

CITY OF HENDERSON, KENTUCKY



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024



HENDERSONKY.GOV

CITY OF HENDERSON, KENTUCKY

**ANNUAL COMPREHENSIVE FINANCIAL
REPORT**

For the Fiscal Year Ended June 30, 2024



Prepared by:

Finance Department

CITY OF HENDERSON, KENTUCKY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

	Page
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	1
GFOA Certificate of Achievement.....	9
Organizational Chart.....	10
List of Elected and Appointed Officials	11
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	12
Management's Discussion and Analysis.....	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	35
Statement of Activities	36
Fund Financial Statements:	
Balance Sheet – Governmental Funds	37
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	38
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	39
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	40
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	41
Statement of Net Position – Proprietary Funds.....	42
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	43
Statement of Cash Flows – Proprietary Funds	44
Statement of Fiduciary Net Position – Fiduciary Funds	45
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	46
Notes to the Financial Statements	47
<u>Required Supplementary Information:</u>	
Schedule of the City's Proportionate Share of the Collective Net Pension Liability- County Employees' Retirement System Pension Plan	96
Schedule of the City's Proportional Share of the Collection Net OPEB Liability- County Employees' Retirement System Pension Plan.....	97
Schedule of Changes In Net Pension Liability and Related Ratios-Civil Service Pension Plan	98
Schedule of Changes In Net Pension Liability and Related Ratios-Police & Fire Pension Plan.....	99
Schedule of City Contributions- County Employees Retirement System Pension Plan	100
Schedule of City Contributions-County Employees Retirement System OPEB Plan	101
Schedule of City Contributions- Civil Service Pension Plan	102
Schedule of City Contributions- Police and Fire Pension Plan	103
Notes to Required Supplementary Information.....	104

Continued**Page****Nonmajor Governmental Funds:**

Nonmajor Governmental Funds – Fund Descriptions	107
Combining Balance Sheet – Special Revenue Funds	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Special Revenue Funds	109

Schedules of Revenues, Expenditures, and Changes in Fund**Balances – Budget and Actual:**

Cemetery Fund	110
Public Way Improvement Fund	111
Henderson Area Rapid Transit Fund	112
Emergency Communications Fund	113
Tourist Commission Fund	114
Community Development Block Grant Fund	115
Police Investigation Fund	116
Debt Service Fund	117
Capital Projects Fund	118

STATISTICAL SECTION

Statistical Section Contents	119
General Information	120
Financial Trends:	
Net Position by Component	124
Changes in Net Position	125
Fund Balances of Governmental Funds	127
Changes in Fund Balances of Governmental Funds	128
Revenue Capacity:	
General Governmental Tax Revenue by Source	129
Assessed Value and Actual Value of Taxable Property	130
Detail of Assessed Value and Estimated Actual Value of Taxable Property	131
Property Tax Rates - Direct and Overlapping Governments	132
Ad Valorem Tax Rates – Direct and Overlapping Governments	133
Top Ten Taxpayers	134
Property Tax Levies and Collections	135
Natural Gas Volume by Customer Type	136
Natural Gas Sold by Customer Type	137
Natural Gas Rates – Residential Customers	138
Debt Capacity:	
Direct and Overlapping Governmental Activities Debt	139
Pledged-Revenue Coverage – Water & Sewer and Electric Commissions	140
Ratios of Outstanding Debt by Type	141
General Bonded Debt Outstanding and Legal Debt Margin	142
Demographic and Economic Information:	
Demographic Statistics	143
Operating Information:	
Full-time Equivalent City Government Employees by Function / Program	144
Capital Asset Statistics by Function / Program	145
Operating Indicators by Function / Program	147

INTRODUCTORY SECTION



Bradley S. Staton, Mayor

Commissioners:

Robert N. Pruitt

Rodney Thomas

Austin P. Vowels

Nicholas E. Whitt

The City of Henderson

P.O. Box 716
Henderson, Kentucky 42419-0716

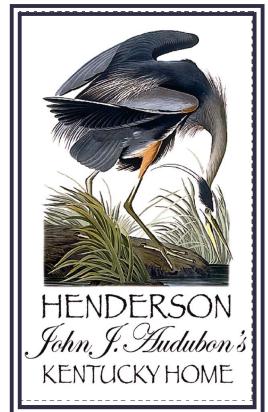
William L. "Buzzy" Newman, Jr., City Manager

Dawn S. Kelsey, City Attorney

Maree Collins, City Clerk

Holli Blanford, Public Relations Director

Chelsea Mills, Finance Director



January 13, 2025

Honorable Mayor,
Members of the Board of Commissioners,
Citizens of the City of Henderson, Kentucky:

We present to you the Annual Comprehensive Financial Report of the City of Henderson, Kentucky for the fiscal year ended June 30, 2024. Kentucky Revised Statute 91A.040 requires that the City of Henderson publish, before February 1 immediately following the fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

ATA, PLLC has issued an unmodified ("clean") opinion on the City of Henderson's financial statements for the fiscal year ended June 30, 2024. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.



Profile of the government

The City of Henderson was incorporated as a town in 1810 and as a City in 1867. Henderson currently serves a population of 27,734 and is in northwest Kentucky. The City has operated under the Board of Commissioners-City Manager structure since 1966. Policy-making and legislative authority are vested in the governing Board of Commissioners consisting of the mayor and four commissioners, all of whom are elected at large. Commission members serve two-year terms. The Mayor is elected for a four-year term. The Board of Commissioners appoints the City of Henderson's manager. The City Manager, with the approval of the Board of Commissioners, appoints department heads.

The City of Henderson provides a full range of municipal services, including public safety (police, fire, and emergency communications), street maintenance, sanitation, cemetery, drainage, landfill, transit, recreation, and general administrative services. Henderson includes, for financial reporting purposes, all entities involved in the provision of these services and for which, in the opinion of the City, the City is financially accountable. The City is financially accountable for legally separate organizations if City officials appoint a voting majority of an organization's governing body, and the City is either able to impose its will on that organization, or there is potential for the organization to provide specific financial benefits to, or to impose financial burdens on, the City.

The City has performed a comprehensive evaluation of its financial reporting entity in accordance with Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity*, and based on the foregoing criteria, has included the following separate organizations as discretely presented component units within the City's basic financial statements.

Henderson Municipal Power and Light (HMPL)

Henderson Water Utility (HWU)

In addition to internal controls, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriation and budget ordinance approved by the Board of Commissioners. As required by Kentucky Revised Statutes 91A.030 and 83A.150, the City Manager submits a proposed operating budget on or before June 1st to the Board of Commissioners for the fiscal year commencing July 1. The budget includes appropriations for expenditures and means of financing them. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the departmental level within an individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Local economy

Henderson is located in the Evansville, IN-KY Metropolitan Statistical Area (MSA). This geographical region covers approximately 2,367 square miles and is the 164th largest MSA in the United States. Based on 2023 estimates, Henderson is the 15th largest city in Kentucky. The economy for the City of Henderson and Henderson County continues a modest growth and the City continues to maintain a positive economic outlook.

Per the U.S. Census Bureau, the median household income for the City of Henderson for the past 12 months was estimated to be \$46,276 which was \$13,907 or 30.1% lower than the Kentucky family medium income of \$60,183. The estimated medium price of a single-family home in the city was \$144,200. 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 2024 general obligation bond. The Aa3 is considered investment grade. For the long-term, Aa3 is rated as high quality and very low credit risk and for the short-term, it is rated as the best ability to repay short-term debt.

Over the past ten years, the City has experienced modest economic growth and investment. The real estate assessments have increased 28.2% or \$311.9 million from \$1,107.3 million at the start of fiscal 2015 to \$1,419.2 million at the end of fiscal 2024. This equates to a 2.8% annual increase. Occupational tax have increased 141.6% or \$7,567,999 from \$5,345,370 to \$12,913,369 over the same ten-year period.

Long-term financial planning and major initiatives

General Fund reserves increased to approximately \$24.4 million on June 30, 2024, which is an increase of \$4.2 million from the prior year. The reserves consisted of cash, investments, and receivables. The increase in General Fund reserves was primarily the result of improved tax collections. The tax collections increased a strong 7% or \$1.9 million with growth in payroll, net profits, and insurance premium taxes. The General Fund will have a cash and investments, net of cash due to component units, entering the fiscal year of \$24.6 million. This is equal to 6-7 months operating expense and transfers to other funds.

The Gas Fund's cash and investment balance of \$4.9 million will be equal to 3 months operating expense. This meets the City's goal of establishing a balance of cash and investments equal to 3 months' worth of operating expense in the Gas fund.

The City continues to play an active role in the Public Energy Authority of Kentucky (PEAK); a group the City co-founded in the 1990's. As a result of the consumption during the fiscal year, \$1,084,142 was returned to Henderson which is an increase of \$255,646 from the \$828,496 that was returned in fiscal 2023.

As in the past, staff continues to monitor rates to determine if “cost of living adjustments” are needed to avoid large and excessive increases in the future. Effective January 1, 2023, there was a modest increase in the occupational tax rate from 1.49% to 1.65%. The new occupational tax rate is still lower than Henderson’s peers. In addition to the increase in the rate, there has been an expansion in the number of entities added to the tax rolls especially those related to the Pratt Paper project. The rate of increase in tax revenue has outpaced the rate of increase in expenses even with the added cost of inflation.

One of the largest single expenses for the City is employee health insurance and it can vary widely from year to year. For fiscal 2024, the total health care cost was \$6,695,468 which is a decrease of \$1,293,312 from the \$7,988,780 spent in fiscal 2023. This equates to a decrease of 16.2% from last year and an annualized increase of 1.95% since fiscal 2016.

From a capital projects aspect, fiscal 2024 was an active year. Some projects and improvements of note include:

Sports Complex

The largest project for fiscal 2024 was the \$11.1 million spent on the new sports complex on Airline Road. The first phase of complex construction project includes four 200-foot baseball fields, three multi-purpose fields, one concession stand, a maintenance building, a press box and two large parking lots. The City is already planning on the next phase that will include artificial turf, lighting, and an additional multi-purpose field. Proceeds from the City’s 2020A GO and 2023B bonds will be used to finance these recreational projects.

Road and Bridge Improvements:

In fiscal 2024, the City spent over \$1.1 million for road and bridge improvements including \$846,191 on Wathen Lane and \$297,155 on Barret Boulevard. Both roads are multi-year projects that will improve the driving, biking, and pedestrian traffic. The \$297,000 Barret Boulevard extension will provide access to the new residential and commercial developments in the Deer Valley Subdivision. The first phase of the residential development started in August 2023 and the 300 new homes should be completed in five years.

New Fire Station #1:

Designs for a new fire station were also developed for the 2nd St. property. This will include a training facility, drive-thru bays, and a larger footprint than the current location. Proceeds from the City’s 2023B GO and 2024A bonds will be used to finance the construction.

City of Henderson and Henderson County Joint Ventures:

In August 2008, the City of Henderson and Henderson County signed a new inter-local agreement for the disposal of solid waste. The agreement provides for all Henderson County residents to use the transfer station and the construction demolition and debris landfill at a cost of \$7.00 per 400 pounds for permitted waste. The agreement also provides that the County make an annual lump sum payment as its financial obligation to the City for County residents using these services and to supplement the City's curbside recycling program. For fiscal 2024, the County contribution was \$123,105.

The City of Henderson and Henderson County continue to improve the funding options for the emergency dispatch operations in the 911 center. Due to more residents using cellphones over landlines, the revenue has decreased 32% from \$401,000 in fiscal 2014 to only \$272,464 in fiscal 2019. Effective January 1, 2020, the fee moved from the residents' phone bill to the water bills. Plus, the monthly rate increased from \$2.50 to \$3.25. For fiscal 2024, the communications fee received from water bills was \$652,781 or an increase of \$380,317 from fiscal 2019. Both entities meet at least quarterly to review the Center's expenses and explore funding options.

The City of Henderson, Henderson County, and Deaconess Methodist Hospital formed a committee to address the Emergency Medical Services (EMS) needs of the community. The hospital covers the cost of the service with the City of Henderson and Henderson County contributing approximately \$100,000 each to Deaconess for operations. The focus of this committee is to review and discuss improvements to the ambulance service that is provided by Methodist Hospital.

The entities worked to fund and replace the computer-aided dispatch (CAD) system for the emergency dispatch center. The project was completed in fiscal 2020 and the cost of the project exceeded \$1.2 million. The project included infrastructure upgrades, workstations, and renovations at a backup site. Due to advances in technology, the City and County are already exploring the purchase of a new system that should be purchased in fiscal year 2025.

To improve the communication needs in the city and county, a contract was signed with Motorola for a complete replacement of radios and the addition of communication towers. The \$3.6 million contract will benefit all city and county departments including the volunteer fire departments throughout the county. The contract also includes a maintenance contract for ten years.

Economic Development:

On July 29, 2021, Pratt Industries announced a \$700 million corrugated box recycling and manufacturing complex. This complex is to employ approximately 321 people at wages averaging nearly \$30 per hour. The complex covers 1 million square feet and sits on a 200-acre site in Henderson. Pratt has become one of the City's largest water and natural gas customers. The City has another 100 acres that could be developed for other industrial customers that could support Pratt or associated companies. News of a possible economic development project could be announced soon.

During the 2015 fiscal year, the City purchased 124 acres at the end of Borax Drive. The property was purchased with federal highway and transportation grant funds. A projected major expansion of a local major industry is expected in 2025. In August 2022, the City purchased approximately 132 acres of property on Barrett Boulevard. The first phase of a housing development property was started in September 2023, in which the City sold off 47 acres of this property. Once completed, this could add nearly 300 homes. Additional development could include commercial and other improvements.

Other Developments:

As part of the budget process, the staff identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly. In addition, management monitors the condition of all government equipment and vehicles and will include replacements in the next budget cycle. The City of Henderson maintains a vehicle replacement schedule which serves as its fleet replacement guide over a five-year period. The fiscal year 2025 budget includes \$17.9 million in capital projects which includes \$1.7 million in rolling stock replacement. During the last fiscal year, HMP&L spent \$38,643,348 in capital improvements and replacements in the existing system. HWU added \$43,066,834 in capital projects during fiscal 2024.

As with many other metropolitan areas, the economic dependency and interrelationship of the entire region is important as evidenced by the number of nonresident workers who commute daily to work in Henderson County and the equivalent number of Henderson County residents who commute to work outside of the county. Consequently, economic activity in the entire Kentucky, Indiana, and Illinois tri-state area, no matter where it occurs, is of benefit to the Henderson local economy. Each year, the mayors of the local municipalities meet to discuss issues, projects, and endeavors that each are tackling and how those are linked to each other.

With all the various improvements, the City/County collaborations, sports complex, and the Interstate 69 bridges it is a very exciting time for the community. The citizens, businesses, and employees of the City of Henderson should be proud of the accomplishments of the past fiscal year.

Relevant financial policies

The City of Henderson uses a comprehensive set of financial policies. During the current year, three of these policies were particularly relevant. The City of Henderson has a policy that requires the adoption of a balanced annual operating budget where operating expenses may not exceed anticipated revenues plus available unassigned fund balance. The amended fiscal 2024 budget was adopted using \$4,868,000 of unassigned fund balance. However, due to improved tax revenues, and limited expenditures, none of the unassigned fund balance was needed.

A reserve policy was approved in June 2020 that designates that 10% of the insurance premium tax be set aside for future capital projects and debt payments. For fiscal 2024, the City committed another \$719,748 of the tax and spent \$282,487 on debt service and \$115,214 on drainage improvements. At fiscal year-end, there was approximately \$929,467 committed for capital projects and debt payments.

The final financial policy involves the reserve policy, where the goal of maintaining a minimum General Fund reserve of at least one-quarter (three months) of the General Fund's operating budget, was exceeded. The fiscal 2025 budget was adopted with approximately \$43.5 million in expenses and transfers out. With an ending reserve of approximately \$24.4 million on June 30, 2024, the General Fund has 6.73 months' worth of reserve.

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, 2023. This was the twenty-fifth consecutive year that the government has achieved this prestigious award.

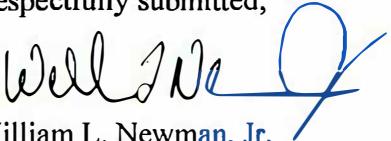
To be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements. We believe with reasonable certainty, the City of Henderson will be awarded the Certificate of Achievement for Excellence in Financial Reporting for June 30, 2024.

The City of Henderson also received the GFOA's Distinguished Budget Presentation Award for its annual budget document beginning July 1, 2023 and ending June 30, 2024. This was the fifteenth 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.

And for the seventh consecutive year, the City of Henderson received the Popular Annual Financial Reporting (PAFR) Award for its June 30, 2023 presentation. The program is to assist state and local governments to extract information from their comprehensive annual financial report to produce high quality popular financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties that do not have a background in public finance. Henderson is one of only four cities in Kentucky to be awarded all three awards for the most recent year. We believe with reasonable certainty, the City of Henderson will be awarded the Popular Annual Financial Reporting Award for June 30, 2024.

We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Henderson's finances.

Respectfully submitted,



William L. Newman, Jr.
City Manager



Chelsea Mills, CPA
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Henderson
Kentucky**

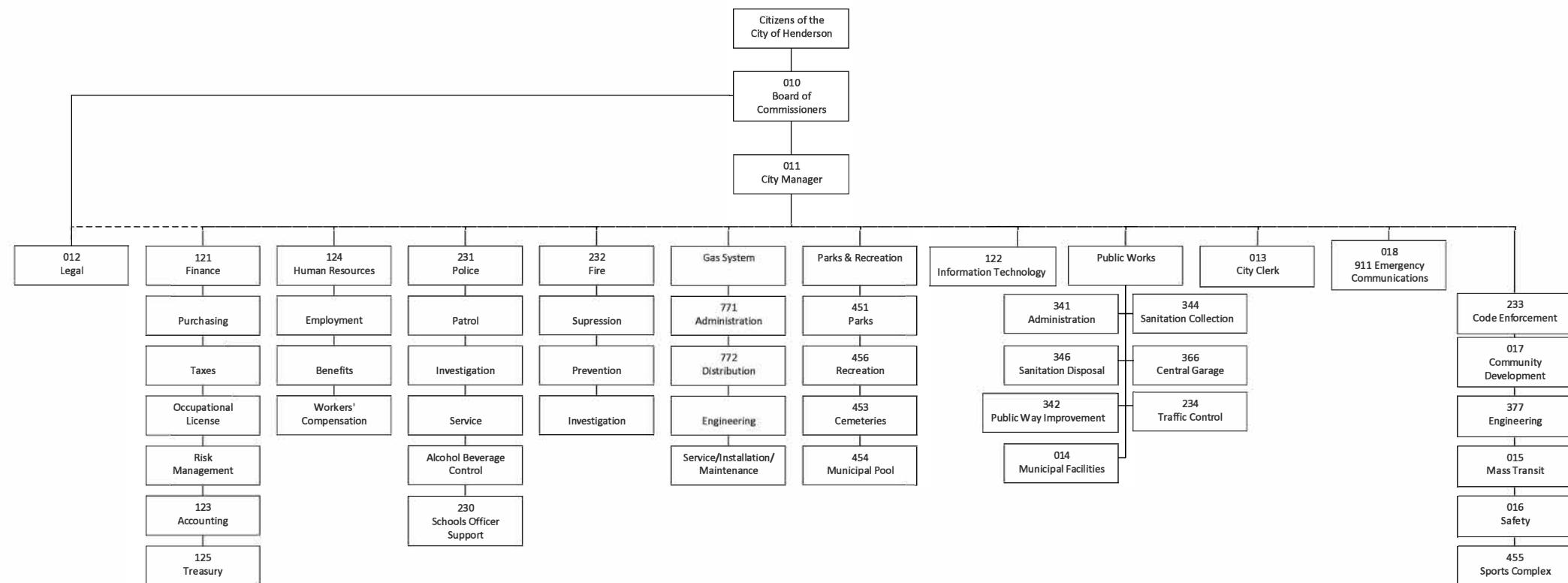
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Monell

Executive Director/CEO

City of Henderson, Kentucky



CITY OF HENDERSON, KENTUCKY
LIST OF ELECTED AND APPOINTED OFFICIALS

Elected Officials

Mayor	Bradley S. Staton
Commissioner	Robert Pruitt
Commissioner	Rodney Thomas
Commissioner	Austin P. Vowels
Commissioner	Nicholas Whitt

Appointed Officials

City Manager	William L. "Buzzy" Newman, Jr.
City Attorney	Dawn S. Kelsey
City Clerk	Maree Collins
Finance Director	Chelsea Mills
Fire Chief	Joshua Dixon
Emergency 911 Director	Jordan Webb
Gas System Director	Timothy Clayton
Human Resources Director	Megan McElfresh
Information Technology Director	Greg Nunn
Parks & Recreation Director	Trace Stevens
Interim Police Chief	Robert Shoultz
Public Works Director	Brian Williams

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Bradley Staton, Mayor
And the Board of Commissioners of the
City of Henderson, Kentucky

Report on the Audit of the Financial Statements***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Henderson, Kentucky, as of and for the year ended June 30, 2024, as well as the financial statements for the City of Henderson, Kentucky Utility Commission (HMP&L), a component unit of the City of Henderson, Kentucky as of and for the fiscal year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Henderson, Kentucky's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Henderson, Kentucky as of June 30, 2024, and May 31, 2024 for the City of Henderson, Kentucky Utility Commission (Henderson Municipal Power & Light) and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Henderson, Kentucky Water and Sewer Commission (Henderson Water Utility) which represents 56.4 percent of component unit assets, 58.5 percent total component unit net position, and 36.3 percent of total component unit revenues, as of and for the year ended June 30, 2024, and the respective changes in financial position. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Henderson Water Utility is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Henderson, Kentucky and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Henderson, Kentucky's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government*

Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Henderson, Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Henderson, Kentucky's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and certain pension and OPEB schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Henderson, Kentucky's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2025, on our consideration of the City of Henderson, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Henderson, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Henderson, Kentucky's internal control over financial reporting and compliance.

ATA, PLLC

Jackson, Tennessee
January 13, 2025

**Management's Discussion and Analysis
(Require Supplementary Information)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Henderson's Management's Discussion and Analysis provides an overview of the City's financial activities for the fiscal year ended June 30, 2024. It should be read in conjunction with the transmittal letter and the financial statements provided in this document.

Financial Highlights

- Primary Government assets and deferred outflows exceeded liabilities and deferred inflows by \$8.4 million at the close of fiscal 2024. Due to pension and other post-employment obligations, the unrestricted net position is a negative \$31.7 million.
- City governmental funds reported combined ending fund balances of \$99.8 million. Of this total, \$1.9 million is unassigned.
- In the City's business-type activities, income from operations decreased from \$2,535,993 in fiscal 2023 to \$1,464,405 in fiscal 2024.
- The City's General Fund ended the year with a fund balance of \$24,401,037, an increase of \$4,174,045 or 20.6% from fiscal year 2023's balance of \$20,226,992.
- Since fiscal year-end 2021, the General Fund's fund balance has increased 79% from \$13.6 million in 2021 to \$24.4 million in 2024.

Overview of Financial Statements

This discussion and analysis provided here are intended to serve as an introduction to the City of Henderson's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Henderson's finances in a manner like private sector businesses.

The *statement of net position* presents financial information on all the City of Henderson's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the City of Henderson is improving or deteriorating.

The *statement of activities* presents information showing how the City of Henderson's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., taxes, grants, and earned but unused vacation leave).

Both governmental-wide financial statements distinguish functions of the City of Henderson that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Henderson include administration, finance, information technology, parks and recreation, police, fire, public works, and nondepartmental. The business-type activities of the City of Henderson include the natural gas and sanitation operations.

Government-wide financial statements include not only the City of Henderson itself (known as the *primary government*) but also the legally separate Henderson Municipal Power & Light (HMPL) and Henderson Water Utility (HWU) for which the City of Henderson is financially accountable. Financial information for the component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 35-36 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Henderson, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Henderson can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same function reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Henderson maintains ten (10) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and Capital Projects Fund, which are considered major funds.

Information from the other seven (7) governmental funds is combined into a single aggregated presentation and shown as Nonmajor Governmental Funds. Individual fund information for each

of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Henderson adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 37-41 of this report.

Proprietary Funds. The City of Henderson maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Henderson uses enterprise funds to account for its natural gas and sanitation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Henderson's various functions. The City of Henderson uses an internal service fund to account for the management of its self-funded health insurance. Because this service predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service fund is presented in the proprietary fund financial statements.

Proprietary fund financial statements provide the same kind of information as government-wide financial statements, only in greater detail. The proprietary fund financial statements provide separate information for the natural gas and sanitation operations, both of which are major funds of the City of Henderson.

There are also two component units that provide electricity and water/sewer services. These two component units (Henderson Municipal Power & Light and Henderson Water Utility) each has its own board of directors and are enterprise funds. Each of these enterprise funds is self-supporting and does not receive a subsidy from the General Fund.

The basic proprietary funds financial statements can be found on pages 42-44 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because those resources are not available to support the City of Henderson's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Henderson maintains three different types of fiduciary funds. The Civil Service Pension fund is used to report resources held in trust for non-hazardous retirees and beneficiaries that elected to participate in 1987. Police & Fire Pension fund is used to report resources held in trust for hazardous retirees and beneficiaries that elected to participate in 1987. The Health Reimbursement Arrangement Plan is used to help employees pay for health care expenses.

