



POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year ended June 30, 2023



Service is our nature.

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From the City Manager ...

Dec. 31, 2023

Dear City Residents,

We are pleased to present the City of Henderson's seventh *Popular Annual Financial Report (PAFR)* for the 2023 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 *Annual Comprehensive Financial Report (ACFR)* for the year ended June 30, 2023. (See Page 3 for more information about the ACFR and how to 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 23 years. The City was also presented with an Award for Outstanding Achievement for its sixth Popular Annual Financial Report we produced for Fiscal Year 2022. 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 Brad Staton. We will again include a social media campaign and email distribution for the 2023 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.



'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 15th largest city in terms of population. Friendly people and southern hospitality are part of our nature.

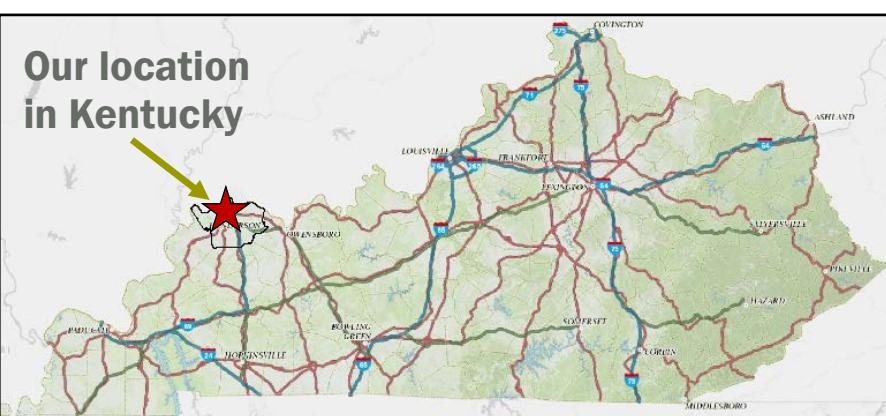


Henderson is located 10 miles south of Evansville, Indiana, and is 140 miles north of Nashville, Tennessee, 128 miles southwest of Louisville, Kentucky, and 196 miles southeast of St. Louis, Missouri.

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. In 2022 construction began on a paper mill and cardboard box corrugator that uses 100 percent recycled paper.

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.



Our location in Kentucky

ON THE COVER: (Top) The Audubon Wetlands, a great place for a hike; (middle) groundbreaking ceremony for Henderson Sportscomplex; (bottom left) downtown railroad bridge crossing over the Ohio River into downtown and (bottom right) our local school system encourages all citizens to dress in maroon and white school colors every Friday to show community support for our Colonels. **ABOVE:** Visits by riverboats bringing tourists to town are a common sight.

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



Left to right: 2023 Board of Commissioners — Commissioner Nick Whitt, Commissioner Rodney Thomas, Mayor Brad Staton, Commissioner Austin Vowels and Commissioner Robert Pruitt.

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 2023 Annual Comprehensive Financial Report (ACFR). The ACFR 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 ACFR and PAFR, visit the City's website at www.hendersonky.gov.

Notable in Community

—Pratt Industries, a \$600 million 321-employee corrugated box recycling and manufacturing complex on the Kentucky 425 ByPass opened its doors. It will use 100 percent recycled paper.

—Construction on the I-69 interstate began August 2022 and is scheduled for completion in 2025. In 2023, over 150,000 manhours were put into the project; 5,000 cubic yards of structural concrete was poured, 700,000 pounds of reinforced steel was installed, and 15,000 linear feet of H-Pile was installed.

—Alliance Coal held a groundbreaking ceremony in July for their newest underground mine with construction expected to be completed in 2024

—Habitat for Humanity of Henderson County dedicated its 76th home and has a timeline for building at least six homes in the next year.

—The Boys & Girls Club of Henderson has finished its project to renovate the former Henderson National Guard Armory into a center for their programming.

—The City of Henderson has begun construction of a Youth Sports Complex on Airline Road. It is expected to be playable in Summer 2024.

—Local Henderson residents announced plans to build a new distillery and tourist destination in downtown Henderson. It will be called Henderson Distilling Company.

—Governor Beshear announced the WKYDIA's approval for \$1.4 million to complete a grading plan at Sandy Lee Watkins park.

