 of the decrease due to the elimination of the Construction Fund transfer from the prior year that was used to purchase and renovate of the Bridges Golf Course.
- **Ambulance Service expenditures** were down \$285,568. The prior year included the purchase of two vehicles.

Long-Term Debt

At the end of the current fiscal year, the City of Henderson had total bonded debt outstanding of \$44,390,000 and general obligation contract of \$163,065. All of the \$44,553,065 is backed by the full faith and credit of the City.

Bond Rating

Due to strong fiscal management, stable financial position, strong reserves, healthy liquidity and stable tax base, the City of Henderson received a credit rating of Aa3 from Moody's Investor Service on its general obligation bonds.

Growth in the City

Real estate assessments have increased 14.4 percent or \$154.1 million from \$1,071.4 million at the start of fiscal 2011 to \$1,226.4 million at the end of fiscal 2020. This equates to a 1.4 percent annual increase.

Bank Deposits

Over the same 10-year period, bank deposits have increased 32.7 percent, or \$163,496.



Capital Assets

The City of Henderson's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$34,921,403 (net of accumulated depreciation).

This investment in capital assets includes land, buildings, machinery and equipment, gas system improvements, park facilities, vehicles, sculptures, and infrastructure.

The total increase in capital assets for the current fiscal year was approximately 6.4 percent.

Major capital asset events during the current fiscal year included the following:

- \$556,448 for the purchase of a new fire pumper.
- More than \$262,200 on other vehicles including \$179,879 on five police cruisers.
- \$119,062 for a backup fueling system at the old public works facility.
- Another \$291,681 on new radio equipment.
- Nearly \$25,000 for road and utility improvements at the Henderson Technology and Industrial Plaza (Borax Property).
- \$642,822 was spent on new sidewalks and bridges.
- \$107,397 on new restrooms at the Gathering Place that are ADA compliant.

Economic Factors, Trends, & Next Year's Budget

The City of Henderson was able to fund the fiscal 2021 Budget by using reserves from the General, Gas and Sanitation Funds. Modest growth in property and occupational tax receipts and holding increases in operating expenses to a minimum will enable the City to continue to meet its needs.

—Effective July 1, 2020, the Board of Commissioners increased occupational insurance premium tax rate from 10.0 percent to 11.0 percent. The increase in rates should result in an additional revenue increase of \$550,000 for future years that will be used for long-term capital needs.

—For fiscal 2020, there were 228 construction permits issued with a total value of \$31,781,490. There were 14 single family units, two duplexes (four units), and 1 multi-family (49 units) for a total of 67 units approved.

The total value for new housing was \$7,345,475.

—There were six new commercial developments with a total value of \$18,955,314. There were 26 permits issued for demolition of standard residential structures.

—The unemployment rate for the City of Henderson in June 2020 was approximately 4.3 percent, which was lower than the national rate of 11.1 percent and same as the Kentucky rate of 4.3 percent.

—Due to the COVID-19 pandemic, fiscal 2020 was a challenging year not only for the City of Henderson but for the whole world. The health and safety of the citizens and visitors were of the utmost importance and required a detailed action plan like no other. The impact will linger for years. It is during times like these that local governments are expected to provide services and protection.

Quick Fact

The City is developing 124 acres at the end of Borax Drive to be used for economic development. There is \$151,000 budgeted in fiscal 2021 to complete infrastructure improvements that include roads and utilities.

CITY OF HENDERSON ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

(in thousands of dollars)

Fiscal Year	Real Estate (a)	Personal Property (a)	Bank Deposits (b)	Total	Increase over prior year
2011	\$ 1,079,090	\$ 125,452	\$ 543,287	\$ 1,747,829	\$ 21,476
2012	1,095,301	131,246	544,520	1,771,067	23,238
2013	1,101,286	133,508	598,793	1,833,587	62,520
2014	1,107,275	135,468	601,357	1,844,100	10,513
2015	1,121,833	132,314	611,284	1,865,431	21,331
2016	1,139,538	135,349	631,816	1,906,703	41,272
2017	1,153,388	130,693	649,559	1,933,640	26,937
2018	1,182,932	132,218	653,855	1,969,005	35,365
2019	1,207,190	127,823	639,804	1,974,817	5,812
2020	1,225,620	133,562	663,664	2,022,845	48,029

Note: Records of estimated actual value of taxable property are not maintained by the City of Henderson. Assessments on motor vehicles are not included as the State of Kentucky collects the taxes when vehicles are licensed.

Franchise taxes are not included as the State of Kentucky collects the taxes.

a) Source: Henderson County Property Valuation Administrator

b) Source: Commonwealth of Kentucky, Department of Revenue, Office of Property Valuation



Teamwork:

City-County Joint Ventures

- Flood Mitigation Board oversees funds dedicated to addressing flooding problems in the community.
- A new festival to honor traditions of Hispanic citizens: Dia De Los Muertos.
- Solid waste disposal issues and options reviewed by City-County Cooperative Study Team.
- Emergency Dispatch Operations in the 911 Center.
- A combined City-County Tourism Commission.
- A reorganized and combined Human Rights Commission.
- Emergency Medical Services (EMS) needs of the community.
- Widening and improving Ohio Drive, a key industrial corridor, in a \$1.98 million collaboration.



Request for Information

Questions or requests for additional financial information may be sent to Robert Gunter, Finance Director, City of Henderson, 222 First St., P.O. Box 716, Henderson, KY 42419-0716 or visit our website at www.CityOfHendersonKY.org.



Henderson By The Numbers

27,994

Population of Henderson

1810

Incorporated as a Town

1904

Public Library Built

25

Parks & Public Spaces

Jan. 31, 1937River crested at 53.9 feet, 19 feet above flood stage
(but the City of Henderson was high and dry)**\$43,458**

Family Medium Income

5,526Central Park Memorial Day cross display started with
34 tributes in 1947. In 2019 there were 5,526.**10,200**Weekly Residential
Sanitation Pickups**3**Public murals that have grown from a catalyst
project in 2018 that fulfilled an item on
community's Vision Plan and
Downtown Master Plan.**21,200+**Christmas bulbs to
maintain.**Aug. 15, 1896**First electric streetlights lit. Henderson was the
first city in western Kentucky to own its own power
generating plant.

15 Top Local Employers

Tyson Foods	1,501
Henderson County Schools	1,095
Deaconess Henderson	900
Gibbs Die Casting	793
Century Aluminum	515
City of Henderson (including HWU)	470
Big Rivers	376
Pittsburg Tank & Tower Co.	342
Audubon Metals	332
Brenntag Mid-South	275
Dana	251
Henderson Co. Government	209
Accuride Corp.	159
Azteca Milling	117
Sitex Corp.	110

119,258Total ridership on Henderson
Area Rapid Transit in FY 2019**1** Gravel street
(Van Wyck Road)**55,026**Calls in Fiscal Year 2020 to the
911 Emergency Communication
Center, a majority on cellular
phones.**1,185**Number of fire hydrants in the City of Henderson.
Hydrant tops are painted in colors to indicate the
flow capacity in gallons per minute.