The fiduciary funds financial statements can be found on pages 45-46 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-95 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City of Henderson's progress in funding its obligations to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 96-106 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and other post-employment benefits. Combining and individual fund statements and schedules can be found on pages 108-118 of this report.

Government-Wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Henderson's assets and deferred outflows exceeded liabilities and deferred inflows by \$8,393,961 at the close of the most recent fiscal year.

The tables and charts on the next few pages provide a summary of the City of Henderson's operations for the fiscal year ended June 30, 2024.

City of Henderson's – Net Position

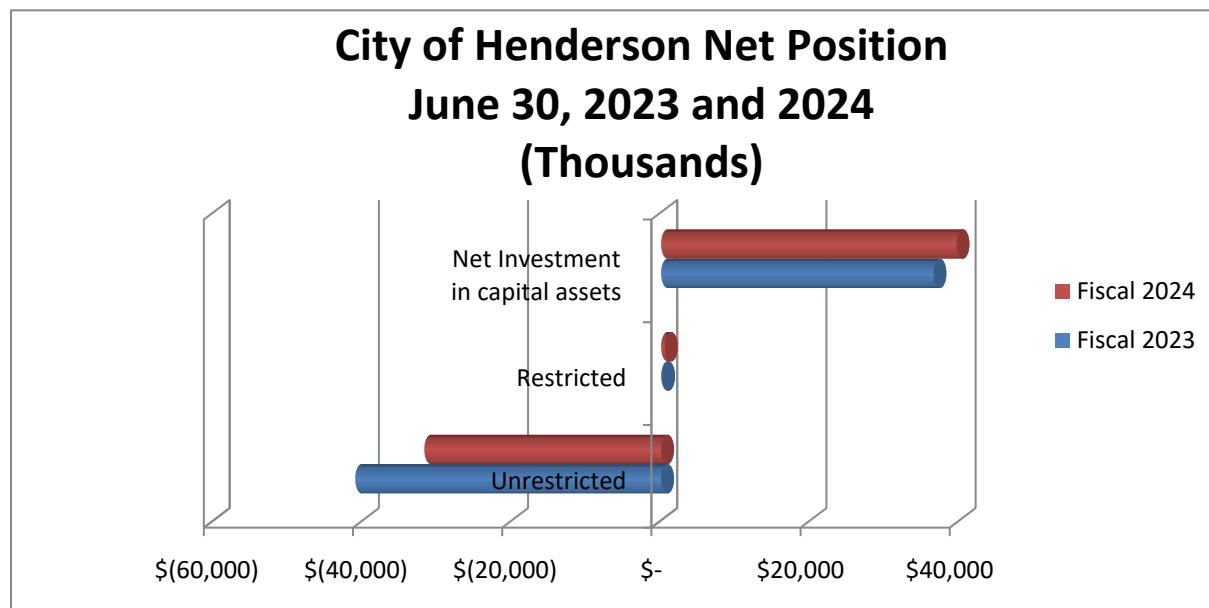
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 108,711,456	\$ 104,923,967	\$ 11,729,621	\$ 11,681,087	\$ 120,441,077	\$ 116,605,054
Capital assets	53,154,352	41,943,144	9,854,643	9,103,764	63,008,995	51,046,908
Total assets	161,865,808	146,867,111	21,584,264	20,784,851	183,450,072	167,651,962
Deferred outflows	11,258,841	11,712,047	604,899	576,847	11,863,740	12,288,894
Total assets and deferred outflows	\$ 173,124,649	\$ 158,579,158	\$ 22,189,163	\$ 21,361,698	\$ 195,313,812	\$ 179,940,856
Current liabilities	\$ 14,986,432	\$ 15,201,420	\$ 2,080,382	\$ 2,325,516	\$ 17,066,814	\$ 17,526,936
Long-term liabilities	140,171,046	148,327,980	9,202,925	5,363,773	149,373,971	153,691,753
Other liabilities	-	376,382	-	4,875,508	-	5,251,890
Total liabilities	\$ 155,157,478	\$ 163,905,782	\$ 11,283,307	\$ 12,564,797	\$ 166,440,785	\$ 176,470,579
Deferred inflows	\$ 19,025,556	\$ 7,404,827	\$ 1,493,510	\$ 423,086	\$ 20,519,066	\$ 7,827,913
Net position:						
Net investment in capital assets	29,746,877	27,410,827	9,854,643	9,103,764	39,601,520	36,514,591
Restricted for:						
Other post employment benefits	317,943	-	75,753	-	393,696	-
Debt service	1,997	537	-	-	1,997	537
Tourism	30,994	32,442	-	-	30,994	32,442
Law enforcement	73,551	105,141	-	-	73,551	105,141
Unrestricted	(31,229,747)	(40,280,398)	(518,050)	(729,949)	(31,747,797)	(41,010,347)
Total net position	\$ (1,058,385)	\$ (12,731,451)	\$ 9,412,346	\$ 8,373,815	\$ 8,353,961	\$ (4,357,636)

A large portion of the City of Henderson's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City of Henderson uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of Henderson's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Henderson's net position or \$500,238 represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$31,747,797) is unrestricted. Any positive balances would be used to meet the government's ongoing obligations to its citizens and creditors. However, the negative number reflected is due to a governmental accounting standard concerning pension and other post-employment obligations that will be paid over many years. Deferred outflows of resources related to pensions and other post-employment benefits (OPEB) decreased by \$425,154 to \$11,863,740. This included pension contributions after the measurement date of \$5,474,527 and OPEB contributions of \$209,885. These contributions will be included as a reduction of the collective net pension liability in the year ended June 30, 2025. Deferred inflows of resources related to pensions and OPEB were \$20,519,066 which is up \$12,691,153 or 162% from the prior year.

At the end of the current fiscal year, the City of Henderson can report positive balances in net investment in the capital assets and the restricted categories of net position, both for the government, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

However, due to the governmental accounting standards mentioned above, the unrestricted net position reported a negative net position in the governmental activities.



The City of Henderson's overall net position increased \$12,711,597 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$11,673,066 from the prior year for an ending balance of (\$1,058,385).

Governmental activities net of charges for services, operating grants/contributions, and capital grants/contributions were (\$23,439,148). Taxes, distributions from component units, investment income and transfers generated \$35,112,214. This resulted in the \$11,673,066 change in net position. Total general revenues and transfers increased \$2,222,122 or 6.8% from the prior year while general activities expenses decreased by \$5,802,360 or 12.9%.

Pension expenses for the County Employees Pension System (CERS) were \$2,865,459. Other post-employment expenses for the County Employees Pension System (CERS) were \$(1,421,399).

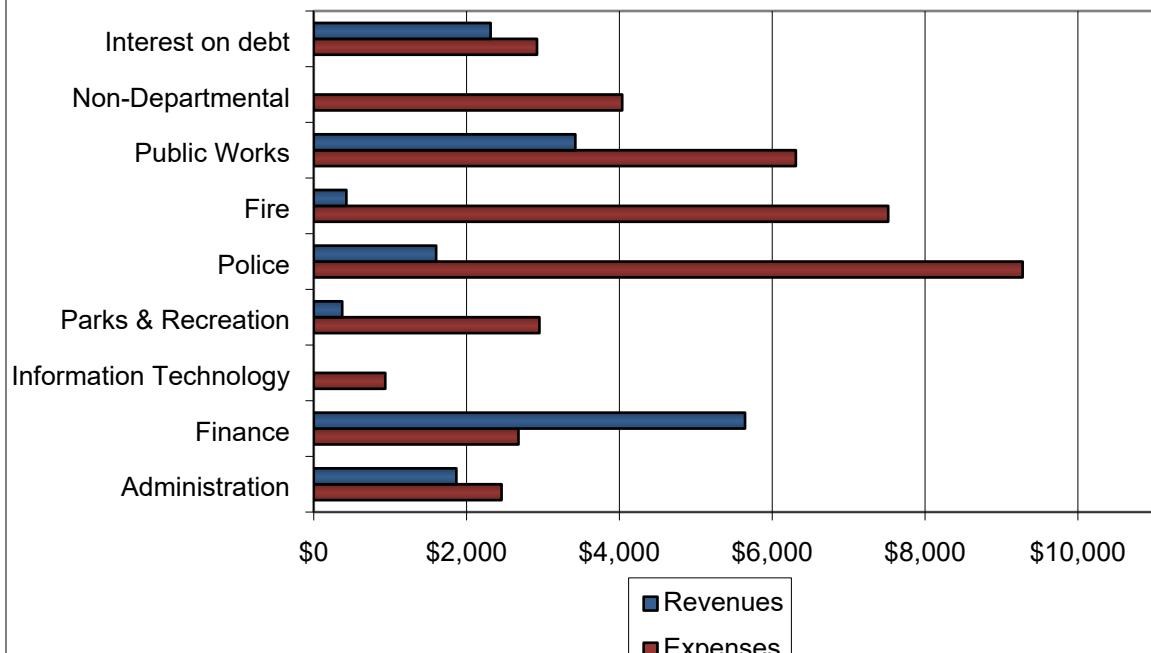
The governmental funds had an increase in fund balance of \$3,725,448 with the General Fund increasing \$4,174,045. The Capital Projects Fund had a net change of (\$612,995). There was also \$5 million in transfers to the Bond Fund for payment on outstanding bonds. The governmental funds spent \$14.6 million on capital items during the fiscal year. This included \$414,442 for vehicles with \$92,787 of that total used for a new dump truck and the remaining related to several police and fire staff vehicles. Nearly \$1.5 million was spent on land acquisitions for future economic development. Approximately \$1.2 million was spent on roads and sidewalks relating to Wathen Lane and Barret Boulevard projects. Another \$10.2 million was used for phase 1 of the new sports complex on Airline Road. The balance of the capital was for various smaller projects that included a \$320,345 for design and architectural plans for a new fire station #1.

The General Fund increased its reserves in the amount of \$4,174,045. Since fiscal 2018, the fund's balance has increased 139%. Based on the fiscal 2025 budgeted expenditures of \$43.5 million, the General Fund has approximately 6.7 months' worth of reserves. The City has assigned \$20.7 million of the fiscal 2024 fund balance with \$4.3 million of that amount to fill the fiscal 2025 budget deficit leaving \$2.2 million unassigned.

City of Henderson – Changes in Net Position Analysis of the City's Operations

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<u>Revenues:</u>						
Program revenues:						
Charges for services	\$ 7,381,501	\$ 8,894,486	\$ 19,975,736	\$ 25,423,103	\$ 27,357,237	\$ 34,317,589
Operating grants	8,268,997	5,293,890	-	120,048	8,268,997	5,413,938
Capital grants	-	5,338,343	309,367	4,190,632	309,367	9,528,975
General revenues:						
Taxes	29,887,795	27,960,210	-	-	29,887,795	27,960,210
Investment income	2,737,020	1,454,515	381,525	173,506	3,118,545	1,628,021
Gain (loss) on sale of capital assets	(922,634)	-	52	7,773	(922,582)	7,773
Other revenue	55,814	-	-	-	55,814	-
Distributions from component units	2,237,401	1,794,724	-	-	2,237,401	1,794,724
Total revenues	49,645,894	50,736,168	20,666,680	29,915,062	70,312,574	80,651,230
<u>Expenses:</u>						
Administration	2,458,165	7,364,375	-	-	2,458,165	7,364,375
Finance	2,679,388	3,309,300	-	-	2,679,388	3,309,300
Information technology	936,195	922,209	-	-	936,195	922,209
Parks & recreation	2,953,528	2,598,795	-	-	2,953,528	2,598,795
Police	9,276,838	9,503,519	-	-	9,276,838	9,503,519
Fire	7,517,739	7,900,425	-	-	7,517,739	7,900,425
Public works	6,309,158	5,019,200	-	-	6,309,158	5,019,200
Nondepartmental	4,036,842	6,030,389	-	-	4,036,842	6,030,389
Interest on long-term debt	2,921,793	2,243,794	-	-	2,921,793	2,243,794
Gas	-	-	12,762,981	18,524,066	12,762,981	18,524,066
Sanitation	-	-	5,748,350	4,483,092	5,748,350	4,483,092
Total expenses	39,089,646	44,892,006	18,511,331	23,007,158	57,600,977	67,899,164
<u>Increase/(Decrease) before transfers</u>	<u>10,556,248</u>	<u>5,844,162</u>	<u>2,155,349</u>	<u>6,907,904</u>	<u>12,711,597</u>	<u>12,752,066</u>
Transfers	1,116,818	1,680,643	(1,116,818)	(1,680,643)	-	-
Change in net position	11,673,066	7,524,805	1,038,531	5,227,261	12,711,597	12,752,066
Net position, beginning	(12,731,451)	(20,256,256)	8,373,815	3,146,554	(4,357,636)	(17,109,702)
Net position, ending	\$ (1,058,385)	\$(12,731,451)	\$ 9,412,346	\$ 8,373,815	\$ 8,353,961	\$ (4,357,636)

Expenses and Program Revenues - Governmental Activities (Thousands)



Business-type Activities. For the City of Henderson's business-type activities, the results for the current fiscal year were positive in that overall net position increased to an ending balance of \$9,412,346. The total increase in net position for business-type activities (natural gas and sanitation) was \$1,038,531 from the prior fiscal year. The enterprise funds had income from operations of \$1,464,405. Nonoperating revenues were \$381,577, and a capital grant was received in the amount of \$309,367 for the Gas Fund that was related to the infrastructure for Pratt Paper. After deducting transfers of \$1,116,818 the net change was \$1.0 million. The Gas System's gross margins decreased \$346,776. Due to a decrease global demand, there was a slight decrease in natural gas prices. The decrease in commodity prices was passed to customers. For the Sanitation Fund, the estimated landfill closure costs increased by \$293,330 over the prior year estimate. There was a \$1,387,670 change in net position in the Gas Fund and a \$(349,139) change in net position in the Sanitation Fund.

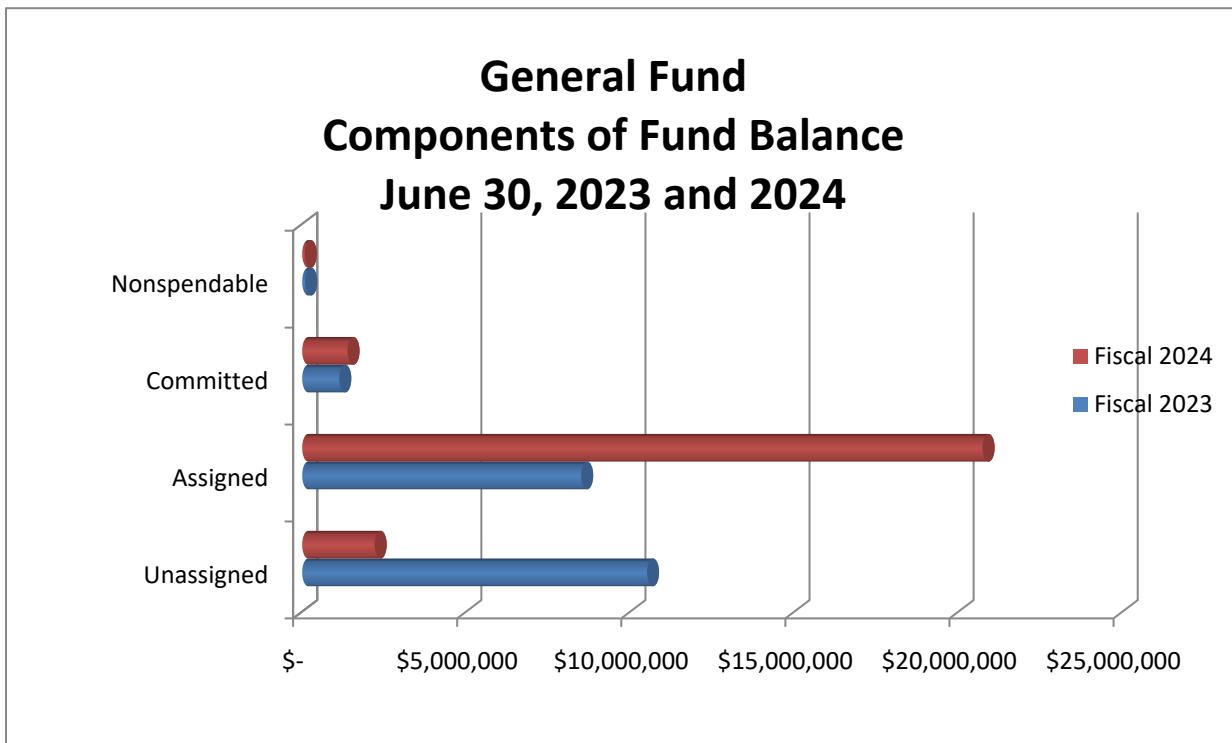
Financial Analysis of Governmental Funds

As noted earlier, the City of Henderson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

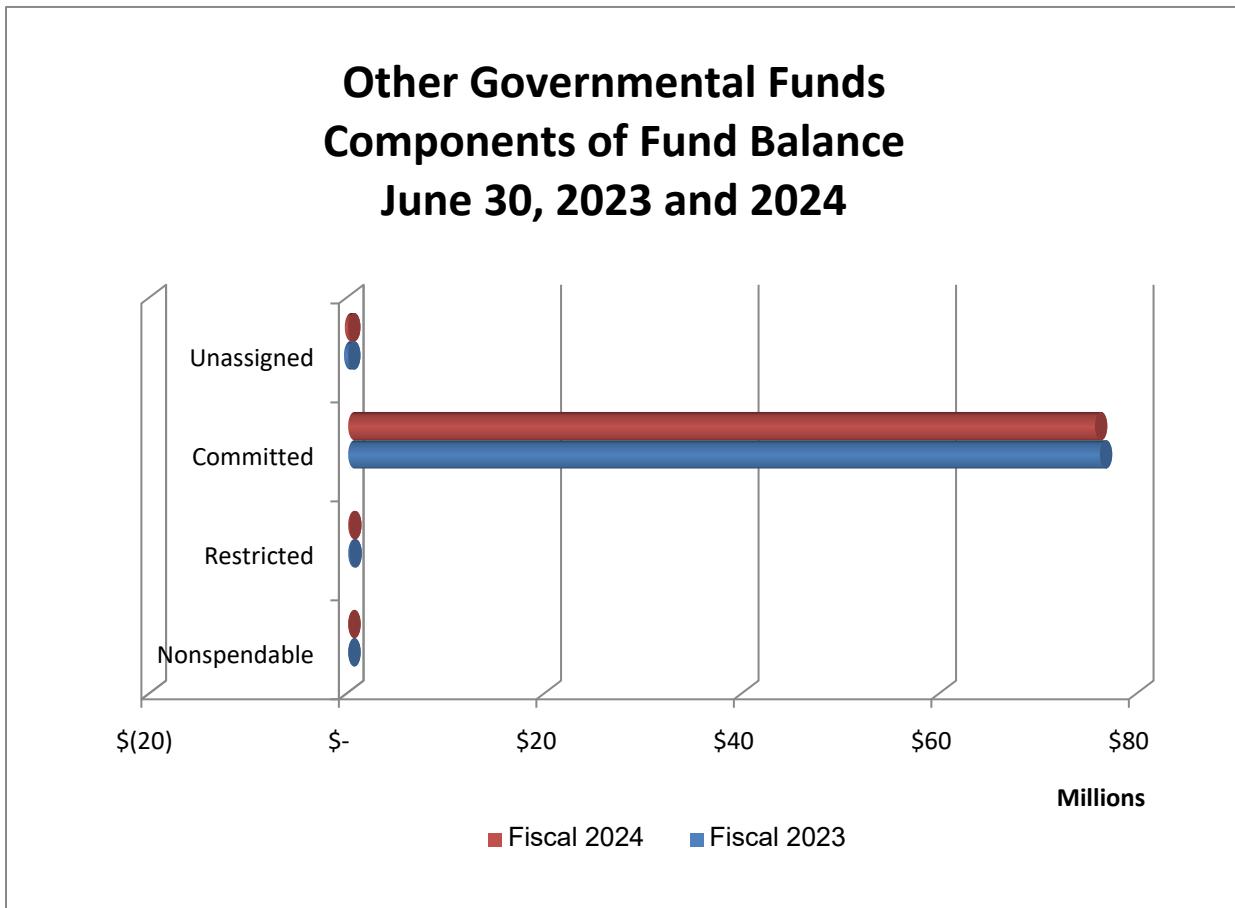
Governmental Funds. The focus of the City of Henderson's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Henderson's financing requirements.

Unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose. The limitation can be set by either an external party, the City of Henderson itself, or a group or individual that has been delegated authority to assign resources for use for purposes by the City of Henderson's Board of Commissioners.

On June 30, 2024, the City of Henderson's governmental funds reported a combined fund balance of \$99,814,352, an increase of \$3,725,448 in comparison with the prior fiscal year. Approximately 1.9% of this amount or \$1,867,202 constitutes unassigned fund balance, which is available for spending at the government's discretion. Over 77% or over \$77.0 million of the fund balance was committed for capital projects and other special purposes. There was also \$97,877 that was classified as "nonspendable" because it is for inventories and prepaid expenditures. A total of \$106,542 was restricted for debt and other purposes. Another \$20.7 million was assigned to fill the fiscal 2025 budget deficit of \$4.3 million, \$12.9 million to cover reserve for operations, economic development projects, and vehicle replacement, \$3.5 million set aside for the future construction of a park shelter, conference center, and loop road project.



The General Fund is the primary operating fund of the City of Henderson. At the end of the current fiscal year, the General Fund unassigned fund balance was \$2,209,182 which is a decrease of \$8,298,099 or 79.0% from the prior year. The unassigned decreased due assigning funds for future operational needs and projects. (The assigned fund balance increased 12,232,372 or 143.9% from prior year). Total fund balance increased to \$24,401,037. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 5.1 percent of the total 2025 fiscal year budgeted general fund expenditures of \$43.5 million while total fund balance represents approximately 56.1 percent of that same budget amount.



During the fiscal year, the fund balance for the City of Henderson's general fund increased by \$4,174,045. The factors contributing to this increase:

- Increase in occupational taxes in the amount of \$1,485,268 or 13.0%. The increase was primarily due to a rate increase from 1.49% to 1.65% effective January 1, 2023. There has also been an increase in contractor activity at the Pratt construction site.
- The insurance premium tax was up \$442,981 or 6.56%. The rate has not changed, and the increase is most likely related to higher insured property/asset values.
- Investment income, that includes market value adjustment, was \$1,397,575. Last fiscal year, this number was \$746,049.
- Even though expenditures increased by \$.7 million over the prior year, revenues increased \$4.6 million.

The Capital Projects Fund ended the fiscal year with a fund balance of \$75,173,990 which is a decrease of \$612,995 from the prior year. During fiscal 2024, the City issued additional general obligation bonds in the amount of \$13,655,000 and the Debt Service Fund paid \$5,640,000 of debt.

The Capital Projects Fund received \$698,218 in federal and state funding on various grants including \$676,953 from the Department of Transportation for the bridge and roadway improvements on Wathen Lane. The Wathen Lane project includes the reimbursement of capital expenditures with a small local match. The Capital Projects Fund transferred \$4,672,500 to the Bond Fund to retire debt.

The Debt Service Fund, the remaining major governmental fund, had a small increase in fund balance during the current year of \$1,461 to bring the year end fund balance to \$1,997. The increase is essentially the difference between bank interest and transfers from the various funds and the payments of bond principal and interest.

The Nonmajor funds had a net change in fund balance of \$162,937 from fiscal 2023 to fiscal 2024 which included an increase in three of the seven funds. The largest net changes were the \$98,458 in the Public Way Improvement (PWI) Fund and the \$93,654 in the HART Fund. Since the General Fund will cover the losses for the nonmajor funds, any changes in fund balance will usually be very minimal. A nonmajor fund with a negative fund balance is the result of the timing difference between the accrual of a liability and the receipt of a General Fund transfer to cover the payment. The PWI Fund and Cemetery Fund were the only nonmajor funds with a negative balance of \$324,560 and \$14,455, respectively. There were no significant or unusual transactions during the fiscal year.

Proprietary Funds. The City of Henderson's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Natural Gas Fund at the end of the year was \$1,535,266 and for the Sanitation Fund it was (\$2,053,316). The change in net position for both funds was \$1,387,670 and (\$349,139), respectively.

The Gas Fund's income from operations decreased \$114,775 or 5.6% from the prior fiscal year. After investment gains, grants, and transfers to the general fund, the change in net position was \$1,387,670. Due to the low unrestricted net position, the Gas Fund does not have the three months' worth of reserves to adequately fund operations. The General Fund provided loans until they are reversed. The Gas fund invested \$573,147 in capital assets for the fiscal year compared to \$3,754,480 in the prior year. Another \$56,736 in labor costs were capitalized during fiscal 2024 compared to \$70,467 in fiscal 2023. The total of \$629,883 spent on capital assets can be traced to the statement of cash flows on page 44.

For the Sanitation Fund, the engineer's estimate related to closing and monitoring the landfill increased by \$293,330. Income (loss) from operations was (\$484,501) while change in net position was (\$349,139).

The Sanitation Fund's statement of net position reflects the landfill closure and post closure costs of \$5.2 million. Of this total, approximately \$3.5 million is for landfill closure costs that will include placing a low-permeability cap on the landfill. The City has investments in the amount of approximately \$3.9 million in a trust account that will be used for the landfill closure.

It is also estimated that approximately \$1.7 million will be needed for post closure costs that will involve monitoring, inspecting, and maintaining the landfill and its protective systems for at least 30 years. This includes extensive groundwater monitoring, inspection, and repair of the cap and other protective systems. The City will be able to fund the required monitoring costs on an annual basis through the normal revenue flow.