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 annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This was the 23rd 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 ACFR 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, 2021, and ending June 30, 2022. This was the 14th consecutive year that the government has achieved this prestigious award. To qualify for the Distinguished Budget Presentation Award, the 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 sixth year, the City of Henderson received the **Popular Annual Financial Reporting Award** for its June 30, 2022, presentation. Henderson is one of only a few cities in Kentucky to be awarded all three awards for the most recent year.

ACFR

More financial detail is available in our Annual Comprehensive Financial Report.

Find our reports at :
www.hendersonky.gov



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.

Capital Expenditures, Major Projects

The fiscal 2024 budget includes a wide range of projects.

Some highlights of those were:

Public Safety

- New administrative/staff vehicle for the fire department.
- Two police pursuit vehicles.

Public Works

- New hydraulic lift trailer.
- New one ton dump truck
- New service truck
- Repave several different sections of streets.
- Green River Road sidewalks
- Widening of Wathen Lane road improvements
- Purchase of automated sanitation truck

Parks & Recreation

- New utility vehicle

Gas System

- Replacement of two vehicles

Other Departments

- Various machinery and tools from the Henderson Sports Complex
- Two buses for HART Mass Transit



Financial Highlights

- Primary Government liabilities and deferred inflows exceeded assets and deferred outflows by \$4.4 million at the close of fiscal 2023. Due to pension and other post-employment obligations, the unrestricted net position is a negative \$41 million.
- City governmental funds reported combined ending fund balances of \$96.1 million. Of this total, \$10.1 million is unassigned.
- In the City's business-type activities, income from operations increased from \$1,153,733 in fiscal 2022 to \$2,535,993 in fiscal 2023.
- The City's General Fund ended the year with a fund balance of \$20,226,992 an increase of \$3,561,564 or 21.4 percent, from fiscal year 2022's balance of \$16,665,428.
- Since fiscal year-end 2020, the General Fund's fund balance has increased 82% percent from \$11.1 million in 2020 to \$20.2 million in 2023.

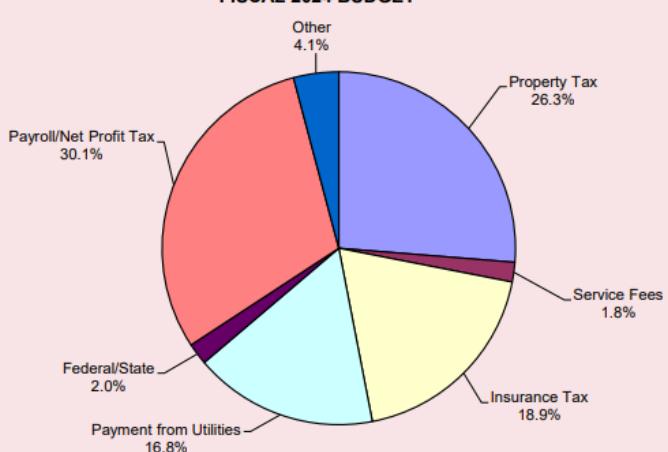
*EDITOR'S NOTE: Information in this report is drawn from the Annual Comprehensive Financial Report (ACFR) and conforms to generally accepted accounting principles (GAAP).



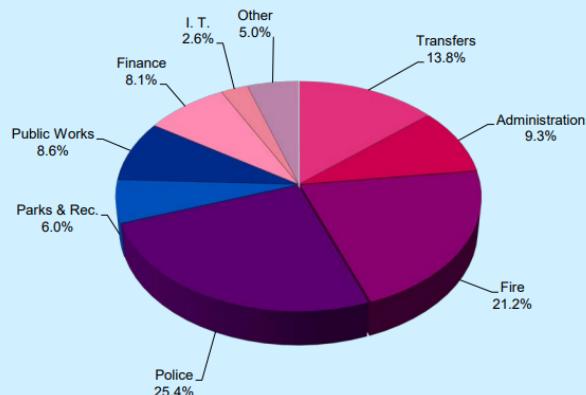
Quick Fact

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, the first woman in America to receive a medical degree (Elizabeth Blackwell) and an originator of Mother's Day (Mary Towles Sasseen Wilson.)