General Fund Budgetary Highlights

Original budget compared to final budget. As with most years, there was a need for a budget amendment. The original budget was adopted with expenditures and transfers out set at \$38,800,000. The final budget had expenditures and transfers of \$41,931,000.

The largest amendment included \$831,000 in appropriations for a new fire apparatus. There was also an appropriation of an additional \$1,745,000 in transfers to other funds relating to the following items: \$1,343,000 to the Construction Fund for 2023B bond issuance costs, land acquisition costs, and bond interest payments; \$32,000 to the Cemetery Fund for a new mausoleum lift; \$370,000 to the Bond Fund for Series 2023B bond interest. The remaining \$555,000 in amendments covered several small items related to IT, fire, police, and parks projects.

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

<u>Revenue source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Payroll tax	\$8,787,300	\$10,475,126	\$1,687,826
Net profits tax	\$2,148,000	\$ 2,438,243	\$ 290,243
Insurance Premium Tax	\$6,860,000	\$ 7,197,482	\$ 337,482
In Lieu of Tax – Gas	\$1,400,000	\$ 837,150	\$ (562,850)
Investment income	\$ 156,200	\$ 1,397,575	\$ 709,649

As a general practice, the budgets for tax revenue are conservative. Even though prior year numbers are reviewed, and trends are analyzed, management has adopted this approach to avoid budget shortfalls. In most years, actual revenues would easily exceed estimated revenues. Expenditures are budgeted at the maximum and usually will come in below budget.

Effective January 1, 2023, the Board approved an increase in the payroll and net profit taxes from 1.49% to 1.65%; the City was still seeing increases from the rate change. In addition to the rate increase, the local economy seems to have performed better than expected and management believes some of the increase is contributed to the construction activity at Pratt Paper.

Insurance premium taxes were also a conservative estimate with the actual revenue coming in 4.9% over budget. The shortfall in the In Lieu of Tax – Gas was based on a budget number that anticipated gas prices and rates to remain the same as previous year; however, rates for gas decreased. As for the difference in the investment income, the City has several investments that gained value due to market conditions.

As noted above, actual expenditures and transfers came in \$4,596,013 below estimates. Several of the large expense items were below budget. As in all years, the City of Henderson works diligently to control costs in all departments and across all categories.

Vacant positions allowed health insurance to come in under budget or 84% of estimated expenditures. The benefit allocation is tied to filled positions and is paid through the monthly payroll process. Due to favorable loss history, the City received a reduction in rates and a dividend on the workers compensation policy. The General Fund's total personnel expenditures were \$1,658,731 under budget.

<u>Expenditure</u>	<u>Estimated Exp.</u>	<u>Actual Exp.</u>	<u>Difference</u>
Health Insurance	\$ 4,673,540	\$ 3,556,395	\$ 1,117,145
Pension	\$ 5,007,460	\$ 4,810,408	\$ 197,052
Fuel	\$ 457,700	\$ 256,296	\$ 201,404
Vehicles	\$ 1,328,800	\$ 354,964	\$ 973,836
Transfers	\$ 6,677,000	\$ 4,777,000	\$ 1,900,000

Due to an easing in global energy prices, fuel was \$201,404 under or 56% of budget. The motor vehicles were \$973,836 below the estimated expenditure because an order for a fire truck was delayed until fiscal 2025 or 2026.

Transfers to the Public Way Improvement Fund were \$115,000 under budget. Several of the paving invoices were not processed until fiscal 2025 so the fund did not need the transfers. Due to a delay in purchasing some equipment for the cemetery, the transfer to the Cemetery Fund was \$97,000 under budget. The HART Fund's transfer was \$193,000 under budget estimates due to higher funding from the FTA. Capital Projects Fund transfers were \$1,469,000 under due to delays in some projects like Wathen Lane and Green River Road that required City matching.

Capital Asset and Debt Administration

Capital Assets. The City of Henderson's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$63,008,995 (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 net increase in capital assets for the current fiscal year was approximately 23.4% and was due to several large construction projects.

City of Henderson's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 11,741,253	\$ 10,314,812	\$ 114,815	\$ 114,815	11,856,068	10,429,627
Artwork	196,500	196,500	-	-	196,500	196,500
Buildings	15,411,865	15,563,230	254,682	81,912	15,666,547	15,645,142
Improvements	5,549,473	5,993,142	-	-	5,549,473	5,993,142
Vehicles/Equipment	2,479,266	3,008,684	510,674	153,359	2,989,940	3,162,043
Natural Gas System	-	-	8,974,472	8,753,678	8,974,472	8,753,678
Infrastructure	17,775,995	6,866,776	-	-	17,775,995	6,866,776
Total	\$ 53,154,352	\$ 41,943,144	\$ 9,854,643	\$ 9,103,764	\$ 63,008,995	\$ 51,046,908

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

- \$566,152 for natural gas system improvements with \$372,228 directly related to fire station 1 system improvements.
- \$10,246,604 on sports complex construction.
- \$1,014,541 on Wathen Lane improvements.
- \$414,442 for other vehicles across several divisions.

Additional information on the City of Henderson's capital assets may be found in Note 4 in the notes to the financial statements on pages 57-58 of this report.

Long-Term Debt. At the end of the current fiscal year, the City of Henderson had total bonded debt outstanding of \$95,780,000. All the bonded debt is backed by the full faith and credit of the City.

City of Henderson's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
General Obligation Bonds and contracts	\$ 98,678,318	\$ 90,239,287	\$ -	\$ -	\$ 98,678,318	\$ 90,239,287

Debt Description

Series 2013A: Combined and Consolidated Municipal Water, Sanitary Sewer and Storm Sewer System - During the year ended June 30, 2013, the City issued \$9,730,000 in non-taxable bonds to pay a portion of the costs of the acquisition, construction and installation of additions and improvements to the City's combined and consolidated municipal water, sanitary sewer and storm sewer system (the "System"), including (1) the renovation and upgrading of a new headworks structure, a third final clarifier, waste and return activated sludge pumping, ultraviolet disinfection, and internal plant piping at the City's North Wastewater Treatment Plant, such additions and improvements to increase the capacity of the Plant from 15 million to 25.5 million gallons per day.

Series 2014: Combined and Consolidated Municipal Water, Sanitary Sewer, and Storm Sewer System - During the year ended June 30, 2015, the City issued \$8,000,000 non-taxable bonds to pay a portion of the costs of the acquisition, construction, installation, and equipping of new municipal water, sanitary sewer, and storm sewer improvements and additions to the City's combined and consolidated municipal water, sanitary sewer, and storm sewer system.

Series 2015A: Municipal Service Center and 911 System

During the year ended June 30, 2016, the City issued \$7,790,000 non-taxable bonds to pay costs of issuance, to pay a portion of the costs of the acquisition; construction, renovation, and equipping of new municipal service center and a new 911 computer assisted dispatch (CAD) and radio tower system.

This obligation matures in September 2035. Interest rates range from 2.0% to 3.75%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson.

Series 2015B: Refunding of Prior Debt

During the year ended June 30, 2016, the City issued \$1,870,000 non-taxable bonds to pay costs of issuance and for the purpose of currently refunding an outstanding assistance agreement dated as of May 1, 1996, between the Kentucky Infrastructure Authority and the City, the proceeds of which were used to finance the costs of the acquisition, construction, installation, and equipping of certain improvements to the City's municipal water, sanitary sewer, and storm sewer system.

This obligation matures in November 2026. Interest rates range from 1.0% to 2.5%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson.

Series 2015C: Refunding of Prior Debt

During the year ended June 30, 2016, the City issued \$1,700,000 non-taxable bonds to pay costs of issuance and for the purpose of currently refunding an outstanding Lease Agreement dated as of May 30, 2005, between the Kentucky Area Development District and the City, the proceeds of which were used to finance certain improvements to the City's municipal water, sanitary sewer, and storm sewer system.

This obligation matures in November 2029. Interest rates range from 2.0% to 2.75%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson.

Series 2016A: Municipal Service Center

During the year ended June 30, 2016, the City issued \$1,725,000 non-taxable bonds to pay costs of issuance, to pay a portion of the costs of the acquisition, construction, renovation, and equipping of new municipal service center.

This obligation matures in March 2036. Interest rates range from 1.0% to 3.5%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson.

Series 2016B: Refunding of Prior Debt

During the year ended June 30, 2016, the City issued \$8,015,000 non-taxable bonds to pay costs of issuance and for the purpose of currently refunding the City's outstanding General Obligation Bonds, Taxable Series 2010A (Build America Bonds-Direct Payment to Issuer), the proceeds of which were used to finance the costs of the acquisition, construction and installation of additions and improvements to the City's combined and consolidated municipal water, sanitary sewer and storm sewer system, including the installation of new water and sanitary sewer lines and the conversion of existing sanitary sewer lines to storm sewer lines in the downtown area.

This obligation matures in November 2030. Interest rates range from 2.0% to 2.5%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson.

Series 2017A: Municipal Service Center

During the year ended June 30, 2017, the City issued \$3,155,000 non-taxable bonds to pay costs of issuance, to pay a portion of the costs of the acquisition, construction, renovation, and equipping of new municipal service center.

This obligation matures in March 2037. Interest rates range from 2.0% to 3.5%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson.

Series 2017B: Refunding of Prior Debt

During the year ended June 30, 2017, the City issued \$2,390,000 non-taxable bonds to pay costs of issuance and for the purpose of currently refunding the outstanding Henderson Water Utility revenue bonds, Series 2006, the proceeds of which were used to finance the costs of the acquisition, construction and installation of additions and improvements to the City's combined and consolidated municipal water, sanitary sewer, and storm sewer system.

This obligation matures in November 2026. The interest rate was 3.0%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson.

Series 2017C: Refunding of Prior Debt

During the year ended June 30, 2017, the City issued \$2,250,000 non-taxable bonds to pay costs of issuance and for the purpose of partially refunding the City's General Obligation Bonds, Series 2007, the proceeds of which were used to advance refund the outstanding KADD loan dated March 9, 2000, to pay costs of construction of a new fire station, acquisition, and development of additional riverfront property near downtown, and other allowable expenditures.

This obligation matures in April 2027. The interest rate was 3.0%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson.

Series 2020A Raw Water Intake, New Fire Station, and Sports Complex

During the year ended June 30, 2021, the City issued \$9,625,000 non-taxable bonds to pay costs of issuance and for the purpose of (a) the acquisition, construction, installation, and equipping of new municipal water, sanitary sewer and storm sewer improvements and additions comprising a new raw water intake, (b) the acquisition, construction, installation, and equipping of a new fire station and related facilities and equipment, (c) the acquisition, construction, installation, and equipping of a new 58-acre sports complex.

This obligation matures in December 2040. The interest rate was 2.0%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson.

Series 2021A Refunding of Prior Debt

During the year ended June 30, 2022, the City issued \$5,235,000 non-taxable bonds to pay costs of issuance and currently refunding the City's outstanding General Obligation Bonds, Series 2012A. The proceeds of the Prior Bonds were used for the acquisition, construction and installation of additions and improvements to the City's combined and consolidated municipal water, sanitary sewer, and storm sewer system, including (1) the renovation and upgrading of the City's North Wastewater Treatment Plant and (2) the construction of a new 12 MGD North Fork Pump Station and approximately 2,400 feet of related 42" gravity sewer lines.

This obligation matures in November 2031. Interest rates range from 2.0% to 3.50%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson.

Series 2021B Electric Administration, Transmission, and Distribution Center

During the year ended June 30, 2022, the City issued \$17,265,000 non-taxable bonds to pay costs of issuance and for the purpose of (a) acquisition, construction, equipping, and installation of new administration building and transmission and distribution center to be utilized by the City, acting by and through its electric utility commission doing business as Henderson Municipal Power and Light, to be located on a parcel of approximately eight acres along Barrett Boulevard in Henderson, Kentucky; (b) the acquisition, construction, equipping, and installation of an advanced metering infrastructure system; (c) acquisition, construction, equipping, and installation of the conversion of certain existing above ground electrical facilities to underground electrical facilities; and (d) acquisition, construction, equipping, and installation of the replacement of utility poles.

This obligation matures in September 2046. Interest rates range from 2.0% to 5.0%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson.

Series 2022A Water Operations Center and other Water System Improvements

During the year ended June 30, 2023, the City issued \$9,540,000 non-taxable bonds to pay costs of issuance and for the purposes of financing the costs of the acquisition, construction, installation, and equipping of (a) new municipal water, sanitary sewer, and storm sewer improvements and additions comprising a new Raw Water Intake and Raw Water Pipeline to be constructed on the Green River, at a point near Sebree, Kentucky, with a capacity of at least eight million gallons per day and (b) improvements to the System to provide enhanced water and wastewater service to industrial areas of the City, and (c) renovations to an existing building purchased by the City and planned for use as a new Systems Operation Center (SOC) for the Henderson Water Utility Commission and the System. The improvements to be financed by the Bonds are to be utilized by the City in connection with the System.

This obligation matures in June 2042. Interest rates are 4.0%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson.

Series 2023A Fiber-to-Home and Advanced Metering Infrastructure

During the year ended June 30, 2023, the City issued \$20,565,000 non-taxable bonds to pay costs of issuance and for the purposes of financing the costs of (a) the acquisition, construction, installation, and equipping of (1) a Fiber-to-Home infrastructure system to provide fiber internet and voice services to customers of the System and (2) an Advanced Metering Infrastructure system for the System's electrical generation and distribution

facilities and (b) the conversion of certain existing above ground electrical facilities to underground electrical facilities, all for the well-being and benefit of the System and the citizens of the City. The improvements to be financed by the Bonds are to be utilized by the City in connection with the System.

This obligation matures in December 2047. Interest rates are 4.0%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson.

Series 2023B Sports Complex and New Fire Station

During the year ended June 30, 2024, the City issued \$13,655,000 non-taxable bonds for the purposes of (i) financing all or a portion of (a) the additional costs of construction of the Henderson Sports Complex, and (b) the costs of the acquisition, construction, installation, and equipping of a new fire station for the Henderson Fire Department and a street extension and related improvements to Barret Boulevard (ii) paying capitalized interest on the Bonds, if desirable; (iii) paying the costs of any credit enhancement for the Bonds; and (iv) paying the costs of issuance of the Bonds.

This obligation matures in December 2043. The coupon rate for the bonds is 4.62%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson.

During the fiscal year, the City of Henderson's total debt increased by \$8,468,006 or 9.4%. The reason for the increase was the issuances of the new 2023B debt minus the scheduled principal payments for all outstanding bonds. The last scheduled payment on the City's outstanding debt is December 1, 2047.

The City of Henderson has maintained an Aa3 rating from Moody's Investors Service for general obligation debt. The Aa3 is considered investment grade. For the long-term, Aa3 is rated as high quality and very low credit risk and for the short-term, it is rated as the best ability to repay short-term debt.

Kentucky statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the value of the taxable property therein, to be estimated by the last assessment before the incurring of the indebtedness, unless in case of emergency, the public health or safety should so require. The current debt limit for the City of Henderson is approximately \$141,917,000, which is significantly more than the current outstanding general obligation debt of \$98,678,318.

Additional information on the City of Henderson's long-term debt may be found in Note 5 on pages 59-72 of this report.

Economic Factors and Next Year's Budget and Rates

The City of Henderson was able to fund the fiscal 2025 Budget by using reserves from the General Fund. The Gas and Sanitation Funds are projected to have surpluses in the next budget cycle. 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.

The unemployment rate for the City of Henderson in June 2024 was approximately 4.8% which was slightly higher than the national rate of 4.1% and the Kentucky rate of 4.6%.

On July 29, 2021, Pratt Industries announced a \$700 million corrugated box recycling and manufacturing complex. This complex is to employ approximately 321 people at wages averaging nearly \$30 per hour. The complex covers 1 million square feet and sits on a 200-acre site in Henderson. Pratt has become one of the City's largest water and natural gas customers. The City has another 100 acres that could be developed for other industrial customers that could support Pratt or associatory companies.

Despite the inflation threat and the global supply chain difficulties, fiscal 2024 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, a new fire station #1, a conference center and various road projects. Staff is constantly looking at new ways to finance the projects and while keeping the construction costs under control.

Management would like to thank the Board of Commissioners for providing the needed resources to meet the various challenges that surface each year and for making the difficult decisions as far as staffing, revenue, and operations. Despite these challenges the financial health of the City has been truly impressive. The addition of Pratt Industries and the 320 jobs has been a huge boost to Henderson and the surrounding area. We are excited of what the future will hold and are poised to excel.

Requests for Information

This financial report is designed to provide a general financial overview for citizens, taxpayers, and customers of the City of Henderson. Questions or requests for additional financial information may be sent to Chelsea Mills, CPA, Finance Director, City of Henderson, 222 First Street, P.O. Box 716, Henderson, KY 42419-0716, or visit our website at: www.cityofhendersonky.org.

Basic Financial Statements

City of Henderson, Kentucky
Statement of Net Position
June 30, 2024

	Primary Government			Component Units	
			Henderson Municipal Power & Light		
	Governmental Activities	Business-type Activities	Total	Henderson Water Utility	
ASSETS					
Cash	\$ 10,667,619	\$ 2,949,737	13,617,356	\$ 8,753,913	\$ 5,823,981
Investments	17,487,569	2,505,796	19,993,365	19,054,765	68,251
Accounts receivable	1,745,358	1,580,373	3,325,731	12,080,589	5,322,241
Internal balances	(431,392)	431,392	-	-	-
Inventories	58,055	276,260	334,315	2,623,822	2,056,309
Prepaid expenses	39,822	5,135	44,957	1,517,322	190,864
Land held for resale	1,161,157	-	1,161,157	-	-
Investments-Designated for landfill closure	-	3,905,175	3,905,175	-	-
Restricted assets:					
Cash	732,778	-	732,778	16,323,137	4,376,287
Investments	22,654,877	-	22,654,877	5,000	-
Receivables from HMPL and HWU:					
Due in one year	4,845,000	-	4,845,000	-	-
Due after one year	49,432,670	-	49,432,670	-	-
Land and other nondepreciable capital assets	11,937,753	114,815	12,052,568	-	1,673,935
Capital assets, net of accumulated depreciation	41,216,599	9,739,828	50,956,427	42,007,071	113,901,272
OPEB assets	317,943	75,753	393,696	202,578	201,862
Other assets	-	-	-	1,668,797	1,675,504
Total assets	<u>161,865,808</u>	<u>21,584,264</u>	<u>183,450,072</u>	<u>104,236,994</u>	<u>135,290,506</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources	11,258,841	604,899	11,863,740	5,997,591	2,419,510
Total assets and deferred outflows of resources	<u>\$ 173,124,649</u>	<u>\$ 22,189,163</u>	<u>\$ 195,313,812</u>	<u>\$ 110,234,585</u>	<u>\$ 137,710,016</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 5,521,129	\$ 1,104,255	\$ 6,625,384	\$ 4,346,515	\$ 2,659,405
Deposits payable	-	335,743	335,743	1,054,698	234,047
Due to component units	2,322,303		2,322,303	-	-
Gas storage liability	-	640,384	640,384	-	-
Bonds and leases payable, current portion	6,245,000	-	6,245,000	1,878,106	3,145,736
Compensated absences, current portion	898,000		898,000	309,610	-
Non-current liabilities:					
Bonds and leases payable	92,433,318	-	92,433,318	35,804,621	47,600,234
Compensated absences	816,506	-	816,506	309,610	260,374
Net pension liability	45,612,326	3,924,897	49,537,223	9,415,007	9,381,705
Net other postemployment benefit liability	1,308,896	109,990	1,418,886	-	-
Landfill closure and post closure liability	-	5,168,038	5,168,038	-	-
Other	-	-	-	3,156,035	-
Total liabilities	<u>\$ 155,157,478</u>	<u>\$ 11,283,307</u>	<u>\$ 166,440,785</u>	<u>56,274,202</u>	<u>63,281,501</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources	19,025,556	1,493,510	20,519,066	4,530,429	4,732,181
NET POSITION					
Net investment in capital assets	29,746,877	9,854,643	39,601,520	21,010,771	70,388,436
Restricted for:					
Other post employments benefits	317,943	75,753	393,696	202,578	201,862
Debt service	1,997	-	1,997	5,000	-
Tourism	30,994	-	30,994	-	-
Law enforcement	73,551	-	73,551	-	-
Unrestricted	<u>(31,229,747)</u>	<u>(518,050)</u>	<u>(31,747,797)</u>	<u>28,211,605</u>	<u>(893,964)</u>
Total net position	<u>(1,058,385)</u>	<u>9,412,346</u>	<u>8,353,961</u>	<u>49,429,954</u>	<u>69,696,334</u>
Total liabilities, deferred inflows, and net position	<u>\$ 173,124,649</u>	<u>\$ 22,189,163</u>	<u>\$ 195,313,812</u>	<u>\$ 110,234,585</u>	<u>\$ 137,710,016</u>

The accompanying notes are an integral part of these financial statements.

City of Henderson, Kentucky
Statement of Activities
For the Fiscal Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Henderson Municipal Power & Light	Henderson Water Utility
					Governmental Activities	Business-type Activities			
Primary government									
Governmental activities:									
Administration	\$ 2,458,165	\$ 144,569	\$ 1,721,871	\$ -	\$ (591,725)	\$ -	\$ (591,725)		
Finance	2,679,388	5,641,322	3,000	-	2,964,934	-	2,964,934		
Information technology	936,195	-	-	-	(936,195)	-	(936,195)		
Parks and recreation	2,953,528	371,025	1,650	-	(2,580,853)	-	(2,580,853)		
Police	9,276,838	1,039,604	562,422	-	(7,674,812)	-	(7,674,812)		
Fire	7,517,739	6,000	421,042	-	(7,090,697)	-	(7,090,697)		
Public Works	6,309,158	178,981	3,244,374	-	(2,885,803)	-	(2,885,803)		
Nondepartmental	4,036,842	-	-	-	(4,036,842)	-	(4,036,842)		
Interest on long-term debt	2,921,793	-	2,314,638	-	(607,155)	-	(607,155)		
Total governmental activities	39,089,646	7,381,501	8,268,997	-	(23,439,148)	-	(23,439,148)		
Business-Type Activities									
Gas	12,762,981	14,711,887	-	309,367	-	2,258,273	2,258,273		
Sanitation	5,748,350	5,263,849	-	-	-	(484,501)	(484,501)		
Total business-type activities	18,511,331	19,975,736	-	309,367	-	1,773,772	1,773,772		
Total Primary Government	57,600,977	27,357,237	8,268,997	309,367	(23,439,148)				
Component Units									
Henderson Municipal Power & Light	40,344,485	49,532,925	-	-			9,188,440	-	
Henderson Water Utility	22,295,829	27,322,178	1,336,859	777,826			-	7,141,034	
Total component units	\$ 62,640,314	\$ 76,855,103	\$ 1,336,859	\$ 777,826			9,188,440	7,141,034	
General Revenues:									
Taxes:									
Property				8,693,159		8,693,159	-	-	
Payroll and net profits				12,913,369	-	12,913,369	-	-	
Insurance				7,197,482	-	7,197,482	-	-	
Franchise				618,825	-	618,825	-	-	
Bank deposits				225,116	-	225,116	-	-	
Transient				239,844	-	239,844	-	-	
Distributions from component units				2,237,401	-	2,237,401	-	-	
Other revenue				55,814	-	55,814	-	-	
Gain (loss) on sale of asset				(922,634)	52	(922,582)	1,172,091	108,970	
Investment income				2,737,020	381,525	3,118,545	1,224,584	80,857	
Transfers				1,116,818	(1,116,818)	-	(2,381,711)	(1,532,555)	
Total general revenues and transfers				35,112,214	(735,241)	34,376,973	14,964	(1,342,728)	
Change in net position				11,673,066	1,038,531	12,711,597	9,203,404	5,798,306	
Net position, beginning of year				(12,731,451)	8,373,815	(4,357,636)	40,226,550	63,898,028	
Net position, end of year				\$ (1,058,385)	\$ 9,412,346	\$ 8,353,961	\$ 49,429,954	\$ 69,696,334	

The accompanying notes are an integral part of these financial statements.

City of Henderson, Kentucky
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 9,101,958	\$ -	\$ -	\$ 176,541	\$ 9,278,499
Investments	17,487,569	-	-	-	17,487,569
Receivables	664,028	-	544,297	537,033	1,745,358
Prepaid expenditures	34,708	-	-	5,114	39,822
Due from other funds	669,015	-	-	6,767	675,782
Inventories	43,236	-	-	14,819	58,055
Land held for resale	1,161,157	-	-	-	1,161,157
Restricted assets:					-
Cash	-	1,997	529,096	201,685	732,778
Investments	-	-	22,654,877	-	22,654,877
Receivable from HMPL and HWU:					-
Due in one year	-	-	4,845,000	-	4,845,000
Due after one year	-	-	49,432,670	-	49,432,670
Total Assets	\$ 29,161,671	\$ 1,997	\$ 78,005,940	\$ 941,959	\$ 108,111,567
LIABILITIES					
Accounts payable	\$ 1,586,832	\$ -	\$ 2,190,801	\$ 636,994	\$ 4,414,627
Deposits payable	9,080	-	-	257	9,337
Accrued wages	388,530	-	-	55,243	443,773
Due to other funds	453,889	-	641,149	12,137	1,107,175
Due to component units	2,322,303	-	-	-	2,322,303
Total Liabilities	4,760,634	-	2,831,950	704,631	8,297,215
FUND BALANCES					
Nonspendable	77,944	-	-	19,933	97,877
Restricted	-	1,997	-	104,545	106,542
Committed	1,381,539	-	75,173,990	454,830	77,010,359
Assigned	20,732,372	-	-	-	20,732,372
Unassigned	2,209,182	-	-	(341,980)	1,867,202
Total fund balances	24,401,037	1,997	75,173,990	237,328	99,814,352
Total Liabilities and Fund Balance	\$ 29,161,671	\$ 1,997	\$ 78,005,940	\$ 941,959	\$ 108,111,567

The accompanying notes are an integral part of these financial statements.

City of Henderson, Kentucky
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2024

Total fund balances of governmental funds per balance sheet	\$ 99,814,352
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	53,154,352
Deferred outflows and inflows of resources shown in governmental activities apply to future periods and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources	11,258,841
Deferred inflows of resources	(19,025,556)
The Health Insurance Fund, an internal service fund, is used to charge health insurance costs to individual funds and other entities. The assets and liabilities of this internal service fund are included in governmental activities in the statement of net position.	1,000,841
Long-term debt and other liabilities were not currently due and payable in the fiscal year ended June 30, 2024, and, therefore, were not reported in the governmental funds.	
Long-term debt payable	\$ (95,780,000)
Unamortized premium on bonds	(2,898,318)
Net pension liability	(45,612,326)
Net OPEB liability	(1,308,896)
Net OPEB Asset	317,943
Accrued compensated absences	(1,714,506)
HRA Fund unfunded obligation	<u>(265,112)</u>
	<u>(147,261,215)</u>
Total net position of governmental activities per statement of net position	<u>\$ (1,058,385)</u>

The accompanying notes are an integral part of these financial statements.

City of Henderson, Kentucky
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 8,693,159	\$ -	\$ -	\$ -	\$ 8,693,159
Payroll and net profits	12,913,369	-	-	-	12,913,369
Insurance	7,197,482	-	-	-	7,197,482
Franchise	618,825	-	-	-	618,825
Bank deposits	225,116	-	-	-	225,116
Transient	-	-	-	239,844	239,844
Intergovernmental	4,421,728	2,314,638	2,465,697	2,135,244	11,337,307
Distributions from component units	2,237,401	-	-	-	2,237,401
Service charges and fees	2,361,001	-	-	1,375,466	3,736,467
Rents, concessions, and other	133,719	-	-	-	133,719
License and permits	143,265	-	-	-	143,265
Investment income	1,397,575	2,110	1,329,706	7,629	2,737,020
Miscellaneous	313,406	-	-	42,123	355,529
Total revenues	40,656,046	2,316,748	3,795,403	3,800,306	50,568,503
EXPENDITURES					
Current:					
Administration	3,101,581	-	-	1,693,483	4,795,064
Finance	3,095,606	-	-	-	3,095,606
Information technology	1,078,157	-	-	-	1,078,157
Parks and recreation	2,005,824	-	-	543,350	2,549,174
Police	8,489,461	-	-	1,817,800	10,307,261
Fire	8,262,602	-	-	-	8,262,602
Public works	2,817,378	-	-	2,054,258	4,871,636
Nondepartmental	2,195,144	-	744,518	-	2,939,662
Debt service:					
Principal	-	5,640,000	-	-	5,640,000
Interest	-	3,058,455	-	-	3,058,455
Capital outlay	589,590	-	14,006,247	59,478	14,655,315
Total expenditures	31,635,343	8,698,455	14,750,765	6,168,369	61,252,932
Excess (deficiency) of revenues over expenditures	\$ 9,020,703	\$ (6,381,707)	\$ (10,955,362)	\$ (2,368,063)	\$ (10,684,429)
OTHER FINANCING SOURCES (USES)					
Loss on sale of land held for resale	(922,634)	-	-	-	(922,634)
Transfers in	852,976	6,383,168	815,000	2,531,000	10,582,144
Transfers out	(4,777,000)	-	(4,688,326)	-	(9,465,326)
Bond Premium	-	-	560,693	-	560,693
Bond issuance	-	-	13,655,000	-	13,655,000
Total other financing sources (uses)	(4,846,658)	6,383,168	10,342,367	2,531,000	14,409,877
Change in fund balances	4,174,045	1,461	(612,995)	162,937	3,725,448
Fund balances, beginning of year	20,226,992	536	75,786,985	74,391	96,088,904
Fund balances, end of year	\$ 24,401,037	\$ 1,997	\$ 75,173,990	\$ 237,328	\$ 99,814,352

The accompanying notes are an integral part of these financial statements.

City of Henderson, Kentucky
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended June 30, 2024

Net change in fund balances of governmental funds	\$ 3,725,448
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlays	13,820,911
Depreciation expense	(2,609,703)
Governmental funds report the repayment of the principal on long-term debt as an expenditure, while the statement of activities does not report such repayment as an expense:	
Principal paid on long-term debt	5,640,000
Governmental funds report the issuance of long-term debt as other financing sources, while the statement of activities does not report such issuance as revenues:	
Bond issuance	(13,655,000)
Premium on bonds	(560,693)
Expenses or revenues in the statement of activities that do not affect current financial resources are not reported as expenditures or revenues in the governmental funds:	
CERS Pension expense adjustment	2,389,046
CERS OPEB expense adjustment	1,486,135
Decrease in CSPP and PFPP pension expense adjustment	699,706
Increase in accrued compensated absences	(32,566)
Decrease in HRA Fund unfunded obligation	111,274
Amortization of bond premium	(136,662)
The Health Insurance Fund, an internal service fund, is used to charge health insurance costs to individual funds and other entities. The statement of activities includes the net income of this fund.	
Net income of Health Insurance Fund	795,170
Change in net position of governmental activities	\$ 11,673,066

The accompanying notes are an integral part of these financial statements.

City of Henderson, Kentucky
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2024

	Budget			Variance with Final Budget	
	Original	Final	Actual		
<u>REVENUES</u>					
Taxes:					
Property	\$ 8,673,000	\$ 8,673,000	\$ 8,693,159	\$ 20,159	
Payroll and net profits	10,935,300	10,935,300	12,913,369	1,978,069	
Insurance	6,860,000	6,860,000	7,197,482	337,482	
Franchise	658,000	658,000	618,825	(39,175)	
Bank deposits	214,000	214,000	225,116	11,116	
Intergovernmental	4,154,600	4,189,900	4,421,728	231,828	
Distributions from component units	1,794,700	1,794,700	2,237,401	442,701	
Service charges and fees	653,800	653,800	2,361,001	1,707,201	
Rents, concessions, and other services	132,400	132,400	133,719	1,319	
Licenses and permits	114,000	114,000	143,265	29,265	
Investment income	156,200	156,200	1,397,575	1,241,375	
Miscellaneous	485,000	485,000	313,406	(171,594)	
Total revenues	<u>34,831,000</u>	<u>34,866,300</u>	<u>40,656,046</u>	<u>5,789,746</u>	
<u>EXPENDITURES</u>					
Current:					
Administration	3,901,520	4,016,520	3,101,581	914,939	
Finance	3,157,070	3,157,070	3,095,606	61,464	
Information Technology	969,750	1,069,750	1,078,157	(8,407)	
Parks and recreation	1,834,680	1,875,480	2,005,824	(130,344)	
Police	9,725,910	9,725,910	8,489,461	1,236,449	
Fire	8,110,670	8,190,670	8,262,602	(71,932)	
Public works	3,086,810	3,098,810	2,817,378	281,432	
Nondepartmental	2,357,590	2,377,590	2,195,144	182,446	
Capital outlays	<u>724,000</u>	<u>1,742,200</u>	<u>589,590</u>	<u>1,152,610</u>	
Total expenditures	<u>33,868,000</u>	<u>35,254,000</u>	<u>31,635,343</u>	<u>3,618,657</u>	
Excess (deficiency) of revenues over expenditures	<u>963,000</u>	<u>(387,700)</u>	<u>9,020,703</u>	<u>9,408,403</u>	
OTHER FINANCING SOURCES (USES)					
Transfers in	1,500,000	1,500,000	852,976	(647,024)	
Transfers out	(4,932,000)	(6,677,000)	(4,777,000)	1,900,000	
Sale of land	-	-	(922,634)	(922,634)	
Total other financing sources (uses)	<u>(3,432,000)</u>	<u>(5,177,000)</u>	<u>(4,846,658)</u>	<u>330,342</u>	
Net change in fund balance	(2,469,000)	(5,564,700)	4,174,045	9,738,745	
Fund balance, beginning of year	20,226,992	20,226,992	20,226,992	-	
Fund balance, end of year	<u>\$ 17,757,992</u>	<u>\$ 14,662,292</u>	<u>\$ 24,401,037</u>	<u>\$ 9,738,745</u>	

The accompanying notes are an integral part of these financial statements.

City of Henderson, Kentucky
Statement of Net Position
Proprietary Funds
June 30, 2024

	Business-type Activities Enterprise Funds			Internal Service Fund
	Gas Fund	Sanitation Fund	Total Enterprise Funds	Health Insurance Fund
ASSETS				
Current assets:				
Cash	\$ 2,374,810	\$ 574,927	\$ 2,949,737	\$ 1,388,936
Investments	2,505,796	-	2,505,796	-
Receivables	1,142,439	437,934	1,580,373	185
Due from other funds	207,055	237,699	444,754	-
Prepaid expenses	1,636	3,499	5,135	-
Inventories	276,260	-	276,260	-
Total current assets	<u>6,507,996</u>	<u>1,254,059</u>	<u>7,762,055</u>	<u>1,389,121</u>
Noncurrent assets:				
Investments, designated for landfill closure costs	-	3,905,175	3,905,175	-
Land	-	114,815	114,815	-
Capital assets, net of accumulated depreciation	8,974,472	765,356	9,739,828	-
Net OPEB asset	52,327	23,426	75,753	-
Total noncurrent assets	<u>9,026,799</u>	<u>4,808,772</u>	<u>13,835,571</u>	<u>-</u>
Total assets	<u>15,534,795</u>	<u>6,062,831</u>	<u>21,597,626</u>	<u>1,389,121</u>
Deferred outflows of resources:				
Deferred outflows of resources- pension obligation	328,096	276,803	604,899	-
Total Deferred outflows of resources	<u>328,096</u>	<u>276,803</u>	<u>604,899</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 15,862,891</u>	<u>\$ 6,339,634</u>	<u>\$ 22,202,525</u>	<u>\$ 1,389,121</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 751,660	\$ 303,258	\$ 1,054,918	\$ 388,310
Deposits payable	301,669	34,074	335,743	-
Accrued wages	33,693	15,644	49,337	-
Due to general fund	7,981	5,381	13,362	-
Gas storage liability	640,384	-	640,384	-
Total current liabilities	<u>1,735,387</u>	<u>358,357</u>	<u>2,093,744</u>	<u>388,310</u>
Noncurrent liabilities:				
Net pension liability	2,539,689	1,385,208	3,924,897	-
Accrued OPEB liability	30,878	79,112	109,990	-
Estimated landfill closure costs	-	5,168,038	5,168,038	-
Total noncurrent liabilities	<u>2,570,567</u>	<u>6,632,358</u>	<u>9,202,925</u>	<u>-</u>
Total liabilities	<u>4,305,954</u>	<u>6,990,715</u>	<u>11,296,669</u>	<u>388,310</u>
Deferred inflows of resources:				
Deferred inflows of resources- Pension obligation	994,872	498,638	1,493,510	-
NET POSITION				
Net investment in capital assets	8,974,472	880,171	9,854,643	-
Restricted	52,327	23,426	75,753	-
Unrestricted	<u>1,535,266</u>	<u>(2,053,316)</u>	<u>(518,050)</u>	<u>1,000,811</u>
Total net position	<u>10,562,065</u>	<u>(1,149,719)</u>	<u>9,412,346</u>	<u>1,000,811</u>
Total liabilities, deferred inflows of resources, and net position-	<u>\$ 15,862,891</u>	<u>\$ 6,339,634</u>	<u>\$ 22,202,525</u>	<u>\$ 1,389,121</u>

The accompanying notes are an integral part of these financial statements.

City of Henderson, Kentucky
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2024

	Business-type Activities			Governmental Activities-Internal Service Fund	
	Enterprise Funds				
	Gas Fund	Sanitation Fund	Total Enterprise Funds		
OPERATING REVENUES					
Gas sales	\$ 14,228,682	\$ -	\$ 14,228,682	\$ -	
Sanitation fees	-	5,249,157	5,249,157	-	
Other income	483,205	14,692	497,897	-	
Health insurance premiums:					
City of Henderson	-	-	-	4,806,307	
Henderson Municipal Power & Light	-	-	-	910,397	
Henderson Water Utility	-	-	-	1,296,783	
Other	-	-	-	448,392	
Total operating revenues	<u>14,711,887</u>	<u>5,263,849</u>	<u>19,975,736</u>	<u>7,461,879</u>	
OPERATING EXPENSES					
Gas administration	1,852,014	-	1,852,014	-	
Gas distribution	10,501,878	-	10,501,878	-	
Sanitation expenses	-	5,340,803	5,340,803	-	
Landfill closure cost	-	293,330	293,330	-	
Depreciation	409,089	114,217	523,306	-	
HRA Fund contributions	-	-	-	120,000	
Health insurance administration	-	-	-	929,526	
Health insurance claims	-	-	-	5,645,972	
Total operating expenses	<u>12,762,981</u>	<u>5,748,350</u>	<u>18,511,331</u>	<u>6,695,498</u>	
Income (loss) from operations	1,948,906	(484,501)	1,464,405	766,381	
NONOPERATING REVENUES					
Gain on sale of capital assets	52	-	52	-	
Investment income	147,633	233,892	381,525	28,789	
Total nonoperating revenues	<u>147,685</u>	<u>233,892</u>	<u>381,577</u>	<u>28,789</u>	
Income before capital contributions and transfers	2,096,591	(250,609)	1,845,982	795,170	
Capital contributions-grant	309,367	-	309,367	-	
Transfers out	(1,018,288)	(98,530)	(1,116,818)	-	
Change in net position	1,387,670	(349,139)	1,038,531	795,170	
Net position, beginning of year	9,174,395	(800,580)	8,373,815	205,641	
Net position, end of year	<u>\$ 10,562,065</u>	<u>\$ (1,149,719)</u>	<u>\$ 9,412,346</u>	<u>\$ 1,000,811</u>	

The accompanying notes are an integral part of these financial statements.

City of Henderson, Kentucky
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2024

	Business-type Activities			Governmental Activities-Internal Service Fund	
	Enterprise Funds				
	Gas Fund	Sanitation Fund	Total Enterprise Funds	Health Insurance Fund	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Receipts from customers and users	\$ 17,067,615	\$ 4,958,536	\$ 22,026,151	\$ -	-
Payments for goods and services	(11,496,722)	(4,357,466)	(15,854,188)	-	-
Payments for employees	(1,910,933)	(1,036,260)	(2,947,193)	8,259,324	
Payments for HRA Fund contributions	-	-	-	(120,000)	
Payments for health insurance claims	-	-	-	(7,331,797)	
Net cash provided (used) by operating activities	<u>3,659,960</u>	<u>(435,190)</u>	<u>3,224,770</u>	<u>807,527</u>	
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>					
Transfers out	(1,018,288)	(98,530)	(1,116,818)	-	-
Net cash provided (used) by noncapital financing activities	<u>(1,018,288)</u>	<u>(98,530)</u>	<u>(1,116,818)</u>	<u>-</u>	
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Purchases of capital assets	(629,883)	(644,302)	(1,274,185)	-	-
Proceeds from sale of asset	52	-	52	-	-
Proceeds from capital grants	309,367	-	309,367	-	-
Net cash provided (used) by capital and related financing activities	<u>(320,464)</u>	<u>(644,302)</u>	<u>(964,766)</u>	<u>-</u>	
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Sales/Maturities of investments	25,662	412,689	438,351	-	-
Purchases of investments	(85,663)	(222,829)	(308,492)	-	-
Interest received	91,471	222,829	314,300	28,789	
Net cash provided (used) by investing activities	<u>31,470</u>	<u>412,689</u>	<u>444,159</u>	<u>28,789</u>	
Net increase (decrease) in cash	<u>2,352,678</u>	<u>(765,333)</u>	<u>1,587,345</u>	<u>836,316</u>	
Cash, beginning of year	<u>22,132</u>	<u>1,340,260</u>	<u>1,362,392</u>	<u>552,620</u>	
Cash, end of year	<u><u>\$ 2,374,810</u></u>	<u><u>\$ 574,927</u></u>	<u><u>\$ 2,949,737</u></u>	<u><u>\$ 1,388,936</u></u>	
<u>Reconciliation of income from operations to net cash provided (used) by operating activities</u>					
Income (loss) from operations	\$ 1,948,906	\$ (484,501)	\$ 1,464,405	\$ 766,381	
Reconciling items:					
Depreciation expense	409,089	114,217	523,306	-	-
Gain on disposal of asset	(52)	-	(52)	-	-
Landfill closure cost	-	293,330	293,330	-	-
Receivables (increase) decrease	2,111,324	(239,530)	1,871,794	797,445	
Due from other funds (increase) decrease	244,404	(65,783)	178,621	-	-
Prepaid Expenditures (increase) decrease	(100)	(734)	(834)	-	-
Inventories (increase) decrease	14,554	-	14,554	-	-
Accounts and deposits payable increase (decrease)	(295,842)	62,880	(232,962)	(756,299)	
Accrued wages increase (decrease)	3,705	2,391	6,096	-	-
Deferred outflows (increase) decrease	(19,377)	(8,675)	(28,052)	-	-
Deferred inflows increase (decrease)	739,400	331,024	1,070,424	-	-
Accrued pension liability increase (decrease)	(199,542)	(89,334)	(288,876)	-	-
Accrued OPEB liability increase (decrease)	(770,718)	(345,845)	(1,116,563)	-	-
Due to other funds increase (decrease)	(507,575)	(4,630)	(512,205)	-	-
Gas storage liability increase (decrease)	(18,216)	-	(18,216)	-	-
Net cash provided (used) by operating activities	<u><u>\$ 3,659,960</u></u>	<u><u>\$ (435,190)</u></u>	<u><u>\$ 3,224,770</u></u>	<u><u>\$ 807,527</u></u>	
Noncash investing activities:					
(Increase) decrease in fair value of investments	\$ (56,162)	\$ (11,063)	\$ (67,225)	\$ -	-

The accompanying notes are an integral part of these financial statements.

City of Henderson, Kentucky
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	Pension Trust Funds
<u>ASSETS</u>	
Cash	\$ 24,924
Total assets	<u>24,924</u>
<u>LIABILITIES</u>	
Accounts payable	5,281
Total liabilities	<u>5,281</u>
NET POSITION	
Net position restricted for pensions	\$ 19,643

The accompanying notes are an integral part of these financial statements.

City of Henderson, Kentucky
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2024

	Pension Trust Funds
<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 499,885
Employee	<u>2,886</u>
Total contributions	<u>502,771</u>
Interest income	<u>639</u>
Miscellaneous	<u>-</u>
Total additions	<u>503,410</u>
<u>DEDUCTIONS</u>	
Benefits paid	<u>506,874</u>
Total deductions	<u>506,874</u>
Net decrease in net position	(3,464)
Net position, beginning of year	<u>23,107</u>
Net position, end of year	<u>\$ 19,643</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Henderson, Kentucky (City) is a municipal corporation governed by a five-member board of commissioners and operates under a city manager form of government. The accompanying financial statements represent the City and its component units, entities for which the City is financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The discretely presented component units consist of Henderson Municipal Power & Light (HMPL) that provides electric utility services and Henderson Water Utility (HWU) that provides water and sewer services. Both HMPL and HWU have separate governing commissions the members of which are appointed by the Mayor and approved by the Board of Commissioners of the City. The Board of Commissioners must approve all rates and bond issues of HMPL and HWU. The City is contingently liable for the debt of the component units. HMPL has a fiscal year end of May 31st, and HWU has a fiscal year end of June 30th. The City's financial statements include certain financial information obtained from the audited financial statements of the component units. Complete audited financial statements may be obtained from HMPL and HWU.

Henderson Municipal Power & Light
1213 Barret Blvd
Henderson, Kentucky 42420

Henderson Water Utility
111 Fifth Street
Henderson, Kentucky 42420

B. Government Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued,

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Certain receipts from government agencies, utility service charges, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

D. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: 1) Governmental, 2) Proprietary, and 3) Fiduciary.

1) Governmental Funds

Governmental funds are those through which most governmental functions are typically financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds.

a) General Fund

The General Fund is the general operating fund of the City. It is used to account for all general tax revenues and other revenues not allocated by law, ordinance, or other agreement to another fund. From this fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs, not paid by other funds.

b) Debt Service Fund

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued,

c) Capital Projects Funds

The Capital Projects Fund accounts for the acquisition and construction of major capital facilities and other capital projects of the City.

2) Proprietary Funds

a) Enterprise Funds

- Gas Fund

Gas Fund is used to account for gas department utility operations

- Sanitation Fund

This fund is used to account for the City's sanitation collection and disposal operations, and for the operation of the City's commercial demolition and debris landfill.

b) Internal Service Fund

- The Health Insurance fund accounts for the financing of services of the self-insured accident and health care plan maintained for the benefit of City of Henderson employees and others, on a cost reimbursement basis.

3) Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The City's fiduciary funds consist of two pension trust funds and one health care benefits trust fund. These funds are as follows:

a) Civil Service Pension Fund

- The City of Henderson Civil Service Pension Fund (a contributory defined benefit plan) was created by ordinance. It covers City employees, other than those in the police and fire departments, who elected not to transfer into the County Employees Retirement System (CERS) plan.

b) Police and Fire Pension Fund

- The City of Henderson Police and Fire Pension Fund (a contributory defined benefit plan) was created by state statute. It covers all of the employees of the police and fire departments who elected not to transfer to the CERS plan.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued,

c) Health Reimbursement Arrangement (HRA) Plan Fund

- The City of Henderson HRA Plan Fund was created by ordinance. It covers all employees enrolled in the City's health insurance plan. The plan covers employees that were hired prior to December 31, 2021. The HRA Fund reimburses participants for health insurance plan deductible and co-insurance expenses up to the amount in an individual participant's account balance.

E. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, department, and division. Transfers of appropriations between departments require the approval of the Board of Commissioners. The legal level of budgetary control is the department level. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are allowed to lapse and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

F. Deposits and Investments

Cash consists of demand deposit accounts with commercial banks. Cash and cash equivalents are considered by the City to be all highly liquid accounts with a maturity of less than 90 days.

City ordinance requires that all City bank deposit accounts be secured by bonds or other securities of the United States Government or its agencies, or by other certificates of indebtedness of cities or corporations, which shall have a fair value equal to or greater than the amount on deposit.

Investments are reflected at fair value based on quoted market prices in all funds. The market quotations are obtained from national security exchanges or other published sources.

Kentucky Revised Statutes Chapter 66.480 permits the City to invest in U.S. Treasury obligations, U. S. Agency obligations, certain federal instruments, repurchase agreements, commercial banks' certificates of deposit, and savings and loan deposits, shares of mutual funds, individual equity securities, individual high-quality corporate bonds, among other investments.

G. Restricted Assets

Restricted assets consist of cash of the Debt Service and Capital Projects funds, which is restricted to the uses mandated by bond indentures; a receivable of the Capital Projects Fund, which funds came from the issuance of general obligation bonds of the City, which were loaned to Henderson Water Utility and Henderson Municipal Power & Light for capital projects; cash held in the General Fund for Utility overpayments, and cash of a nonmajor governmental fund subject to legal restrictions.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued,

H. Short-term Interfund Balances

On the fund financial statements, short-term interfund advances are classified as “due to/from other funds” on the balance sheet. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position. The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

I. Interfund Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller's funds and as expenditures/expenses in the purchaser funds and are not eliminated in the process of consolidation. Flows of goods from one fund to the other without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the proprietary funds. Activity between like funds is eliminated for the governmental-wide statements but are not eliminated in the process of consolidation.

J. Inventories

Inventories in the Gas Fund are valued at cost, using the average cost method. Inventories in the Governmental Funds are valued at cost, using the first-in/first-out (FIFO) method. Inventories of Governmental Funds are recorded as expenditures when consumed rather than when purchased.

K. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both Government-wide and fund financial statements.

L. Adoption of New Accounting Policy GASB 100

The City of Henderson has adopted the provisions of GASB No. 100. Accounting changes and error corrections. GASB 100 clarifies financial reporting requirements for changes in accounting principle, changes in accounting estimates, error corrections, and changes within the reporting entity.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued,

M. Capital Assets

All capital assets are capitalized at cost, or estimated historical cost, and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of bridges, roads, culverts, curbs, sidewalks, and streets. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the asset, or materially extend the useful life of the asset, are not. Interest costs incurred during the construction of capital assets of business-type activities are also capitalized.

All reported capital assets are depreciated, with the exception of land and artwork. Depreciation is computed using the straight-line method over the following useful lives:

Item	Governmental Activities	Business-type Activities
Improvements	20 years	20 years
Machinery and equipment	5-10 years	5-10 years
Buildings	25-50 years	25-50 years
Gas system	N/A	33 years
Vehicles	5 years	5 years
Infrastructure	40 years	N/A

N. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are recorded as long-term debt and an expense in the government-wide financial statements.

O. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities, once incurred, are paid in a timely manner and in full from current financial obligations of the funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Leases and long-term debt are recognized as a liability in the fund financial statements when due.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued,

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Q. Net Position

Net position represents the difference between assets, deferred outflows, deferred inflows, and liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the balance of any borrowings related to the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When both restricted and unrestricted funds are available for expenditure, restricted funds are spent first unless legal requirements disallow it.

R. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF HENDERSON, KENTUCKY NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued,

S. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purpose determined by a formal action of the City's highest level of decision-making authority. The City Commission is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance.

Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Commission has authorized the City Manager or his designate to assign fund balance. The City Commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The General Fund is the only fund that reports a positive unassigned fund balance amount. In governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

T. Property Taxes

Property taxes are levied as of the beginning of the fiscal year on property values assessed as of the preceding January 1st. Property tax bills are mailed in the Fall of the year. The property tax bills are considered past due at the end of the second business day following the New Year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

U. Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The governmental and proprietary funds do not offer discounts and do not utilize accounts receivable allowances.

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued,

V. Pensions and Post-employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about fiduciary net position, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the various pension plans of the City. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value.

W. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. INVESTMENTS

As of June 30, 2024, the city had the following investments:

Investments by Funds	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	6-10
General Fund Total	\$ 17,487,569	\$ 16,995,691	\$ 491,878	\$ -
Capital Fund Total	22,654,877	22,654,877	-	-
Gas Fund Total	2,505,796	1,373,903	1,131,893	-
Sanitation Fund Total	3,905,175	3,431,773	473,402	-
Total	\$ 46,553,417	\$ 44,456,244	\$ 2,097,173	\$ -

Investment Type

U.S. Government Agencies	\$ 38,674,745
U.S. Government Money Market	6,414
Corporate Equity Funds	4,444,911
Corporate Bond Funds	1,409,210
Bank Certificates of Deposit	2,018,137
Total per statement of Net Position	\$ 46,553,417

The City categorizes its fair value measurements within the fair value hierarchy by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The inputs or methodology for valuing securities are not an indication of risk associated with those securities.

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

2. INVESTMENTS, Continued,

The City has the following recurring fair value measurements as of June 30, 2024:

Debt Securities	June 30 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		\$	\$	\$
Short-term US Treasuries	\$ 38,674,745	\$ -	\$ 38,674,745	\$ -
US Agency Securities	6,414	-	6,414	-
Corporate Equity Funds	4,444,911	-	4,444,911	-
Corporate Bond Funds	1,409,210	-	1,409,210	-
Certificates of Deposits	2,018,137	-	2,018,137	-
Total	\$ 46,553,417	\$ -	\$ 46,553,417	\$ -

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. State law limits the types of investments in which the City may invest its funds. The City believes it is in compliance with the law in this matter and has no investment policy that would further limit its investment choices. The City's investments in the bonds of U.S. Government Agencies are all rated Aaa by Moody's.

Concentration of credit risk. The City places a limit of 20% of total local government investments on uncollateralized certificate of deposits by any Kentucky bank, bankers' acceptances, commercial paper, equity securities, or high-quality corporate bonds. Of the type of limited investments listed above, the City has 9.6% in corporate equity and 3.0% in corporate bonds. The corporate equity and corporate bonds are managed by a professional investment manager. The City has placed 4.3% of its total investments in certificate of deposits, and 83.1% in short-term U.S. treasuries.

Custodial credit risk. Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments of the City, with the exception of certificates of deposit, consist of unregistered and uninsured securities held by the City's fiscal agent in their trust department, not in the name of the City.

3. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

As of June 30, 2024, interfund receivables and payables and the compositions of internal balances shown on the statements of net position consist of the following:

	Due From Other Funds	Due To Other Funds	Internal Balances
Governmental Activities:			
General Fund	\$ 669,015	\$ (453,889)	\$ 215,126
Capital Projects Fund	-	(641,148)	(641,148)
Nonmajor Funds	6,767	(12,137)	(5,370)
Total Governmental Activities	\$ 675,782	\$ (1,107,174)	\$ (431,392)
Business-type Activities:			
Gas Fund	\$ 207,055	\$ (7,981)	\$ 199,074
Sanitation Fund	237,699	(5,381)	232,318
Total Business-type Activities	\$ 444,754	\$ (13,362)	\$ 431,392
Total all funds	\$ 1,120,536	\$ (1,120,536)	

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

3. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS, Continued,

These internal balances are for vehicle repairs, fuel, supplies, utility collections, and various other minor items.

As of June 30, 2024, interfund transfers consist of the following:

Interfund Transfers for the period ended June 30, 2024				
Transfers In		Transfers Out		
	Totals	General Fund	Capital Projects Fund	Enterprise Funds
General Fund	\$ 852,976	\$ -	\$ (15,826)	\$ (837,150)
Debt Service Fund	6,383,168	(1,431,000)	(4,672,500)	(279,668)
Capital Projects Fund	815,000	(815,000)	-	-
Nonmajor Funds	2,531,000	(2,531,000)	-	-
Total all funds	10,582,144	(4,777,000)	(4,688,326)	(1,116,818)
Eliminated	(9,465,326)	4,777,000	4,688,326	-
Net interfund transfers	<u>\$ 1,116,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,116,818)</u>

The City's share of debt service comes from the General Fund's tax receipts. Since the Capital Projects Fund does not have a dedicated revenue source, the City will use the General's Fund tax receipts to provide funding. To keep service charges and fee increases to a minimum, the City will use General Fund tax receipts to cover the deficits in the nonmajor governmental funds.

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

Primary Government	Beginning Balance	Additions	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 10,314,812	\$ 1,426,441	\$ -	\$ 11,741,253
Artwork	196,500	-	-	196,500
Total	<u>10,511,312</u>	<u>1,426,441</u>	<u>-</u>	<u>11,937,753</u>
<u>Capital assets being depreciated:</u>				
Buildings	22,510,683	320,345	-	22,831,028
Improvements	12,328,592	63,103	-	12,391,695
Vehicles, machinery, and equipment	19,650,844	618,673	(177,345)	20,092,172
Infrastructure	72,313,097	11,392,349	-	83,705,446
Total	<u>126,803,216</u>	<u>12,394,470</u>	<u>(177,345)</u>	<u>139,020,341</u>
<u>Less accumulated depreciation for:</u>				
Buildings	(6,947,453)	(471,710)	-	(7,419,163)
Improvements	(6,335,450)	(506,772)	-	(6,842,222)
Vehicles, machinery, and equipment	(16,642,159)	(1,151,654)	177,345	(17,616,468)
Infrastructure	(65,446,322)	(479,567)	-	(65,925,889)
Total	<u>(95,371,384)</u>	<u>(2,609,703)</u>	<u>177,345</u>	<u>(97,803,742)</u>
Total governmental activities, net	<u>\$ 41,943,144</u>	<u>\$ 11,207,646</u>	<u>\$ -</u>	<u>\$ 53,154,352</u>

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS, Continued,

Primary Government	Beginning Balance	Addtions	Decreases	Ending Balance
Business-type Activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 114,815	-	-	\$ 114,815
<u>Capital assets being depreciated:</u>				
Buildings	677,177	180,654	-	857,831
Vehicles, machinery, and equipment	1,863,629	477,333	(71,089)	2,269,873
Gas system, vehicles, and equipment	17,037,328	629,882	-	17,667,210
Total	19,578,134	1,287,869	(71,089)	20,794,914
<u>Less accumulated depreciation for:</u>				
Buildings	(595,265)	(7,884)	-	(603,149)
Vehicles, machinery, and equipment	(1,710,270)	(120,018)	71,089	(1,759,199)
Gas system, vehicles, and equipment	(8,283,647)	(395,404)	-	(8,692,738)
Total	(10,589,182)	(523,306)	71,089	(11,055,086)
Total business-type activities, net	\$ 9,103,767	\$ 764,563	\$ -	\$ 9,854,643

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:			
Administration		\$ 149,077	
Finance		36,624	
Parks and recreation		549,231	
Police		502,847	
Fire		488,488	
Public works		883,436	
Total depreciation expense, governmental activities		\$ 2,609,703	
Business-type activities			
Gas		\$ 409,089	
Sanitation		114,217	
Total depreciation expense, business-type activities		\$ 523,306	

Component units' capital asset activity was as follows:

	Beginning Balance	Addtions	Decreases	Ending Balance
Henderson Municipal Power & Light				
Utility plant and equipment	\$ 69,883,077	\$ 38,643,348	\$ (27,460,052)	\$ 81,066,373
Less accumulated depreciation	(39,562,462)	(1,878,597)	2,381,757	(39,059,302)
Capital assets, net	\$ 30,320,615	\$ 36,764,751	\$ (25,078,295)	\$ 42,007,071
Henderson Water Utility				
Right to use asset	\$ 1,673,935	\$ -	\$ -	\$ 1,673,935
Utility plant and equipment	185,300,020	43,066,834	(31,027,342)	197,339,512
Less accumulated depreciation	(80,706,877)	(4,503,729)	1,772,366	(83,438,240)
Capital assets, net	\$ 104,593,143	\$ 38,563,105	\$ (29,254,976)	\$ 113,901,272

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT

The following is a summary of long-term debt activity for the City for the fiscal year ended June 30, 2024:

	Balance June 30, 2023	Bond Issuance	Payments	Balance June 30, 2024	Due In 1 Year
General Obligation Bonds					
Series 2013A	\$ 5,375,000	-	\$ (485,000)	\$ 4,890,000	\$ 495,000
Series 2014	5,265,000	-	(375,000)	4,890,000	385,000
Series 2015A	5,490,000	-	(355,000)	5,135,000	365,000
Series 2015B	595,000	-	(170,000)	425,000	175,000
Series 2015C	915,000	-	(125,000)	790,000	125,000
Series 2016A	1,195,000	-	(80,000)	1,115,000	80,000
Series 2016B	4,535,000	-	(530,000)	4,005,000	540,000
Series 2017A	2,400,000	-	(140,000)	2,260,000	145,000
Series 2017B	1,060,000	-	(250,000)	810,000	260,000
Series 2017C	795,000	-	(190,000)	605,000	200,000
Series 2020A	8,845,000	-	(405,000)	8,440,000	420,000
Series 2021A	4,775,000	-	(460,000)	4,315,000	480,000
Series 2021B	16,840,000	-	(445,000)	16,395,000	470,000
Series 2022A	9,115,000	-	(330,000)	8,785,000	345,000
Series 2023A	20,565,000	-	(1,300,000)	19,265,000	1,355,000
Series 2023B	-	13,655,000	-	13,655,000	405,000
Total Bonds Payable	87,765,000	13,655,000	(5,640,000)	95,780,000	6,245,000
Deferred Amounts: Premiums	2,474,287	560,693	(136,662)	2,898,318	-
Total Bonds	\$ 90,239,287	\$ 14,215,693	\$ (5,747,687)	\$ 98,678,318	\$ 6,245,000

The following is an aggregate summary of debt service requirements for the City of Henderson as of June 30, 2024:

June 30th:	Governmental Activities Bonds		Total		
	Principal	Interest	Principal	Interest	Total
2025	\$ 6,245,000	\$ 3,181,161	\$ 6,245,000	\$ 3,181,161	\$ 9,426,161
2026	6,435,000	2,972,057	6,435,000	2,972,057	9,407,057
2027	6,550,000	2,753,884	6,550,000	2,753,884	9,303,884
2028	6,215,000	2,529,950	6,215,000	2,529,950	8,744,950
2029	6,435,000	2,306,913	6,435,000	2,306,913	8,741,913
2030-2034	25,625,000	8,690,431	25,625,000	8,690,431	34,315,431
2035-2039	17,620,000	5,221,083	17,620,000	5,221,083	22,841,083
2040-2044	14,985,000	2,328,365	14,985,000	2,328,365	17,313,365
2045-2049	5,670,000	343,850	5,670,000	343,850	6,013,850
Totals	\$ 95,780,000	\$ 30,327,693	\$ 95,780,000	\$ 30,327,693	\$ 126,107,693

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

As of June 30, 2024, governmental long-term debt of the City consisted of the following:

A. General Obligation Bonds – Series 2013A

During the year ended June 30, 2013, the City issued \$9,730,000 non-taxable bonds to pay a portion of the costs of the acquisition, construction, and installation of additions and improvements to the City's combined and consolidated municipal water, sanitary sewer and storm sewer system, including (1) the renovation and upgrading of a new headworks structure, a third final clarifier, waste and return activated sludge pumping, ultraviolet disinfection, and internal plant piping at the City's North Wastewater Treatment Plant, such additions and improvements to increase the capacity of the Plant from 15 million to 25.5 million gallons per day.

This obligation matures in November 2032. Interest rates range from .30% to 2.75%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson. The following is a summary of scheduled payments as of June 30, 2024:

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 495,000	\$ 116,775	\$ 611,775	2.00%
2026	505,000	106,459	611,459	2.13%
2027	515,000	95,622	610,622	2.13%
2028	525,000	83,588	608,588	2.50%
2029	540,000	70,275	610,275	2.50%
2030-2034	2,310,000	129,113	2,439,113	2.5% to 2.75%
Totals	\$ 4,890,000	\$ 601,831	\$ 5,491,831	

B. General Obligation Bonds – Series 2014

During the year ended June 30, 2014, the City issued \$8,000,000 non-taxable bonds to pay a portion of the costs of the acquisition, construction, installation, and equipping of new municipal water, sanitary sewer, and storm sewer improvements and additions to the City's combined and consolidated municipal water, sanitary sewer, and storm sewer system.

This obligation matures in November 2034. Interest rates range from 2.00% to 3.50%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson. The following is a summary of scheduled payments as of June 30, 2024:

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 385,000	\$ 147,975	\$ 532,975	2.50%
2026	390,000	138,288	528,288	2.50%
2027	400,000	127,913	527,913	2.75%
2028	415,000	116,188	531,188	3.00%
2029	425,000	103,588	528,588	3.00%
2030-2034	2,355,000	297,469	2,652,469	3.00% to 3.50%
2035-2039	520,000	9,100	529,100	3.50%
Totals	\$ 4,890,000	\$ 940,519	\$ 5,830,519	

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

C. General Obligation Bonds – Series 2015A

During the year ended June 30, 2016, the City issued \$7,790,000 non-taxable bonds to pay costs of issuance, to pay a portion of the costs of the acquisition; construction, renovation, and equipping of new municipal service center and a new 911 computer assisted dispatch (CAD) and radio tower system.

This obligation matures in September 2035. Interest rates range from 2.0% to 3.75%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson. The following is a summary of scheduled payments as of June 30, 2024:

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 365,000	\$ 156,833	\$ 521,833	2.00%
2026	370,000	149,298	519,298	2.10%
2027	380,000	140,188	520,188	2.75%
2028	390,000	129,113	519,113	3.00%
2029	405,000	117,188	522,188	3.00%
2030-2034	2,225,000	382,006	2,607,006	3.00% to 3.50%
2035-2039	1,000,000	37,875	1,037,875	3.50% to 3.75%
Totals	\$ 5,135,000	\$ 1,112,499	\$ 6,247,499	

D. General Obligation Bonds – Series 2015B

During the year ended June 30, 2016, the City issued \$1,870,000 non-taxable bonds to pay costs of issuance and for the purpose of currently refunding an outstanding assistance agreement dated as of May 1, 1996 between the Kentucky Infrastructure Authority and the City, the proceeds of which were used to finance the costs of the acquisition, construction, installation, and equipping of certain improvements to the City's municipal water, sanitary sewer, and storm sewer system.

This obligation matures in November 2026. Interest rates range from 1.0% to 2.5%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson. The following is a summary of scheduled payments as of June 30, 2024:

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 175,000	\$ 8,109	\$ 183,109	2.13%
2026	180,000	4,000	184,000	2.50%
2027	70,000	875	70,875	2.50%
Totals	\$ 425,000	\$ 12,984	\$ 437,984	

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

E. General Obligation Bonds – Series 2015C

During the year ended June 30, 2016, the City issued \$1,700,000 non-taxable bonds to pay costs of issuance and for the purpose of currently refunding an outstanding Lease Agreement dated as of May 30, 2005 between the Kentucky Area Development District and the City, the proceeds of which were used to finance certain improvements to the City's municipal water, sanitary sewer, and storm sewer system.

This obligation matures in November 2029. Interest rates range from 2.0% to 2.75%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson. The following is a summary of scheduled payments as of June 30, 2024:

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 125,000	\$ 18,369	\$ 143,369	2.25%
2026	130,000	15,500	145,500	2.25%
2027	135,000	12,350	147,350	2.50%
2028	135,000	8,975	143,975	2.50%
2029	140,000	5,363	145,363	2.75%
2030-2034	125,000	1,719	126,719	2.75% to 2.75%
Totals	\$ 790,000	\$ 62,275	\$ 852,275	

F. General Obligation Bonds – Series 2016A

During the year ended June 30, 2016, the City issued \$1,725,000 non-taxable bonds to pay costs of issuance, to pay a portion of the costs of the acquisition; construction, renovation, and equipping of new municipal service center.

This obligation matures in March 2036. Interest rates range from 1.0% to 3.5%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson. The following is a summary of scheduled payments as of June 30, 2024:

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 80,000	\$ 32,525	\$ 112,525	2.00%
2026	80,000	30,925	110,925	2.50%
2027	85,000	28,925	113,925	2.50%
2028	85,000	26,800	111,800	2.50%
2029	90,000	24,675	114,675	2.50%
2030-2034	480,000	84,075	564,075	2.50% to 3.00%
2035-2039	215,000	11,375	226,375	3.50% to 3.50%
Totals	\$ 1,115,000	\$ 239,300	\$ 1,354,300	

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

G. General Obligation Bonds – Series 2016B

During the year ended June 30, 2016, the City issued \$8,015,000 non-taxable bonds to pay costs of issuance and for the purpose of currently refunding the City's outstanding General Obligation Bonds, Taxable Series 2010A (Build America Bonds-Direct Payment to Issuer), the proceeds of which were used to finance the costs of the acquisition, construction and installation of additions and improvements to the City's combined and consolidated municipal water, sanitary sewer and storm sewer system, including the installation of new water and sanitary sewer lines and the conversion of existing sanitary sewer lines to storm sewer lines in the downtown area.

This obligation matures in November 2030. Interest rates range from 2.0% to 2.5%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson. The following is a summary of scheduled payments as of June 30, 2024:

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 540,000	\$ 79,200	\$ 619,200	2.00%
2026	550,000	68,300	618,300	2.00%
2027	560,000	57,200	617,200	2.00%
2028	575,000	45,850	620,850	2.00%
2029	585,000	34,250	619,250	2.00%
2030-2034	1,195,000	29,325	1,224,325	2.00% to 2.50%
Totals	\$ 4,005,000	\$ 314,125	\$ 4,319,125	

H. General Obligation Bonds – Series 2017A

During the year ended June 30, 2017, the City issued \$3,155,000 non-taxable bonds to pay costs of issuance, to pay a portion of the costs of the acquisition; construction, renovation, and equipping of new municipal service center.

This obligation matures in March 2037. Interest rates range from 2.0% to 3.5%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson. The following is a summary of scheduled payments as of June 30, 2024:

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 145,000	\$ 67,800	\$ 212,800	3.00%
2026	150,000	63,450	213,450	3.00%
2027	155,000	58,950	213,950	3.00%
2028	160,000	54,300	214,300	3.00%
2029	165,000	49,500	214,500	3.00%
2030-2034	885,000	171,600	1,056,600	3.00%
2035-2039	600,000	36,300	636,300	3.00%
Totals	\$ 2,260,000	\$ 501,900	\$ 2,761,900	

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

I. General Obligation Bonds – Series 2017B

During the year ended June 30, 2017, the City issued \$2,390,000 non-taxable bonds to pay costs of issuance and for the purpose of currently refunding the outstanding Henderson Water Utility revenue bonds, Series 2006, the proceeds of which were used to finance the costs of the acquisition, construction and installation of additions and improvements to the City's combined and consolidated municipal water, sanitary sewer and storm sewer system.

This obligation matures in November 2026. The interest rate was 3.0%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson. The following is a summary of scheduled payments as of June 30, 2024:

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 260,000	\$ 20,400	\$ 280,400	3.00%
2026	270,000	12,450	282,450	3.00%
2027	280,000	4,200	284,200	3.00%
Totals	\$ 810,000	\$ 37,050	\$ 847,050	

J. General Obligation Bonds – Series 2017C

During the year ended June 30, 2017, the City issued \$2,250,000 non-taxable bonds to pay costs of issuance and for the purpose of partially refunding the City's General Obligation Bonds, Series 2007, the proceeds of which were used to advance refund the outstanding KADD loan dated March 9, 2000, to pay costs of construction of a new fire station, acquisition and development of additional riverfront property near downtown, and other allowable expenditures.

This obligation matures in April 2027. The interest rate was 3.0%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson. The following is a summary of scheduled payments as of June 30, 2024:

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 200,000	\$ 18,150	\$ 218,150	3.00%
2026	200,000	12,150	212,150	3.00%
2027	205,000	6,150	211,150	3.00%
Totals	\$ 605,000	\$ 36,450	\$ 641,450	

**CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

5. LONG-TERM DEBT, Continued,

K. General Obligation Bonds – Series 2020A

During the year ended June 30, 2021, the City issued \$9,625,000 non-taxable bonds to pay costs of issuance and for the purpose of acquisition, construction, equipping, and installation of (1) new municipal water, sanitary water, and storm sewer improvements and additions, (2) a new municipal fire station and related facilities and equipment, (3) a new approximately 58-acre sports complex, and (4) a stormwater system in Country View subdivision.

This obligation matures in December 2040. Interest rates range from 2.0% to 5.0%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson. The following is a summary of scheduled payments as of June 30, 2024:

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 420,000	\$ 147,600	\$ 567,600	5.00%
2026	430,000	134,850	564,850	5.00%
2027	445,000	121,725	566,725	5.00%
2028	460,000	108,150	568,150	5.00%
2029	475,000	94,125	569,125	5.00%
2030-2034	2,470,000	371,425	2,841,425	5.00% to 2.00%
2035-2039	2,630,000	206,620	2,836,620	2.00% to 2.00%
2040-2044	1,110,000	20,490	1,130,490	2.00% to 2.00%
Totals	\$ 8,440,000	\$ 1,204,985	\$ 9,644,985	

L. General Obligation Bonds – Series 2021A

During the year ended June 30, 2022, the City issued \$5,235,000 non-taxable bonds to pay costs of issuance and currently refunding the City's outstanding General Obligation Bonds, Series 2012A. The proceeds of the Prior Bonds were used for the acquisition, construction and installation of additions and improvements to the City's combined and consolidated municipal water, sanitary sewer, and storm sewer system, including (1) the renovation and upgrading of the City's North Wastewater Treatment Plant and (2) the construction of a new 12 MGD North Fork Pump Station and approximately 2,400 feet of related 42" gravity sewer lines.

This obligation matures in November 2031. Interest rates range from 2.0% to 3.50%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson. The following is a summary of scheduled payments as of June 30, 2024:

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

L. General Obligation Bonds – Series 2021A, continued

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 480,000	\$ 116,525	\$ 596,525	3.50%
2026	495,000	99,463	594,463	3.50%
2027	515,000	81,788	596,788	3.50%
2028	535,000	63,413	598,413	3.50%
2029	550,000	44,425	594,425	2.00%
2030-2034	1,740,000	52,600	1,792,600	2.00% to 3.50%
Totals	\$ 4,315,000	\$ 458,213	\$ 4,773,213	

M. General Obligation Bonds – Series 2021A

During the year ended June 30, 2022, the City issued \$5,235,000 non-taxable bonds to pay costs of issuance and currently refunding the City's outstanding General Obligation Bonds, Series 2012A. The proceeds of the Prior Bonds were used for the acquisition, construction and installation of additions and improvements to the City's combined and consolidated municipal water, sanitary sewer, and storm sewer system, including (1) the renovation and upgrading of the City's North Wastewater Treatment Plant and (2) the construction of a new 12 MGD North Fork Pump Station and approximately 2,400 feet of related 42" gravity sewer lines.

This obligation matures in November 2031. Interest rates range from 2.0% to 3.50%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson. The following is a summary of scheduled payments as of June 30, 2024:

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 480,000	\$ 116,525	\$ 596,525	3.50%
2026	495,000	99,463	594,463	3.50%
2027	515,000	81,788	596,788	3.50%
2028	535,000	63,413	598,413	3.50%
2029	550,000	44,425	594,425	2.00%
2030-2034	1,740,000	52,600	1,792,600	2.00% to 3.50%
Totals	\$ 4,315,000	\$ 458,213	\$ 4,773,213	

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

N. General Obligation Bonds – Series 2021B

During the year ended June 30, 2022, the City issued \$17,265,000 non-taxable bonds to pay costs of issuance and for the purpose of (a) acquisition, construction, equipping, and installation of new administration building and transmission and distribution center to be utilized by the City, acting by and through its electric utility commission doing business as Henderson Municipal Power and Light, to be located on a parcel of approximately eight acres along Barrett Boulevard in Henderson, Kentucky; (b) the acquisition, construction, equipping, and installation of an advanced metering infrastructure system; (c) acquisition, construction, equipping, and installation of the conversion of certain existing above ground electrical facilities to underground electrical facilities; and (d) acquisition, construction, equipping, and installation of the replacement of utility poles.