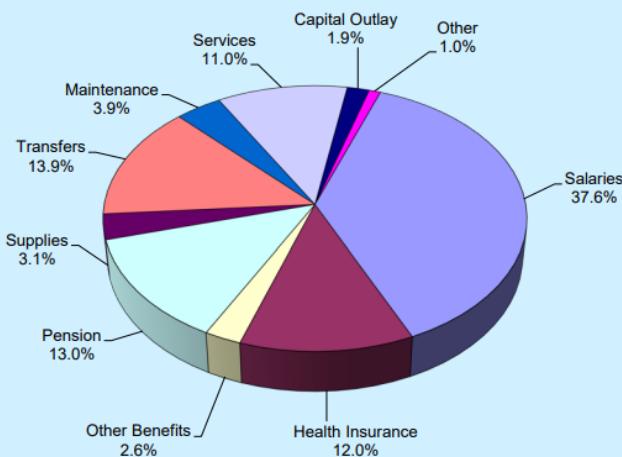
CITY OF HENDERSON GENERAL FUND REVENUE By Category FISCAL 2024 BUDGET



CITY OF HENDERSON GENERAL FUND EXPENDITURES By Department FISCAL 2024 BUDGET



CITY OF HENDERSON GENERAL FUND EXPENDITURES By Expense Category FISCAL 2024 BUDGET



Quick Fact

The "I Heart Henderson" sign was a collaborative effort between a group of Henderson Leadership Initiative participants and the City of Henderson, KY. The group raised private dollars to cover the cost of the sign. However, the City donated the land on the downtown riverfront and continues to provide maintenance for the local "selfie spot". The idea came from placemaking signs spotted in larger cities around the United States.



General Fund Components

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. Amounts not in spendable form include inventories and prepaids.



Restricted Fund Balance

The restricted fund balance classification is used when constraints placed on the use of resources are externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation.

Committed Fund Balance

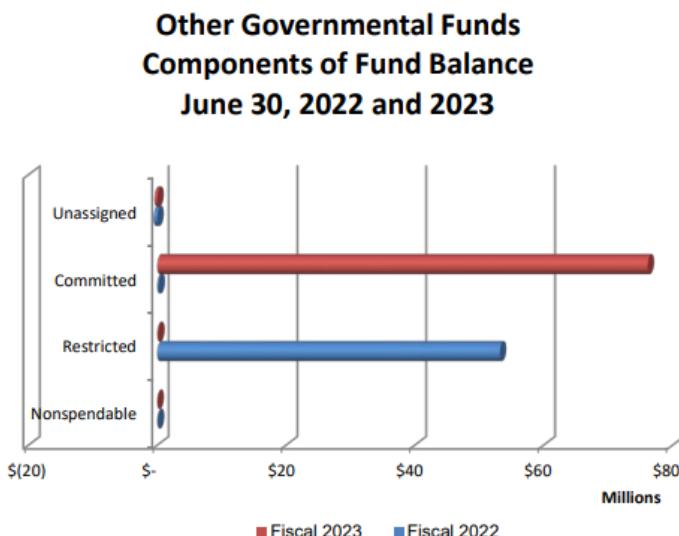
The committed fund balance classification includes amounts that can only be used for specific purposes and those committed amounts cannot be used for any other purpose unless the Board of Commissioners changes the commitments by ordinance or resolution.

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.

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.



2023 factors

During the fiscal year, the fund balance for the City of Henderson's general fund increased by \$3,561,564. The factors contributing to this increase:

- **Occupational taxes** increase in the amount of \$1,717,768, or 17.7%.
- The **insurance premium tax** was up \$621,089 or 10.3 percent.
- **Investment income**, was \$746,049. In 2022, this number was -\$616,250.
- **Expenditures** increased by \$2.6 million; however, the revenues increased by \$3.1 million.

Bond Rating

Due to its strength of reserves and liquidity, the City of Henderson received a credit rating of Aa3 from Moody's Investor Service on its 2023a general obligation bonds. The Aa3 is considered investment grade. For the long-term Aa3 is rated as high quality and very low credit risk.

Growth in the City

Real estate assessments have increased 23.1 percent or \$256.2 million from \$1,101.3 million at the start of fiscal 2014 to \$1,107.3 million at the end of fiscal 2023. This equates to a 2.3 percent annual increase.

Bank Deposits

Over the same 10-year period, bank deposits have increased 44.4 percent, or \$266,729.