This obligation matures in September 2046. Interest rates range from 2.0% to 5.0%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson. The following is a summary of scheduled payments as of June 30, 2024:

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 470,000	\$ 483,375	\$ 953,375	5.00%
2026	490,000	459,375	949,375	5.00%
2027	515,000	434,250	949,250	5.00%
2028	545,000	407,750	952,750	5.00%
2029	570,000	379,875	949,875	3.00%
2030-2034	3,240,000	1,515,675	4,755,675	3.00% to 5.00%
2035-2039	3,690,000	1,067,138	4,757,138	2.00% to 3.00%
2040-2044	4,125,000	632,050	4,757,050	2.13% to 3.00%
2045-2049	2,750,000	104,250	2,854,250	2.50 % to 3.00%
Totals	\$ 16,395,000	\$5,483,738	\$ 21,878,738	

O. General Obligation Bonds – Series 2022A

During the year ended June 30, 2023, the City issued \$9,540,000 non-taxable bonds to pay costs of issuance and for the purposes of financing the costs of the acquisition, construction, installation, and equipping of (a) new municipal water, sanitary sewer, and storm sewer improvements and additions comprising a new Raw Water Intake and Raw Water Pipeline to be constructed on the Green River, at a point near Sebree, Kentucky, with a capacity of at least eight million gallons per day and (b) improvements to the System to provide enhanced water and wastewater service to industrial areas of the City, and (c) renovations to an existing building purchased by the City and planned for use as a new Systems Operation Center (SOC) for the Henderson Water Utility Commission and the System. The improvements to be financed by the Bonds are to be utilized by the City in connection with the System.

This obligation matures in June 2042. Interest rates are 4.0%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson. The following is a summary of scheduled payments as of June 30, 2024:

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

O. General Obligation Bonds- Series 2022A, Continued

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 345,000	\$ 351,400	\$ 696,400	4.00%
2026	355,000	337,600	692,600	4.00%
2027	370,000	323,400	693,400	4.00%
2028	385,000	308,600	693,600	4.00%
2029	400,000	293,200	693,200	4.00%
2030-2034	2,260,000	1,212,600	3,472,600	4.00% to 4.00%
2035-2039	2,750,000	722,800	3,472,800	4.00% to 4.00%
2040-2044	1,920,000	155,600	2,075,600	4.00% to 4.00%
Totals	<u>\$ 8,785,000</u>	<u>\$ 3,705,200</u>	<u>\$ 12,490,200</u>	

P. General Obligation Bonds – Series 2023A

During the year ended June 30, 2023, the City issued \$20,565,000 non-taxable bonds to pay costs of issuance and for the purposes of financing the costs of (a) the acquisition, construction, installation, and equipping of (1) a “Fiber to Home” infrastructure system to provide fiber internet and voice services to customers of the System and (2) an Advanced Metering Infrastructure system for the System’s electrical generation and distribution facilities, and (b) the conversion of certain existing above ground electrical facilities to underground electrical facilities, all for the well-being and benefit of the of the System and the citizens of the City. The improvements to be financed by the Bonds are to be utilized by the City in connection with the System.

This obligation matures in December 2047. Interest rates are 4.0%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson. The following is a summary of scheduled payments as of June 30, 2024:

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 1,355,000	\$ 743,500	\$ 2,098,500	4.00%
2026	1,410,000	688,200	2,098,200	4.00%
2027	1,470,000	630,600	2,100,600	4.00%
2028	1,530,000	570,600	2,100,600	4.00%
2029	1,590,000	508,200	2,098,200	4.00%
2030-2034	3,435,000	1,942,700	5,377,700	4.00%
2035-2039	2,500,000	1,453,000	3,953,000	4.00%
2040-2044	3,055,000	899,100	3,954,100	4.00%
2045-2049	2,920,000	239,600	3,159,600	4.00%
Totals	<u>\$ 19,265,000</u>	<u>\$ 7,675,500</u>	<u>\$ 26,940,500</u>	

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

Q. General Obligation Bonds – Series 2023B

During the year ended June 30, 2024, the City issued \$13,655,000 non-taxable bonds for the purposes of (i) financing all or a portion of (a) the additional costs of construction of the Henderson Sports Complex, and (b) the costs of the acquisition, construction, installation, and equipping of a new fire station for the Henderson Fire Department and a street extension and related improvements to Barret Boulevard (ii) paying capitalized interest on the Bonds, if desirable; (iii) paying the costs of any credit enhancement for the Bonds; and (iv) paying the costs of issuance of the Bonds.

This obligation matures in December 2043. The coupon rate for the bonds is 4.62%. Interest is due in semi-annual installments. The obligation is secured by the full taxing authority of the City of Henderson.

June 30th:	Principal	Interest	Total	Interest Rates
2025	\$ 405,000	\$ 672,625	\$ 1,077,625	4.62%
2026	430,000	651,750	1,081,750	4.62%
2027	450,000	629,750	1,079,750	4.62%
2028	475,000	606,625	1,081,625	4.62%
2029	500,000	582,250	1,082,250	4.62%
2030-2034	2,905,000	2,500,125	5,405,125	4.62%
2035-2039	3,715,000	1,676,875	5,391,875	4.62%
2040-2044	4,775,000	621,125	5,396,125	4.62%
Totals	\$ 13,655,000	\$ 7,941,125	\$ 21,596,125	

R. Henderson Municipal Power & Light (HMPL)

The City is contingently liable for the long-term debt of its component unit, Henderson Municipal Power & Light. The long-term debt of Henderson Municipal Power & Light consists of the following for its fiscal year ended May 31, 2024:

	Balance May 31, 2023			Balance May 31, 2024	Amounts due in One Year
		Additions	Reductions		
Series 2021B	\$ 16,840,000	\$ -	\$ (445,000)	\$ 16,395,000	\$ 470,000
Series 2021B Premium	971,645	-	(41,493)	930,152	-
Series 2023A	20,565,000	-	(1,300,000)	19,265,000	1,355,000
Series 2023A Premium	760,209	-	(30,924)	729,285	-
Total bonds payable	39,136,854	-	(1,817,417)	37,319,437	1,825,000
Software lease	-	386,844	(23,555)	363,289	53,106
	\$ 39,136,854	\$ 386,844	\$ (1,840,972)	\$ 37,682,726	\$ 1,878,106
Compensated Absences	\$ 546,275	\$ 304,151	\$ (231,206)	\$ 619,220	\$ 309,610

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

The following is a summary of the debt service requirements for Henderson Municipal Power & Light for its fiscal year ended May 31, 2024:

Year ending June 30:	Principal	Interest	Total
2025	\$ 1,825,000	\$ 1,253,975	\$ 3,078,975
2026	1,900,000	1,175,775	3,075,775
2027	1,985,000	1,094,250	3,079,250
2028	2,075,000	1,008,950	3,083,950
2029	2,160,000	919,875	3,079,875
2030 - 2034	6,675,000	3,527,075	10,202,075
2035 - 2039	6,190,000	2,570,138	8,760,138
2040- 2044	7,180,000	1,592,250	8,772,250
2045- 2048	5,670,000	402,250	6,072,250
	\$ 35,660,000	\$ 13,544,538	\$ 49,204,538

S. Henderson Water Utility (HWU)

The City is contingently liable for the long-term debt of its component unit, Henderson Water Utility. The long-term debt of Henderson Water Utility consists of the following as of June 30, 2024:

	Balance June 20, 2023	Additions	Reductions	Balance June 30, 2024	Amounts due in One year
Henderson Water Utility-2023A	\$ -	15,085,000	-	15,085,000	85,000
Due to City of Henderson-2013A	5,375,000	-	(485,000)	4,890,000	495,000
Due to City of Henderson-2014	5,265,000	-	(375,000)	4,890,000	385,000
Due to City of Henderson-2015B	595,000	-	(170,000)	425,000	175,000
Due to City of Henderson-2015C	915,000	-	(125,000)	790,000	125,000
Due to City of Henderson-2016B	4,535,000	-	(530,000)	4,005,000	540,000
Due to City of Henderson-2017B	1,060,000	-	(250,000)	810,000	260,000
Due to City of Henderson-2020A	4,422,500	-	(202,500)	4,220,000	210,000
Due to City of Henderson-2021A	4,775,000	-	(460,000)	4,315,000	480,000
Due to City of Henderson-2022A	9,115,000	-	(330,000)	8,785,000	345,000
Note Payable	33,114	-	(33,114)	-	-
	36,090,614	15,085,000	(2,960,614)	48,215,000	3,100,000
Add unamortized debt premium	966,670	409,540	(169,414)	1,206,796	
Total	\$ 37,057,284	\$ 15,494,540	\$ (3,130,028)	\$ 49,421,796	

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

During 2023, HWU entered into a solar energy service contract/lease for the installation and service of a solar energy system. The lease has a term of 20 years. Future minimum payments under the lease obligation are as follows:

May 31:	Principal	Interest	Totals
2025	\$ 45,735	\$ 58,653	\$ 104,388
2026	47,836	56,552	104,388
2027	50,034	54,354	104,388
2028	52,332	52,056	104,388
2029	54,737	49,651	104,388
2030-2034	313,797	208,143	521,940
2035-2039	392,810	129,130	521,940
2040-2043	366,890	33,265	400,155
Totals	<u>\$ 1,324,171</u>	<u>\$ 641,804</u>	<u>\$ 1,965,975</u>

Principal and interest requirements to retire Henderson Water Utility's long-term bond obligations as of June 30, 2024 were as follows:

May 31:	Principal	Interest	Totals
2025	\$ 3,100,000	\$ 1,677,928	\$ 4,777,928
2026	3,190,000	1,590,234	4,780,234
2027	3,282,500	1,497,084	4,779,584
2028	3,165,000	1,399,063	4,564,063
2029	3,267,500	1,297,662	4,565,162
2030-2034	14,630,000	4,999,288	19,629,288
2035-2039	9,880,000	2,796,085	12,676,085
2040-2044	7,700,000	739,220	8,439,220
Totals	<u>\$ 48,215,000</u>	<u>\$ 15,996,564</u>	<u>\$ 64,211,564</u>

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

Restricted Assets Applicable To HWU and HMPL

In the Capital Projects Fund of the City are restricted assets applicable to HWU and HMPL. The City issued certain General Obligation Bonds and loaned the proceeds to HWU and HMPL for various purposes as previously described. HWU and HMPL will repay the loans from the City by paying the City the underlying G.O. Bonds debt service payments until the bonds are retired.

The following is a summary of restricted assets applicable to HWU and HMPL for the fiscal year ended June 30, 2024, as recorded in the Capital Projects Fund:

G.O. Bonds Series	Component	Due in One Year		Due After One Year		Receivable from HWU and HMPL	
2013A	HWU	\$ 495,000		\$ 4,395,000		\$ 4,890,000	
2014	HWU	385,000		4,505,000		4,890,000	
2015B	HWU	175,000		250,000		425,000	
2015C	HWU	130,000		660,000		790,000	
2016B	HWU	540,000		3,465,000		4,005,000	
2017B	HWU	260,000		550,000		810,000	
2020A	HWU	210,000		4,010,000		4,220,000	
2021A	HWU	480,000		3,835,000		4,315,000	
2021B	HMPL	470,000		15,925,000		16,395,000	
2022A	HWU	345,000		8,440,000		8,785,000	
2023A	HMPL	1,355,000		3,397,670		4,752,670	
Total		\$ 4,845,000		\$ 49,432,670		\$ 54,277,670	

CITY OF HENDERSON, KENTUCKY NOTES TO FINANCIAL STATEMENTS

6. CONDUIT DEBT

From time to time the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the City of Henderson, nor any of its political subdivisions are obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2024, there were three Industrial Revenue Bonds outstanding in the amount of \$313,380,000 for Pratt Paper (KY), LLC, \$160,000,000 for Pratt (Henderson Corrugating), and \$1,500,000 for Vincent Industrial Plastics.

7. COMPENSATED ABSENCES

Vacation Leave

City employees, other than police department employees and fire department shift employees, generally earn vacation leave at the rate of 10/12 of a working day per month for the first four years of employment.

Police department employees get 15 working days per year vacation after one year's service. Fire department shift employees get 5 24-hour shifts of vacation after one year's service.

At the end of four years an additional working day per year is accumulated up to a maximum vacation leave of 40 working days; fire department shift employees accumulate an additional half shift per year up to a maximum vacation leave of 10 24-hour shifts. One hundred percent of unused vacation leave is paid at retirement, formal resignation, or death.

Sick Leave

City employees accumulate sick leave at the rate of one day per month up to a maximum of two hundred forty days. Unused sick leave is forfeited upon termination. At retirement, individuals are paid one day's pay for each four days of unused sick leave.

Accumulated unpaid vacation pay and sick pay are not accrued in the proprietary funds (accrual basis) since they are not significant at year-end.

Such compensated absences are not accrued in governmental funds (unless they have matured), which use the modified accrual basis of accounting, but instead are recorded in the (accrual basis) government-wide Statement of Net Position. At June 30, 2024 these governmental activities liabilities included \$1,714,506 of vacation and sick pay and are included in the Statement of Net Position as noncurrent liabilities. Compensated absences are liquidated primarily by the General Fund.

CITY OF HENDERSON, KENTUCKY NOTES TO FINANCIAL STATEMENTS

8. PUBLIC ENERGY AUTHORITY OF KENTUCKY (PEAK)

PEAK is a Natural Gas Acquisition Authority created under the laws of the Commonwealth of Kentucky. It was created for the purpose of providing natural gas acquisition, delivery, and other related services for its members, which includes the City. PEAK is not a component unit of the City because 1) it is a separate legal entity, 2) PEAK is fiscally independent from the City, and 3) the board of directors of PEAK is structured in a manner that the City cannot exercise majority control over the organization.

PEAK has issued gas revenue bonds to finance the cost of acquisition by PEAK of prepaid supplies of natural gas. PEAK is solely responsible for repayment of the gas revenue bonds. The City entered long term natural gas supply contracts with PEAK whereby the City is obligated to purchase specified quantities of natural gas from PEAK. The City purchases all its natural gas supplies from PEAK. The City received refunds from PEAK of \$1,084,142 in fiscal year 2024.

PEAK issues audited financial statements, which are available through its administrative offices at the following address:

Public Energy Authority of Kentucky
PO Box 299
Carrollton, Kentucky 41008

Summarized totals for PEAK for its fiscal year ended June 30, 2023, from its last audited financial statements made available to the City are:

Assets	\$ 5,583,495,686
Liabilities	\$ 5,577,410,973
Net position	\$6,084,713

9. GAS STORAGE LIABILITY

The City has the right to withdraw 270,000 MMBtu's of natural gas from the gas storage reserves belonging to the City's gas transmission pipeline company. Any gas so withdrawn by the City must be replaced by November 1st, the beginning of the operating year of the Gas Fund. As of June 30, 2024, the estimated amount of this gas storage liability was \$640,384.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

10. CONCENTRATION OF SALES

A. Henderson Municipal Gas

For the fiscal year ended June 30, 2024, five industrial customers accounted for \$6,069,226 in gas sales, which represents 43% of the operating revenues of the Gas Fund.

B. Henderson Municipal Power and Light

Three industrial customers of the Existing System accounted for sales in the amount of \$14.7 million (31.2% of sales) for the fiscal year ended May 31, 2024.

C. Henderson Water Utility

For the fiscal year ended June 30, 2024, three industrial customers accounted for \$12,844,304 in sales and surcharges for approximately 47.0% of HWU's total operating revenues.

11. LANDFILL CLOSURE AND POST CLOSURE COSTS

On July 1, 1998, the City Commission transferred the primary responsibility for operations of the City's solid waste landfill from the General Fund to the Sanitation Fund, and the related liability for landfill closure and post closure costs. As of June 30, 2023, the Sanitation Fund was in a deficit position because its assets were inadequate to cover estimated landfill closure costs. The deficit will be recovered from future revenues.

The City temporarily terminated its landfill operations on June 30, 1995 due to the increased costs mandated by federal regulations. During the year ended June 30, 1997, the City was awarded a permit to accept commercial construction debris only. In January 2018, the City contracted with Daviess County, Kentucky to accept its construction and demolition debris; however, the City can accept construction debris in its own landfill until the space allotted for this operation is used up in its entirety.

State and federal laws and regulations require that the City of Henderson place a final cover on its landfill site and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Post closure care costs will be incurred from the point in time that the landfill ceases to accept any further waste.

The liability reported in the statement of net position of the Sanitation Fund of \$5,168,038 at June 30, 2024, consists of \$3,464,543 in closure costs and \$1,703,495 for post closure costs. The amounts are based on engineering estimates and actual costs may be higher due to inflation and technological changes, or changes in state and federal regulations. The cost of landfill closure and postclosure care is allocated based on landfill capacity used to date. The percentage of the landfill's total capacity that has been used to date is 79.7%. The estimated remaining life of the landfill is 5.3 years. No costs were incurred towards the related liability; however, a revision was needed for the closure costs estimate as determined by the City's consulting engineers.

**CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

11. LANDFILL CLOSURE AND POST CLOSURE COSTS, Continued,

The estimated liability consists of the following at June 30, 2024:

	Estimated Closure Liability	Estimated Post- Closure Liability	Total
June 30, 2023	\$ 3,268,437	\$ 1,607,071	\$ 4,875,508
Costs applied	-	-	-
Revision to estimate	196,106	96,424	292,530
June 30, 2024	<u>\$ 3,464,543</u>	<u>\$ 1,703,495</u>	<u>\$ 5,168,038</u>

12. CONTINGENCIES

The City is a defendant or plaintiff in lawsuits, which have arisen in the normal course of operations. While certain lawsuits involve substantial amounts, it is the opinion of management, based on the advice of legal counsel, that the ultimate resolution of such litigation will not have a material adverse effect on the financial position of the City.

Under the terms of certain Federal and State grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under terms of the grants. Such audits may lead to reimbursement of the grant monies to the respective grantor agency. Management of the City believes that any disallowance would be immaterial.

13. RISK MANAGEMENT

The City of Henderson is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these types of risks of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

14. RELATED PARTY TRANSACTION

The following are related party transactions by the City with its two discretely presented component units, HMPL and HWU, which are not disclosed elsewhere in the notes to the financial statements.

The City provides utility billing and cash collection services for HMPL and HWU. All utility cash collections are remitted to HMPL and HWU on a weekly basis. In addition, the City provides HWU accounts payable, payroll, and general accounting services and administers the Human Resources function.

Included in General Fund intergovernmental revenues are \$916,000 and \$882,000, respectively, from HMPL and HWU for such services for the fiscal year ended June 30, 2024. The City, as sole owner of both utilities, received distributions of \$1,415,115 and \$822,286 respectively, from HMPL and HWU for the fiscal year ended June 30, 2024. The City owns certain real estate used by HMPL. At no cost, HMPL provided at an estimated value \$812,675 in power and \$132,120 in communications services to the City.

CITY OF HENDERSON, KENTUCKY NOTES TO FINANCIAL STATEMENTS

15. HEALTH INSURANCE PLAN

Effective July 1, 1986, the City began its own health insurance plan which covers all employees of the City. HMPL and HWU also participate in the City's health plan. Under the terms of this Plan, maximum amounts of coverage vary depending on the type of claim. The City has a stop loss insurance policy that limits the amount of loss the City may incur. The City remits payments to the administrator on a weekly basis. A management fee is paid on a monthly basis.

All departments or other entities, which have employees participating in this Plan, bear a portion of the cost of the Plan based on the number of employees in that department or entity.

Amounts payable for claims are based on estimates as calculated by the City's third- party administrator. The Plan established liabilities based on the estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported, based on historical experience.

The following represents a summary of changes in the liability for the last ten fiscal years including the year ended June 30, 2024:

	Beginning of Fiscal Year Liability	Current Year Claims & Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2014 - 2015	\$ 509,022	\$ 4,554,711	\$ (4,529,985)	\$ 533,748
2015 - 2016	533,748	5,714,322	(5,669,435)	578,635
2016 - 2017	578,635	5,363,649	(5,318,143)	624,141
2017 - 2018	624,141	6,143,177	(6,169,178)	598,140
2018 - 2019	598,140	7,244,236	(6,343,985)	1,498,391
2019 - 2020	1,498,391	5,470,830	(6,228,886)	740,335
2020 - 2021	740,335	6,885,119	(6,559,368)	1,066,086
2021 - 2022	1,066,086	5,224,294	(5,597,798)	692,582
2022 - 2023	692,582	6,827,386	(6,375,560)	1,144,408
2023 - 2024	1,144,408	5,765,972	(6,522,070)	388,310

The financial transactions of the Plan are recorded in the Health Insurance Fund, which is an internal service fund of the City.

16. HEALTH REIMBURSEMENT ARRANGEMENT (HRA) PLAN

To control increasing health care costs the City made changes to its health insurance plan, which resulted in employees paying an increased share of their health care expenses. To help their employees pay for these increased health care expenses, the City established a Health Reimbursement Arrangement (HRA) Plan and Trust, effective January 1, 2006, that reimburses employees for health insurance plan expenses up to the amount in an individual participant's account balance. At the end of a plan year, any unused benefits in an HRA Plan account will be carried forward for use in the subsequent year. Fiscal 2022 was the last year that new benefits were added to the plan. As of June 30, 2024, the HRA Plan has an unfunded obligation of \$385,612, of which \$265,109 pertains to the City, and which will be funded in future fiscal periods.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

17. CITY FUNDED RETIREMENT PLANS

The City of Henderson maintains two pension plans which are funded and administered by the City: the Civil Service Pension Plan (CSPP) and the Police and Fire Pension Plan (PFPP). The City also participates in the state-wide County Employees' Retirement System (CERS).

Plan Descriptions:

Civil Service Pension Plan (CSPP)

CSPP is a single-employer, defined benefit plan covering all City employees, other than police and fire employees, who elected to forego participation in CERS. This plan is authorized by City Ordinance. As of June 30, 1987, the plan was closed to new entrants. Management of CSPP is vested in the Board of Trustees, which consists of seven members – the mayor, two commissioners, three classified city employees, and one retired member of the pension plan. The city clerk and city finance director serve as ex-officio members of the Board of Trustees, in their respective capacities. CSPP does not provide separately issued financial statements; however, financial information is provided at the end of this note.

Police and Fire Pension Plan (PFPP)

PFPP is a single-employer, defined benefit plan covering all City employees of the police and fire departments who elected to forego participation in CERS. This plan is authorized by State statute. As of June 30, 1987, the plan was closed to new entrants. Management of PFPP is vested in the Board of Trustees, which consists of four members – the mayor, the city finance director, one retired member of the police department, and one retired member of the fire department. PFPP does not provide separately issued financial statements; however, financial information is provided at the end of this note.

Benefits Provided:

CSPP provides retirement, disability, and death benefits to plan members. Post- retirement benefit increases must be approved by the Board of Trustees. Plan members receive a benefit of 50% of 7-year average pay. Retirement age is 62 with a minimum of 20 years of service. As of June 30, 2024, the plan had three members, one of whom is an active City employee, with the other two being inactive participants receiving benefits.

PFPP provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Post-retirement benefit increases must be approved by the Board of Trustees. Plan members receive a benefit of 50% of final monthly salary for completion of 20 years of service with increases for service greater than 20 years. Retirement is allowed upon completion of 20 years of service. As of June 30, 2024, the plan had eleven members, all of whom are inactive participants receiving benefits.

Contributions:

CSPP contributions by the City are based on the cost calculated by an independent actuary. Such actuarially determined cost is the estimated amount necessary to finance the costs of benefits earned by participants during the year with an additional amount to finance any unfunded accrued liability. The one active employee contributes 5% of his covered payroll, which the City matches. City contributions to CSPP were \$68,886 for the fiscal year ended June 30, 2024.

CITY OF HENDERSON, KENTUCKY NOTES TO FINANCIAL STATEMENTS

17. CITY FUNDED RETIREMENT PLANS, Continued,

PFPP contributions by the City are based on the cost calculated by an independent actuary. Such actuarially determined cost is the estimated amount necessary to finance the costs of benefits earned by the participants during the year with an additional amount to finance any unfunded accrued liability. The plan has no active employees. City contributions to PFPP were \$311,000 for the fiscal year ended June 30, 2024.

Per Kentucky Revised Statutes (KRS) 65.156 and based on the number of active and inactive employees, the CSPP and the PFPP are required to have an actuarial valuation at least once every three (3) years. The last evaluation for both plans was conducted for the period ended June 30, 2022.

The CSPP had a net pension liability of \$717,488 as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2022.

The PFPP had a net pension liability was \$2,545,837 as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions:

The total pension liabilities were determined by actuarial valuations performed as of June 30, 2022, using the following actuarial assumptions for both plans, applied to all periods included in the measurement:

Inflation rate	None
Cost of Living (COLA)	2.00%
Mortality	RP-2021 Base Mortality Table with MP-2018 improvement rate

The General Fund typically has been used in prior years to liquidate pension liabilities.

Discount Rate:

The discount rate used to measure the total pension liability was 4.00% for CSPP, which was a change in assumption from the prior 5.00% rate. Under GASB 67 when benefits are projected to not be paid by plan assets, a yield or index rate for 20-year, tax-exempt municipal bonds with an average rating of AA/Aa or higher must be used as the discount rate. Since the S&P 20-year Municipal Bond high grade index was slightly higher than 4%, a discount rate of 4.00% was used to determine the pension liabilities.

The discount rate used to measure the total pension liability was 4.00% for the PFPP. Under GASB 67 when benefits are projected to not be paid by plan assets, a yield or index rate for 20-year, tax-exempt municipal bonds with an average rating of AA/Aa or higher must be used as the discount rate. Since the S&P 20-year Municipal Bond high grade index was slightly higher than 4%, a discount rate of 4.00% was used to determine the pension liabilities.

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

17. CITY FUNDED RETIREMENT PLANS, Continued,

Changes in Net Pension Liability:

	CSPP	PFPP
Total Pension Liability	<u>\$</u>	<u>\$</u>
Service cost	-	-
Interest	-	-
Changes in benefit terms	-	-
Differences between expected and actual experience	(13,213)	(8,569)
Changes in assumptions	-	-
Benefit payments	(71,633)	(312,031)
Net change in total pension liability (asset)	<u>(84,846)</u>	<u>(320,600)</u>
 Total Pension Liability - Beginning	 802,959	 2,862,098
Total Pension Liability - Ending (a)	<u>\$ 718,113</u>	<u>\$ 2,541,498</u>
 Plan Fiduciary Net Position		
Contributions - employer	\$ 68,886	\$ 311,000
Contributions - employee	2,886	-
Net investment income	-	-
Benefit payments	(71,633)	(312,031)
Administrative expense	-	-
Other	12	10
Net change in plan fiduciary net position	<u>151</u>	<u>(1,021)</u>
 Plan Fiduciary Net Position - Beginning	 474	 (3,318)
Plan Fiduciary Net Position - Ending (b)	<u>\$ 625</u>	<u>\$ (4,339)</u>
 Net Pension Liability (Asset) (a) - (b)	<u>\$ 717,488</u>	<u>\$ 2,545,837</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

Sensitivity of the net pension liability was calculated using 4.00% for the CSPP, and 4.00% for the PFPP. The following represents the net pension liability of the plans using the discount rates as well as what the City's position would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
City of Henderson Civil Service Pension Plan net pension liability as of June 30, 2024	<u>\$820,393</u>	<u>\$717,488</u>	<u>\$663,085</u>
	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
City of Henderson Police and Fire Pension Plan net pension liability as of June 30, 2024	<u>\$2,876,032</u>	<u>\$2,545,837</u>	<u>\$2,311,813</u>

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

17. CITY FUNDED RETIREMENT PLANS, Continued,

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended June 30, 2024, the City recognized pension expense of \$21,782, which consisted of \$13,213 for CSPP and \$8,569 for PFPP. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:		
CSPP	\$39,886	\$100,701
PFPP	<u>307,782</u>	<u>233,883</u>
Total	<u>\$347,668</u>	<u>\$334,584</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	CSPP	PFPP
2025	\$ (12,871)	\$ (8,569)
2026	34	(8,569)
2027	30	(8,569)
2028	(12,002)	(8,569)
2029	(12,002)	24,888
Thereafter	(24,004)	83,287

Financial information for the City of Henderson's two pension trust funds and the HRA trust fund is reported below for the fiscal year ended June 30, 2024.

	Civil Service Pension Fund	Police & Fire Pension Fund	HRA Fund	Total
Assets				
Cash	\$ 624	\$ 942	\$ 23,358	\$ 24,924
Total assets	<u>624</u>	<u>942</u>	<u>23,358</u>	<u>24,924</u>
Liabilities				
Accounts Payable	-	(5,281)	-	(5,281)
Total Liabilities	<u>-</u>	<u>(5,281)</u>	<u>-</u>	<u>(5,281)</u>
Net Position				
Net Position restricted for pensions	<u>\$ 624</u>	<u>\$ (4,339)</u>	<u>\$ 23,358</u>	<u>\$ 19,643</u>

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

17. CITY FUNDED RETIREMENT PLANS, Continued,

	Civil Service Pension Fund	Police & Fire Pension Fund	HRA Fund	Total
<u>Additions</u>				
Contributions:				
Employer	\$ 68,885	\$ 311,000	\$ 120,000	\$ 499,885
Employee	2,886	-	-	2,886
Total Contributions	<u>71,771</u>	<u>311,000</u>	<u>120,000</u>	<u>502,771</u>
Interest Income	12	10	617	639
Total Additions	<u>71,783</u>	<u>311,010</u>	<u>120,617</u>	<u>503,410</u>
<u>Deductions</u>				
Benefits paid	71,633	312,031	123,210	506,874
Total deductions	<u>71,633</u>	<u>312,031</u>	<u>123,210</u>	<u>506,874</u>
Net increase (decrease) in net position	150	(1,021)	(2,593)	(3,464)
Net position, beginning of year	<u>474</u>	<u>(3,318)</u>	<u>25,951</u>	<u>23,107</u>
Net position, end of year	<u>\$ 624</u>	<u>\$ (4,339)</u>	<u>\$ 23,358</u>	<u>\$ 19,643</u>

18. CERS RETIREMENT PLANS

General Information about the Pension Plans

Plan description: Substantially all of the City's full-time employees, as well as employees of Henderson Municipal Power & Light and Henderson Water Utility, participate in the County Employees' Retirement System (CERS), a cost sharing, multiple-employer defined benefit plan administered by the CERS Board of Trustees. CERS consists of two plans – Non-Hazardous and Hazardous. Kentucky Public Pensions Authority issues a publicly available financial report that includes financial statements and supplementary information for CERS. That report can be obtained at <https://kyret.ky.gov>.

Benefits provided: CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Kentucky Revised Statute 61.645 assigns the authority to establish and amend benefit provisions to the Kentucky Retirement Systems Board of Trustees.

Cost of Living Adjustment (COLA): Prior to July 1, 2009, COLAs were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were limited to 1.50%. No COLA has been granted since July 1, 2011.

Contributions: Tier 1 plan members, who began participating prior to September 1, 2008, are required to contribute 5% (non-hazardous) and 8% (hazardous) of their annual creditable compensation. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

CITY OF HENDERSON, KENTUCKY NOTES TO FINANCIAL STATEMENTS

18. CERS RETIREMENT PLANS, Continued,

Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute 6% (non-hazardous) and 9% (hazardous) of their annual creditable compensation, while 1% of these contributions are deposited to an account created for the payment of health insurance benefits under 25 USC Section 401(h) in the Pension Fund. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

Tier 3 plan members, who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5% (non-hazardous) and 8% (hazardous) of their annual creditable compensation, and an additional 1% to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Kentucky Retirement System Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% (non-hazardous) and 7.5% (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

Interest is paid into the Tier 3 member's account. The account currently earns 4% interest credit on the member's account balance as of June 30 of the previous year. The member's account may be credited with additional interest if the system's five-year Geometric Average Net Investment Return (GANIR) exceeded 4%. If the member was actively employed and participating in the fiscal year, and if the system's GANIR for the previous five years exceeds 4%, then the member's account will be credited with 75% of the amount of the returns over 4% on the account balance as of June 30 of the previous year (Upside Sharing Interest). The Upside Sharing Interest is credited to both the member contribution balance and Employer Pay Credit Balance.

The City is required to contribute at an actuarially determined rate. As of June 30, 2024, the City's required contribution rate was 23.34% (non-hazardous) and 44.11% (hazardous) of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the CERS Board of Trustees. Contributions to CERS from the City were \$2,130,190 for non-hazardous employees and \$3,344,337 for hazardous employees, for total contributions of \$5,474,527 for the year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the City reported a liability of \$46,273,898 for its proportionate share of the collective net pension liabilities, with \$18,297,508 for non-hazardous pensions and \$27,976,390 for hazardous pensions. The collective net pension liabilities were measured as of June 30, 2023, and the total pension liabilities used to calculate the collective net pension liabilities were determined by actuarial valuations as of June 30, 2022 and rolled-forward using generally accepted actuarial principles. The City's proportion of the collective net pension liabilities was based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the City's proportion was 0.285163% for non-hazardous pensions, an increase of 0.011283% from its proportion measured as of June 30, 2022, and 1.037717% for hazardous pensions, an increase of 0.026317% from its proportion measured as of June 30, 2022.

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

18. CERS RETIREMENT PLANS, Continued,

The following is a summary of the City's CERS collective net pension liability:

	Net Pension Liability
City of Henderson:	
Non-Hazardous	\$ 18,297,508
Hazardous	<u>27,976,390</u>
Total City of Henderson	<u>\$ 46,273,898</u>
Component Units:	
Henderson Municipal Light & Power	\$ 9,415,007
Henderson Water Authority	<u>\$ 9,381,705</u>

The General Fund typically has been used in prior years to liquidate pension liabilities.

For the year ended June 30, 2024, the City recognized pension expense of \$2,865,459, which consists of \$1,001,499 for non-hazardous pensions and \$1,863,960 for hazardous pensions. The net pension expense in aggregate for all plans was \$2,887,241 for the year ended June 30, 2024.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,226,193	\$ 49,720
Changes in assumptions	-	3,861,855
Net difference between projected and actual investment earnings on pension plan investments	-	530,244
Changes in proportion and differences between City contributions and proportional share contributions	1,006,710	1,261,890
City contributions subsequent to the measurement date	<u>5,474,527</u>	<u>n/a</u>
Total	<u>\$ 8,707,430</u>	<u>\$ 5,703,709</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued,

Of the total amount reported as deferred outflows of resources related to pension, City contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net pension liabilities in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the City's pension expense as follows:

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

18. CERS RETIREMENT PLANS, Continued,

Year ended June 30:	
2025	\$ (1,239,921)
2026	(1,356,201)
2027	589,619
2028	(464,303)
2029	-
Thereafter	-

Actuarial assumptions: The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled “2022 Actuarial Experience Study for the Period Ending June 30, 2022” and include a change in the investment rate of return assumption from 6.25% to 6.50%.

The total pension liability as of June 30, 2023, was determined using the following updated assumptions:

Inflation	2.50%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service for non- hazardous 3.55% to 19.05%, varies by service for hazardous
Investment Rate of Return	6.50%

The mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2023.

The mortality table used for the disabled members was PUB-2010 Disable Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below. The current long-term inflation assumption is 2.50% per annum.

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

18. CERS RETIREMENT PLANS, Continued,

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income	20.00%	
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected	20.00%	
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Expected Real Return	100.00%	5.75%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

Discount rate: The projection of cash flows used to determine the discount rate of 6.50% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate.

Sensitivity of the City's proportionate share of the collective net pension liabilities to changes in the discount rate: The following presents the City's proportionate share of the collective net pension liabilities calculated using the discount rate of 6.50%, as well as what the City's proportionate share of the collective net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

City's proportionate share of the collective net pension liability as of June 30, 2023	1.00% Decrease (5.50%)	Current Discount Rate (6.50%)	1.00% Increase (7.50%)
Non-Hazardous	\$ 23,101,709	\$ 18,297,508	\$ 14,305,036
Hazardous	\$ 35,326,870	\$ 27,976,390	\$ 21,972,716

Pension plan fiduciary net position: Detailed information about the pension plans' fiduciary net position is available in the separately issued Kentucky Retirement Systems financial report.

CITY OF HENDERSON, KENTUCKY NOTES TO FINANCIAL STATEMENTS

18. CERS RETIREMENT PLANS, Continued,

General Information about the Other Postemployment Benefits (OPEB) Plan

Plan description: In addition to the pension benefits described above, Kentucky Public Pensions Authority provides postemployment healthcare benefits through the Kentucky Retirement Systems Insurance Trust Fund (Insurance Fund), a cost sharing, multiple- employer defined benefit plan administered by the Board of Trustees of Kentucky Retirement Systems. The Insurance Fund was established by KRS 61.701 to provide hospital and medical insurance for those receiving benefits from the Kentucky Employees' Retirement System (KERS), the County Employees' Retirement System (CERS), and the State Police Retirement System (SPRS). The responsibility for the general administration and operation of the Insurance Fund is vested with the KRS and CERS Boards of Trustees.

Benefits Provided: The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. For the fiscal year ended June 30, 2023 (the date of the latest available information), insurance premiums withheld from benefit payments for members of CERS were \$23.7 million and \$4.0 million for non-hazardous and hazardous employees, respectively. For the fiscal year ended June 30, 2022, insurance premiums withheld from benefit payments for members of CERS were \$24.0 million and \$3.7 million for non-hazardous and hazardous employees, respectively. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous employees killed in the line of duty.

The amount of contributions paid by the Insurance Fund is based on years of service. For employees participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are shown below:

<u>Years of Service</u>	<u>% Paid by Insurance Fund</u>
20 or more	100%
15 - 19	75%
10 - 14	50%
4 - 9	25%
Less than 4	0%

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for those who began participating on or after July 1, 2003. Once employees reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003 earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on or after July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statute 16.652, 61.692, and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

18. CERS RETIREMENT PLANS, Continued,

Contributions: The City is required to contribute at an actuarially determined rate. As of June 30, 2024, the City's required contribution rate was 0.00% and 2.58% of annual covered payroll for non-hazardous and hazardous employees, respectively. The contribution requirements of plan members and the City are established and may be amended by the CERS Board of Trustees. Contributions to the Insurance Fund from the City were \$0 (not including implicit subsidies reported in the amount of \$128,591) for non-hazardous employees and \$209,885 (not including implicit subsidies reported in the amount of \$13,186) for hazardous employees, for total contributions of \$209,885 (not including implicit subsidies reported in the amount of \$115,405) for the year ended June 30, 2024. As described in above, Tier 2 and Tier 3 employees contribute 1% of their annual creditable compensation to the Insurance Fund; Tier 1 employees are not required to contribute.

At June 30, 2024, the City reported an asset of \$393,696 for its proportionate share of the collective net OPEB liabilities for non-hazardous OPEB and a liability of \$1,418,886 for hazardous OPEB.

The collective net OPEB liabilities were measured as of June 30, 2023, and the total OPEB liabilities used to calculate the collective net OPEB liabilities was determined by an actuarial valuation as of June 30, 2022 and rolled-forward using generally accepted actuarial principles. The City's proportion of the collective net OPEB liabilities was based on projections of the City's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the City's proportion was 0.285149% for non-hazardous pensions, an increase of 0.011271% from its proportion measured as of June 30, 2022, and 1.037023% for hazardous pensions, an increase of 0.026066% from its proportion measured as of June 30, 2022.

The following is a summary of the City's CERS net OPEB liability:

	Net Pension Liability (Asset)
City of Henderson:	
Non-Hazardous	\$ (393,696)
Hazardous	<u>1,418,886</u>
Total City of Henderson	<u>\$ 1,025,190</u>
 Component Units:	
Henderson Municipal Light & Power	\$ (202,578)
Henderson Water Authority	<u>\$ (201,862)</u>

The General Fund typically has been used in prior years to liquidate OPEB liabilities.

For the year ended June 30, 2024, the City recognized negative OPEB expense of \$1,421,339, which consists of \$882,629 for non-hazardous OPEB and \$538,710 for hazardous OPEB.

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

18. CERS RETIREMENT PLANS, Continued,

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 402,801	\$ 11,439,729
Changes in assumptions	1,743,588	2,019,055
Net difference between projected and actual investment earnings on pension plan investments	-	286,777
Changes in proportion and differences between City contributions and proportional share contributions	336,963	735,212
Implicit Subsidy	115,405	n/a
City contributions subsequent to the measurement date	<u>209,885</u>	<u>n/a</u>
Total	<u>\$ 2,808,642</u>	<u>\$ 14,480,773</u>

Of the total amount reported as deferred outflows of resources related to OPEB, the implicit subsidy and City contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liabilities in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the City's OPEB expense as follows:

Year ended June 30:

2025	\$ (2,750,798)
2026	(3,189,139)
2027	(2,408,074)
2028	(2,666,105)
2029	(983,305)
Thereafter	-

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

18. CERS RETIREMENT PLANS, Continued,

Actuarial assumptions: The total OPEB liability as of June 30, 2023, was determined using the following updated assumptions:

Inflation	2.50%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service for non-hazardous
	3.55% to 19.05%, varies by service for hazardous
Investment Rate of Return	6.50%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 8.50% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled “2022 Actuarial Experience Study for the Period Ended June 30, 2022” and include a change in the investment rate of return assumption from 6.25% to 6.50%. Additionally, the single discount rates used to calculate the total OPEB liability within each plan changed since the prior year.

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

18. CERS RETIREMENT PLANS, Continued,

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates or arithmetic real rate of return for each major asset class are summarized in the table below. The current long-term inflation assumption is 2.50% per annum.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income	20.00%	
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected	20.00%	
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Expected Real Return	100.00%	5.75%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

The fully-insured premiums Kentucky Retirement Systems pays for the CERS Health Insurance Plans are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

Discount rate: Single discount rates of 5.93% for non-hazardous and 5.97% for hazardous were used to measure the total OPEB liabilities as of June 30, 2023. The single discount rate determination used an expected rate of return of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan.

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

18. CERS RETIREMENT PLANS, Continued,

However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the system's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Sensitivity of the City's proportionate share of the collective net OPEB liabilities to changes in the discount rate: The following presents the City's proportionate share of the collective net OPEB liabilities calculated using discount rates of 5.93% (non-hazardous) and 5.97% (hazardous), as well as what the City's proportionate share of the collective net OPEB liabilities would be if they were calculated using discount rates that are one percentage point lower (4.93% and 4.97%, respectively) or one percentage point higher (6.93% and 6.97%, respectively) than the current rates:

City's proportionate share of the collective net OPEB liability (asset) as of June 30, 2023	1.00% Decrease	Current Discount Rate	1.00% Increase
Non-Hazardous	\$ 738,816	\$ (393,696)	\$ (1,342,036)
Hazardous	\$ 3,588,385	\$ 1,418,886	\$ (388,885)

Sensitivity of the City's proportionate share of the collective net OPEB liabilities to changes in the healthcare cost trend rates: The following presents the City's proportionate share of the collective net OPEB liabilities, as well as what the City's proportionate share of the collective net OPEB liabilities would be if they were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

City's proportionate share of the collective net OPEB liability (asset) as of June 30, 2023	1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
Non-Hazardous	\$ (1,261,864)	\$ (393,696)	\$ 672,767
Hazardous	\$ 16,166	\$ 1,418,886	\$ 3,112,959

OPEB plan fiduciary net position: Detailed information about the OPEB plans' fiduciary net position is available in the separately issued Kentucky Retirement Systems financial report.

19. RECONCILIATION OF NET INVESTMENT IN CAPITAL ASSETS

The following reports the City of Henderson, Kentucky net investment in capital assets as of June 30, 2024 for governmental activities.

Net Capital Assets	\$ 53,154,352
Debt Related to Capital Assets	(98,678,318)
Capital Projects AP	(2,190,801)
Debt to be paid by HWU and HMPL	54,277,670
Unspent Bond Proceeds	23,183,974
	\$ 29,746,877

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

20. FUND BALANCE

For governmental funds, fund balance is classified in five categories that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five categories are as follows:

Nonspendable Fund Balance

The nonspendable 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. The nonspendable fund balance of the City consists of amounts not in spendable form such as 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 pursuant to constraints imposed by formal action of the City's highest level of decision making authority, which would be ordinances passed by the Board of Commissioners of the City. Those committed amounts cannot be used for any other purpose unless the Board of Commissioners changes the commitments by ordinance.

Assigned Fund Balance

The assigned fund balance classification includes amounts constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by either the Board of Commissioners or the City Manager or any other body or official which they have delegated the authority to assign amounts to be used for a specific purpose.

Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for the General Fund. This classification represents spendable fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only governmental fund that reports a positive unassigned fund balance.

For expenditure purposes, restricted fund balances are considered to be spent first, followed in order by committed, assigned, and unassigned fund balances, respectively.

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

20. FUND BALANCE, Continued,

Governmental fund balances consist of the following classifications as of June 30, 2024:

Fund Balances	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Inventories	\$ 43,236	\$ -	\$ -	\$ 14,819	\$ 58,055
Prepaid Expenditures	34,708	-	-	5,114	39,822
	<u>77,944</u>	<u>-</u>	<u>-</u>	<u>19,933</u>	<u>97,877</u>
Restricted					
Debt service	-	1,997	-	-	1,997
Capital projects	-	-	-	-	-
Tourism	-	-	-	30,994	30,994
Law enforcement	-	-	-	73,551	73,551
	<u>-</u>	<u>1,997</u>	<u>-</u>	<u>104,545</u>	<u>106,542</u>
Committed					
Major capital projects	929,467	-	75,173,990	-	76,103,457
Administration	-	-	-	454,830	454,830
Opioid Settlement	452,072	-	-	-	452,072
	<u>1,381,539</u>	<u>-</u>	<u>75,173,990</u>	<u>454,830</u>	<u>77,010,359</u>
Assigned					
2025 Budget deficit	4,300,000	-	-	-	4,300,000
Reserves for Operations	9,000,000	-	-	-	9,000,000
Newman Park shelter	750,000	-	-	-	750,000
Loop Road	200,000	-	-	-	200,000
Economic Development	1,500,000	-	-	-	1,500,000
East End Projects	682,372	-	-	-	682,372
Conference Center	2,600,000	-	-	-	2,600,000
Vehicle and Equipment Replacement	1,700,000	-	-	-	1,700,000
	<u>20,732,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,732,372</u>
Unassigned	2,209,182	-	-	(341,980)	1,867,202
Total fund balances	\$ 24,401,037	\$ 1,997	\$ 75,173,990	\$ 237,328	\$ 99,814,352

21. DEFICIT NET POSITION/FUND BALANCE

The Public Ways Improvement (PWI) had a deficit unassigned fund balance of \$(324,560) and the Cemetery fund carried a deficit of \$(14,969). These deficits are the result of the timing of reimbursements from the General Fund. These deficits were eliminated during the first month of fiscal year 2024.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

22. LAND HELD FOR RESALE

In August 2022, the City purchased for \$1,548,472 approximately 130 acres of land for development. The asset is reflected in the General Fund as land held for resale and will be sold to developers. In September 2023, the City sold to a developer 47.308 acres of the 130 acres and recognized a small gain on the sale in the amount of \$35,918. The City expects to sell the remaining acreage over the next four years.

In May 2023, the City purchased 3.4248 acres from HMPL that has its former administrative and maintenance facilities at 100 Fifth St. for \$1.625 million. During January 2024, the City sold a portion of the HMPL land for economic development purposes at a loss of \$958,552.

The City plans to sell the various buildings and acreage over the course of the next several years for development.

23. SUBSEQUENT EVENTS

In November 2024, the City sold \$12,165,000 in General Obligation Bonds, Series 2023B with the proceeds used for (i) financing all or a portion of (a) the additional costs of the construction of the Henderson Sports Complex, (b) the costs of the acquisition, construction, installation, and equipping of a new fire station for the Henderson Fire Department, and (c) the costs of the acquisition, construction, installation, and equipping of the extension of Barret Boulevard; (ii) paying the costs of credit enhancement for the Bonds, if any; and (iii) paying the costs of issuance of the Bonds.

24. NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued the following statements:

Statement No. 100, "Accounting Changes and Error Corrections" the requirements of this Statement were implemented and have no material effect on the financial statements for the fiscal year ending June 30, 2024.

Statement No. 101, "Compensated Absences" The requirements of this statement will be implemented for fiscal year ending June 30, 2025.

Statement No. 102, Certain Risk Disclosures, effective for financial statements for the fiscal year ending June 30, 2025.

Statement No. 103, Financial Reporting Model Improvements, effective for financial statements for the fiscal year ending June 30, 2025

In addition to the pronouncements discussed previously, GASB has issued additional guidance for state and local governments that are not yet effective. The city reviews each pronouncement to determine the impact of implementation in future periods

Management is evaluating these new pronouncements and will determine any potential effect that they may have on the financial statement.

**Required Supplementary Information
(other than Management's Discussion and Analysis)**

CITY OF HENDERSON, KENTUCKY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY
County Employees' Retirement System Pension Plan
As of the Measurement Date for the Last Ten Years

	Non-Hazardous Employees									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the collective net pension liability	0.285163%	0.273880%	0.288905%	0.288385%	0.303302%	0.301681%	0.294516%	0.294810%	0.294070%	0.301655%
City's proportionate share of the collective net pension liability	\$18,297,508	\$19,798,822	\$18,419,960	\$22,118,891	\$21,331,365	\$18,373,292	\$17,238,927	\$15,115,467	\$12,643,513	\$9,786,816
City's covered payroll	\$8,836,673	\$8,022,763	\$7,723,098	\$7,618,352	\$7,870,617	\$7,809,738	\$7,423,512	\$7,306,385	\$7,236,290	\$7,038,509
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	207.06%	246.78%	238.50%	290.34%	271.03%	235.26%	232.22%	203.62%	173.05%	135.25%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%
Hazardous Employees										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the collective net pension liability	1.037710%	1.011400%	1.066409%	1.079280%	1.122767%	1.120206%	1.112915%	1.101950%	1.113580%	1.056860%
City's proportionate share of the collective net pension liability	\$27,976,390	\$30,862,439	\$28,389,506	\$32,540,599	\$31,014,141	\$27,091,700	\$24,899,008	\$19,691,323	\$17,094,694	\$12,701,630
City's covered payroll	\$7,602,038	\$6,760,278	\$6,554,245	\$6,447,033	\$6,477,309	\$6,617,453	\$6,309,740	\$5,984,273	\$5,854,676	\$5,758,780
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	368.01%	456.53%	433.15%	504.74%	478.81%	409.40%	394.61%	312.08%	285.66%	216.95%
Plan fiduciary net position as a percentage of the total pension liability	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	49.78%	53.95%	57.52%	63.46%

CITY OF HENDERSON, KENTUCKY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY
County Employees' Retirement System Pension Plan
As of the Measurement Date for the Last Ten Years

	Non-Hazardous Employees						
	2023	2022	2021	2020	2019	2018	2017
City's proportion of the collective net OPEB liability	0.285149%	0.273880%	0.288837%	0.288314%	0.303307%	0.301670%	0.294516%
City's proportionate share of the collective net OPEB liability	\$ (393,695)	\$ 5,405,020	\$ 5,529,640	\$ 6,961,906	\$ 5,101,487	\$ 5,356,091	\$ 5,920,779
City's covered payroll	\$ 8,836,673	\$ 8,022,763	\$ 7,723,098	\$ 7,618,352	\$ 7,870,617	\$ 7,809,738	\$ 7,423,512
City's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	-4.46%	67.37%	71.60%	91.38%	64.82%	68.58%	79.76%
Plan fiduciary net position as a percentage of the total OPEB liability	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.39%
	Hazardous Employees						
	2023	2022	2021	2020	2019	2018	2017
City's proportion of the collective net OPEB liability	1.037023%	1.010957%	1.066406%	1.079049%	1.120269%	1.120269%	1.112915%
City's proportionate share of the collective net OPEB liability	\$ 1,418,886	\$ 8,611,188	\$ 8,622,525	\$ 9,971,552	\$ 7,987,064	\$ 7,987,064	\$ 9,200,152
City's covered payroll	\$ 7,602,038	\$ 6,760,278	\$ 6,554,243	\$ 6,447,033	\$ 6,477,309	\$ 6,617,453	\$ 6,309,740
City's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	18.66%	127.38%	131.56%	154.67%	123.31%	120.70%	145.81%
Plan fiduciary net position as a percentage of the total OPEB liability	92.27%	64.13%	66.81%	58.84%	64.44%	64.24%	58.99%

*This table will present ten years of information as it becomes available.