Economic Factors, Trends, & Next Year's Budget

The City of Henderson was able to fund the fiscal 2023 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.

—For fiscal 2023, there were **250 construction permits** issued with a total value of \$36,524,413. There were 25 single family units, and 2 multi-family for a total of 33 units approved. The total value for new housing was \$6,389,735. There were 3 new commercial developments with a total value of \$13,903,700.

—There were 32 permits issued for **demolition of sub-standard residential structures.**

—The **unemployment rate** for the City of Henderson in June 2023 was approximately 4.4 percent which was slightly higher than the national rate of 3.6 percent and the Kentucky rate of 3.8 percent.

—On July 29, 2021, Pratt Industries announced a **\$600 million corrugated box recycling and manufacturing complex** that within four years is expected to employ 321 people at wages averaging nearly \$30 per hour. The complex will cover 1 million square feet and sit on a 200-acre site in Henderson. Pratt would become the City's largest water and natural gas customer. The City has another 100 acres that could be developed for other industrial customers that could support Pratt or associate companies.

—Despite the inflation threat and the global supply chain difficulties, fiscal 2023 was another successful year for the City of Henderson. The focus going forward seems to have shifted to historic capital investments that include the new sports complex, HMPL's administration and distribution complex, HWU's operations center, a new fire station #1 and other road projects. Staff is constantly looking for new ways to finance the projects and while keeping construction costs under control.

Quick Fact

The City is developing a sports complex on Airline Road that will serve youth leagues and other recreational interests. Phase One of the project is scheduled to be completed before the end of 2024.

Capital Assets

The City of Henderson's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$51,046,908 (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 22.7 percent.

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

- \$3,659,541 for natural gas system improvements with \$2,046,047 directly related to Pratt and another \$1,081,093 indirectly related to Pratt.
- Barret Blvd extension \$785,772 that will provide access to the new residential and commercial development at Deer Valley.
- \$1,970,048 for turn lanes on HWY 425 at Pratt Paper.
- New fire apparatus in the amount of \$699,146 and new street sweeper that cost \$302,484.
- \$413,005 for other vehicles across several divisions.
- \$296,979 on Wathen Lane improvements

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
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
2021	1,249,608	129,423	768,295	2,147,326	124,480
2022	1,279,845	142,004	852,943	2,274,793	127,467
2023	1,363,507	147,211	868,086	2,378,805	104,012

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



Henderson By The Numbers

27,697

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)**\$43,413**

Family Medium Income

5,861Central Park Memorial Day cross display started with
34 tributes in 1947.**10,200**Weekly Residential
Sanitation Pickups**8**Public murals that have grown from a catalyst project in
2018 that fulfilled an item on
community's Vision Plan and
Downtown Master Plan.

Red Banks

What Henderson,
settled in 1797,
was first called.**Aug. 15, 1896**First electric streetlights lit. Henderson was the
first city in western Kentucky to own its own power
generating plant.

10 Largest Manufacturing/ Distribution Employers

Tyson Foods	1,416
Gibbs Die Casting	906
River View Coal	865
Century Aluminum	499
Big Rivers Electric	465
Pittsburg Tank & Tower	366
Audubon Metals	332
Brenntag Mid-South	305
Dana	249
Accuride Corp.	187

60,749Total ridership on Henderson
Area Rapid Transit in FY2023**1**Gravel street
(Van Wyk Road)**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.

Teamwork:

City-County Joint Ventures

- Preparations and infrastructure for the location of Pratt Industries' \$600 million corrugated box recycling and manufacturing complex announced in July 2021 and opened the doors in 2023.
- Preparations and infrastructure for construction of the approaches and extension of I-69. Ground was broken construction began in late summer 2022.
- Planning for the future of the U.S. 41-North corridor following the completion of I-69 in Henderson and Henderson County.
- Flood Mitigation Board to oversee funds dedicated to addressing flooding problems in the community.
- A Dia De Los Muertos festival to honor traditions of Hispanic citizens.
- A Juneteenth celebration to observe new Federal holiday.
- Solid waste disposal issues and options reviewed by City-County Cooperative Study Team.
- Emergency Dispatch Operations in the 911 Center with a goal of improving funding options.
- A combined City-County Tourism Commission.

Request for Information

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