There are no assets accumulating in trust for the OPEB plan.

CITY OF HENDERSON, KENTUCKY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Civil Service Pension Fund
For the fiscal years ended June 30th

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service cost	\$ -	\$ -	\$ 40,860	\$ -	\$ -	\$ 7,059	n/a	n/a	\$ 4,596	\$ 5,423
Interest	-	-	126,157	-	-	49,315	n/a	n/a	69,926	69,155
Changes of benefit terms	-	-	-	-	-	-	n/a	n/a	-	-
Differences between expected and actual experience	(13,213)	(13,213)	(8,090)	(1,211)	(1,211)	(119,656)	n/a	n/a	15,113	116,277
Changes of assumptions	-	-	80,355	-	-	-	n/a	n/a	-	-
Benefit payments	(71,633)	(68,790)	(76,675)	(71,259)	(88,302)	(77,363)	n/a	n/a	(175,554)	(175,297)
Net Change in Total Pension Liability	(84,846)	(82,003)	162,607	(72,470)	(89,513)	(140,645)	n/a	n/a	(85,919)	15,558
Total Pension Liability (Asset) - Beginning	802,959	884,962	722,355	794,825	884,338	1,024,983	n/a	n/a	1,486,307	1,470,749
Total Pension Liability (Asset) - Ending	\$ 718,113	\$ 802,959	\$ 884,962	\$ 722,355	\$ 794,825	\$ 884,338	n/a	n/a	\$ 1,400,388	\$ 1,486,307
Plan Fiduciary Net Position:										
Contributions - employer	\$ 68,886	\$ 71,670	\$ 71,509	\$ 80,394	\$ 89,836	\$ 73,680	n/a	n/a	\$ 175,316	\$ 170,363
Contributions - member	2,886	2,670	2,509	2,394	2,836	2,680	n/a	n/a	2,316	2,363
Net investment income	-	-	-	-	-	-	n/a	n/a	3	3
Miscellaneous income	12	26	78	90	12	2,022	n/a	n/a	111	191
Benefit payments including refunds	(71,633)	(68,790)	(76,675)	(81,259)	(88,302)	(77,363)	n/a	n/a	(175,554)	(175,297)
Administrative expenses	-	(3,393)	-	-	(3,598)	-	n/a	n/a	(3,410)	(3,410)
Net Change in Plan Fiduciary Net Position	151	2,183	(2,579)	1,619	784	1,019	n/a	n/a	(1,218)	(5,787)
Plan Fiduciary Net Position - Beginning	474	(1,709)	870	(749)	(1,533)	(2,552)	n/a	n/a	(1,334)	4,453
Plan Fiduciary Net Position - Ending	\$ 625	\$ 474	\$ (1,709)	\$ 870	\$ (749)	\$ (1,533)	n/a	n/a	\$ (2,552)	\$ (1,334)
City's Net Pension Liability	\$ 717,488	\$ 802,485	\$ 886,671	\$ 721,485	\$ 795,574	\$ 885,871	n/a	n/a	\$ 1,402,940	\$ 1,487,641
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.087%	0.059%	-0.193%	0.120%	-0.094%	-0.173%	n/a	n/a	-0.182%	-0.090%
Covered Payroll	\$ 57,817	\$ 55,441	\$ 52,095	\$ 47,938	\$ 54,907	\$ 46,259	n/a	n/a	\$ 46,415	\$ 47,357
Net Pension Liability as a Percentage of Covered Payroll	1240.96%	1447.46%	1702.03%	1505.04%	1448.95%	1915.02%	n/a	n/a	3022.60%	3141.33%
Actuarial Valuation Date	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2019	June 30, 2019	June 30, 2019	n/a	n/a	June 30, 2016	June 30, 2015

CITY OF HENDERSON, KENTUCKY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Police and Fire Pension Fund
For the fiscal years ended June 30th

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a	\$ (3,658)	\$ (3,720)
Interest	-	-	179,220	-	-	175,064	n/a	n/a	183,171	187,904
Changes of benefit terms	-	-	-	-	-	-	n/a	n/a	-	-
Differences between expected and actual experience	(8,569)	(8,569)	(270,894)	(48,571)	(48,571)	(26,054)	n/a	n/a	(38,869)	85,141
Changes of assumptions	-	-	-	-	-	-	n/a	n/a	-	-
Benefit payments	(312,031)	(302,874)	(303,933)	(333,413)	(349,805)	(352,211)	n/a	n/a	(382,823)	(392,484)
Net Change in Total Pension Liability	(320,600)	(311,443)	(395,607)	(381,984)	(398,376)	(203,201)	n/a	n/a	(242,179)	(123,159)
Total Pension Liability (Asset) - Beginning	2,862,098	3,173,541	3,569,148	3,951,132	4,349,508	4,552,709	n/a	n/a	4,770,687	4,893,846
Total Pension Liability (Asset) - Ending	\$ 2,541,498	\$ 2,862,098	\$ 3,173,541	\$ 3,569,148	\$ 3,951,132	\$ 4,349,508	n/a	n/a	\$ 4,528,508	\$ 4,770,687
Plan Fiduciary Net Position:										
Contributions - employer	\$ 311,000	\$ 308,000	\$ 304,000	\$ 332,000	\$ 354,000	\$ 352,000	n/a	n/a	\$ 386,000	\$ 399,000
Contributions - member	-	-	-	-	-	-	n/a	n/a	-	-
Net investment income	-	-	-	-	-	-	n/a	n/a	2	2
Miscellaneous income	10	33	38	347	16	16	n/a	n/a	188	370
Benefit payments including refunds	(312,031)	(302,874)	(303,933)	(333,413)	(349,805)	(352,211)	n/a	n/a	(382,823)	(392,484)
Administrative expenses	-	(3,816)	-	-	(4,284)	-	n/a	n/a	(3,658)	(3,720)
Net Change in Plan Fiduciary Net Position	(1,021)	1,343	105	(1,066)	(73)	(195)	n/a	n/a	(291)	3,168
Plan Fiduciary Net Position - Beginning	(3,318)	(4,661)	(4,766)	(3,700)	(3,627)	(3,432)	n/a	n/a	(9,279)	(12,447)
Plan Fiduciary Net Position - Ending	\$ (4,339)	\$ (3,318)	\$ (4,661)	\$ (4,766)	\$ (3,700)	\$ (3,627)	n/a	n/a	\$ (9,570)	\$ (9,279)
City's Net Pension Liability	\$ 2,545,837	\$ 2,865,416	\$ 3,178,202	\$ 3,573,914	\$ 3,954,832	\$ 4,353,135	n/a	n/a	\$ 4,538,078	\$ 4,779,966
Plan Fiduciary Net Position as a Percentage of the										
Total Pension Liability	-0.171%	-0.116%	-0.147%	-0.134%	-0.094%	-0.083%	n/a	n/a	-0.211%	-0.195%
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a	n/a	\$ -	\$ -
Net Pension Liability as a Percentage of Covered										
Payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Actuarial Valuation Date	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2019	June 30, 2019	June 30, 2019	n/a	n/a	June 30, 2016	June 30, 2015

CITY OF HENDERSON, KENTUCKY
SCHEDULE OF CITY CONTRIBUTIONS
County Employees Retirement System Pension Plan
For the Last Ten Fiscal Years

Non-Hazardous Employees

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 2,130,190	\$ 1,962,762	\$ 1,698,419	\$ 1,490,558	\$ 1,470,342	\$ 1,276,614	\$ 1,122,754	\$ 1,035,580	\$ 907,453	\$ 922,627
Contributions in relation to the statutorily required contribution	<u>(2,130,190)</u>	<u>(1,962,762)</u>	<u>(1,698,419)</u>	<u>(1,490,558)</u>	<u>(1,470,342)</u>	<u>(1,276,614)</u>	<u>(1,122,754)</u>	<u>(1,035,580)</u>	<u>(907,453)</u>	<u>(922,627)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 9,126,778	\$ 8,836,673	\$ 8,022,763	\$ 7,723,098	\$ 7,618,352	\$ 7,870,617	\$ 7,809,738	\$ 7,423,512	\$ 7,306,385	\$ 7,236,290
Contributions as a percentage of covered payroll	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

Hazardous Employees

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 3,344,337	\$ 3,111,578	\$ 2,289,030	\$ 1,970,206	\$ 1,937,978	\$ 1,610,259	\$ 1,456,663	\$ 1,369,845	\$ 1,212,414	\$ 1,213,674
Contributions in relation to the statutorily required contribution	<u>(3,344,337)</u>	<u>(3,111,578)</u>	<u>(2,289,030)</u>	<u>(1,970,206)</u>	<u>(1,937,978)</u>	<u>(1,610,259)</u>	<u>(1,456,663)</u>	<u>(1,369,845)</u>	<u>(1,212,414)</u>	<u>(1,213,674)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 8,135,094	\$ 7,602,038	\$ 6,760,278	\$ 6,554,245	\$ 6,447,033	\$ 6,477,309	\$ 6,617,453	\$ 6,309,740	\$ 5,984,273	\$ 5,854,676
Contributions as a percentage of covered payroll	41.11%	42.81%	33.86%	30.06%	30.06%	24.86%	22.20%	21.71%	20.26%	20.73%

CITY OF HENDERSON, KENTUCKY
SCHEDULE OF CITY CONTRIBUTIONS
County Employees Retirement System OPEB Plan
For the Last Ten Fiscal Years
Non-Hazardous Employees

	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ -	\$ 284,349	\$ 463,717	\$ 367,621	\$ 362,635	\$ 413,996	\$ 364,233
Contributions in relation to the statutorily required contribution	<u>-</u>	<u>(284,349)</u>	<u>(463,717)</u>	<u>(367,621)</u>	<u>(362,635)</u>	<u>(413,996)</u>	<u>(364,233)</u>
Contribution deficiency (excess)	<u>\$ -</u>						
City's covered payroll	\$ 9,126,778	\$ 8,836,673	\$ 8,022,763	\$ 7,723,098	\$ 7,618,352	\$ 7,870,617	\$ 7,809,738
Contributions as a percentage of covered payroll	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%
Hazardous Employees							
	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 209,885	\$ 492,794	\$ 707,800	\$ 623,964	\$ 613,758	\$ 678,821	\$ 613,111
Contributions in relation to the statutorily required contribution	<u>(209,885)</u>	<u>(492,794)</u>	<u>(707,800)</u>	<u>(623,964)</u>	<u>(613,758)</u>	<u>(678,821)</u>	<u>(613,111)</u>
Contribution deficiency (excess)	<u>\$ -</u>						
City's covered payroll	\$ 8,135,094	\$ 7,602,038	\$ 6,760,278	\$ 6,554,243	\$ 6,447,033	\$ 6,477,309	\$ 6,617,453
Contributions as a percentage of covered payroll	2.58%	6.78%	10.47%	9.52%	9.52%	10.47%	9.35%

*This table will present ten years of information when it becomes available.

There are no assets accumulating in trust for the OPEB plan.

CITY OF HENDERSON, KENTUCKY
SCHEDULE OF CITY CONTRIBUTIONS
Civil Service Pension Plan
For the Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 72,791	\$ 72,791	\$ 72,791	\$ 76,464	\$ 76,464	\$ 76,464	\$ -	\$ -	\$ 105,328	\$ 107,411
Contributions in relation to the statutorily required contribution	(68,886)	(71,670)	(71,509)	(80,394)	(92,672)	(76,360)	-	-	(175,316)	(170,363)
Contribution deficiency (excess)	<u>\$ 3,905</u>	<u>\$ 1,121</u>	<u>\$ 1,282</u>	<u>\$ (3,930)</u>	<u>\$ (16,208)</u>	<u>\$ 104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (69,988)</u>	<u>\$ (62,952)</u>
City's covered payroll	\$ 57,817	\$ 55,441	\$ 52,095	\$ 47,938	\$ 54,907	\$ 46,259	\$ -	\$ -	\$ 46,415	\$ 47,357
Contributions as a percentage of covered payroll	119.14%	129.27%	137.27%	167.70%	168.78%	165.07%	N/A	N/A	377.71%	359.74%

Notes to Schedule:

Valuation date	June 30, 2022
Actuarial cost method	Entry age
Asset valuation method	Market value
Withdrawal	None
Actuarial assumptions:	
Salary increases	2.00%
Investment rate of return	4.00%
Retirement age	62
Mortality	In the 2022 actuarial valuation, the assumed life expectancies are according to the RP-2014 Base Table projected by Scale MP-2021, sex distinct.
Cost of living adjustment	2.00%

Change of Assumptions:

Mortality assumption updated in 2019 and 2014 and a 2% COLA was assumed in 2014.

Investment rate of return was changed to 4.00% in 2022 down from 5.00% in prior years.

CITY OF HENDERSON, KENTUCKY
SCHEDULE OF CITY CONTRIBUTIONS
Police and Fire Pension Plan
For the Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 285,851	\$ 285,851	\$ 285,851	\$ 337,473	\$ 337,473	\$ 337,473	\$ -	\$ -	\$ 355,293	\$ 362,840
Contributions in relation to the statutorily required contribution	(311,000)	(308,000)	(304,000)	(332,000)	(354,000)	(352,000)	-	-	(386,000)	(399,000)
Contribution deficiency (excess)	<u>\$ (25,149)</u>	<u>\$ (22,149)</u>	<u>\$ (18,149)</u>	<u>\$ 5,473</u>	<u>\$ (16,527)</u>	<u>\$ (14,527)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,707)</u>	<u>\$ (36,160)</u>
City's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation date	June 30, 2022
Actuarial cost method	Entry age
Asset valuation method	Market value
Withdrawal	None
Actuarial assumptions:	
Salary increases	N/A
Investment rate of return	4.00%
Retirement age	20 years
Mortality	In the 2022 actuarial valuation, the assumed life expectancies are according to the RP-2014 Base Table projected by Scale MP-2021, sex distinct.
Cost of living adjustment	2.00%

Change of Assumptions:

Mortality assumption updated in 2019 and 2014 and a 2% COLA was assumed in 2014.

CITY OF HENDERSON, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (RSI) on PENSION and
OPEB SCHEDULES

County Employees' Retirement System (CERS) Pension Plan and Other Postemployment Benefits (OPEB) Plan

Pension Plan

Changes of benefit terms: House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump Sum Option form of payment for members who retire after January 1, 2024, and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final pay rate to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of member's final pay to 50% of average pay for one child, 65% over average pay for two children, of 75% of average pay for three children. The Total Pension Liability beginning June 30, 2018 is determined using these updated benefit provisions.

Changes of assumptions: In the June 30, 2022, 2019, 2017 and 2015 actuarial valuations, the following changes in actuarial assumptions were made:

	<u>June 30, 2022</u>	<u>June 30, 2019</u>	<u>June 30, 2017</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Inflation	2.50%	2.30%	2.30%	3.25%	3.50%
Payroll Growth	2.00%	2.00%	0.75%	0.75%	1.00%
Salary Increases			3.05%	4.00%	4.50%
Non-Hazardous	3.30% to 10.30%	3.30% to 10.30%			
Hazardous	3.55% to 19.05%	3.55% to 19.05%			
Investment Rate of Return	6.50%	6.25%	6.25%	7.50%	7.75%

In the June 30, 2022 actuarial valuation, the mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disable Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Beginning with the June 30, 2019 actuarial valuation, the mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system- specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019.

The mortality table used for the disabled members was PUB-2010 Disable Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Beginning with the June 30, 2015 actuarial valuation, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members,

CITY OF HENDERSON, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (RSI) on PENSION and
OPEB SCHEDULES

the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

For periods prior to the June 30, 2015 actuarial valuation, the rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years was used for the period after disability retirement.

Other Postemployment Benefits Plan

Changes of benefit terms: Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contributions for members hired on or after July 1, 2023, by \$5 for each year of service a member attains over certain thresholds depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by the KPPA. The total OPEB liability as of June 30, 2022, is determined using these benefit provisions.

Other Postemployment Benefits Plan, Continued

Changes in Assumptions: In the June 30, 2022 and 2019 actuarial valuation, the following changes in actuarial assumptions were made:

	<u>June 30, 2022</u>	<u>June 30, 2019</u>	<u>June 30, 2017</u>
Inflation	2.50%	2.30%	2.30%
Payroll Growth	2.00%	2.00%	0.75%
Salary Increases			3.05%
Non-Hazardous	3.30% to 10.30%	3.30% to 10.30%	
Hazardous	3.55% to 19.05%	3.55% to 19.05%	
Investment Rate of Return	6.50%	6.25%	6.25%

In the June 30, 2022 actuarial valuation, the mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2020 improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2013. The mortality table used for the disabled members was PUB-2010 Disable Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Beginning with the June 30, 2019 actuarial valuation, the mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system- specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disable Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

CITY OF HENDERSON, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (RSI) on PENSION and
OPEB SCHEDULES

Beginning with the June 30, 2017 actuarial valuation, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

Civil Service Pension Fund (CSPP) and Police and Fire Pension Fund (PFPP)

1. The total pension liabilities are based on full actuarial valuation reports of GASB updates as of the end of each fiscal year. Full actuarial valuation reports and GASB updates have been prepared every third year.

2. Information as of the latest actuarial valuations:

	<u>CSPP</u>	<u>PFPP</u>
Valuation Date	June 30, 2022	June 30, 2022
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar	Level dollar
Remaining amortization period	20 years	20 Years
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	4.0%	4.0%
Inflation rate	None	None
Projected salary increases	2.0%	N/A
Cost of living adjustment	2.0%	N/A

3. Changes of assumptions:

 CSPP – none
 PFPP – none

4. Components of change in total pension liabilities:

- a. CSPP: service cost is \$9,413 for June 30, 2022. PFPP: service cost is zero since there are no active plan members accruing benefits.
- b. Interest component of change in total pension liability reflects interest rate used in developing total pension liability as of beginning of the fiscal year.
- c. Changes in benefit terms reflects impact of cost-of-living increases from the previous year benefit amounts.
- d. Changes in assumptions reflects impact of changes in valuation interest and/or mortality assumptions from the prior year.

Nonmajor Governmental Funds

Nonmajor Governmental Funds

The nonmajor governmental funds of the City consist of seven special revenue funds as described below. This subsection contains combining financial statements whereby the special revenue funds are combined to present total amounts for the nonmajor governmental funds. Also presented are budget and actual schedules for the special revenue funds.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted to expenditure for particular purposes.

Cemetery	The cemetery Fund accounts for the funds used to operate the City's two cemeteries, Fernwood and Fairmont.
PWI	The Public Way Improvement Fund accounts for funds that finance public works projects.
HART	The Henderson Area Rapid Transit Fund accounts for funds that operate the City bus system.
911	The Emergency Communications Fund accounts for funds that operate the 911 emergency communications system.
Tourist Commission	The Tourist Commission Fund accounts for the transient hotel and motel tax that is collected by the City and then sent to the Tourist Commission.
CDBG	The community Development Block Grant Fund accounts for federal grant money used to rehabilitate low income housing and public facilities.
Police Investigation	The Police Investigation Fund accounts for funds from property sold seized from criminal activities and expended on law enforcement activities

Also included at the end of this section are budget and actual schedules for the Debt Service Fund and the Capital Projects Fund.

City of Henderson, Kentucky
Combining Balance Sheet
Special Revenue Funds
June 30, 2024

	Cemetery	PWI	HART	911	Tourist Commission	CDBG	Police Investigation	Totals
ASSETS								
Cash	\$ 5,518	\$ 1,575	\$ 146,057	\$ 19,327	\$ 4,064	\$ -	\$ -	\$ 176,541
Receivables	3,617	129,505	259,432	88,296	26,930	29,253	-	537,033
Prepaid Expenditures	514	2,451	2,005	144	-	-	-	5,114
Due from other funds	-	-	-	6,767	-	-	-	6,767
Inventories	-	-	14,819	-	-	-	-	14,819
Restricted assets:								-
Cash	-	-	-	-	-	-	201,685	201,685
Total assets	\$ 9,649	\$ 133,531	\$ 422,313	\$ 114,534	\$ 30,994	\$ 29,253	\$ 201,685	\$ 941,959
LIABILITIES								
Accounts payable	\$ 19,199	\$ 436,327	\$ 18,013	\$ 6,068	\$ -	\$ 29,253	\$ 128,134	\$ 636,994
Deposits payable	-	-	-	257	-	-	-	257
Accrued wages	3,894	13,028	15,613	22,708	-	-	-	55,243
Due to other funds	1,011	8,736	2,285	105	-	-	-	12,137
Total liabilities	24,104	458,091	35,911	29,138	-	29,253	128,134	704,631
FUND BALANCES								
Nonspendable	514	2,451	16,824	144	-	-	-	19,933
Restricted	-	-	-	-	30,994	-	73,551	104,545
Committed	-	-	369,578	85,252	-	-	-	454,830
Unassigned	(14,969)	(327,011)	-	-	-	-	-	(341,980)
Total fund balances(deficits)	(14,455)	(324,560)	386,402	85,396	30,994	-	73,551	237,328
Total liabilities and fund balances	\$ 9,649	\$ 133,531	\$ 422,313	\$ 114,534	\$ 30,994	\$ 29,253	\$ 201,685	\$ 941,959

City of Henderson, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Special Revenue Funds
For the Fiscal Year Ended June 30, 2024

	Cemetery	PWI	HART	911	Tourist Commission	CDBG	Police Investigation	Totals
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 239,844	\$ -	\$ -	\$ 239,844
Intergovernmental	-	764,984	1,037,006	209,508	-	110,219	13,527	2,135,244
Service charges and fees	305,068	91,851	23,964	954,583	-	-	-	1,375,466
Investment income	139	881	1,766	659	74	-	4,110	7,629
Miscellaneous	-	-	9,817	-	-	-	32,306	42,123
Total revenues	305,207	857,716	1,072,553	1,164,750	239,918	110,219	49,943	3,800,306
EXPENDITURES								
Administration	-	-	1,341,899	-	241,365	110,219	-	1,693,483
Parks, recreation and cemeteries	543,350	-	-	-	-	-	-	543,350
Police	-	-	-	1,795,745	-	-	22,055	1,817,800
Public works	-	2,054,258	-	-	-	-	-	2,054,258
Capital outlays	-	-	-	-	-	-	59,478	59,478
Total expenditures	543,350	2,054,258	1,341,899	1,795,745	241,365	110,219	81,533	6,168,369
Excess (deficiency) of revenues over expenditures	(238,143)	(1,196,542)	(269,346)	(630,995)	(1,447)	-	(31,590)	(2,368,063)
OTHER FINANCING SOURCES								
Transfers in from General Fund	223,000	1,295,000	363,000	650,000	-	-	-	2,531,000
Total other financing sources	223,000	1,295,000	363,000	650,000	-	-	-	2,531,000
Net change in fund balances	(15,143)	98,458	93,654	19,005	(1,447)	-	(31,590)	162,937
Fund balances, beginning of year	688	(423,018)	292,748	66,391	32,441	-	105,141	74,391
Fund balances (deficits), end of year	\$ (14,455)	\$ (324,560)	\$ 386,402	\$ 85,396	\$ 30,994	- \$ 73,551	\$ 237,328	

City of Henderson, Kentucky
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Cemetery Fund
For the Fiscal Year Ended June 30, 2024

	Budget			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Service charges and fees	\$ 298,000	\$ 298,000	\$ 305,068	\$ 7,068
Investment income	-	-	139	139
Total revenues	<u>298,000</u>	<u>298,000</u>	<u>305,207</u>	<u>7,207</u>
EXPENDITURES				
Parks and recreation	586,000	586,000	543,350	42,650
Capital outlay	-	32,000	-	32,000
Total expenditures	<u>586,000</u>	<u>618,000</u>	<u>543,350</u>	<u>74,650</u>
Excess (deficiency) of revenues over expenditures	<u>(288,000)</u>	<u>(320,000)</u>	<u>(238,143)</u>	<u>81,857</u>
OTHER FINANCING SOURCES				
Transfers in from General Fund	288,000	320,000	223,000	(97,000)
Total other financing sources	<u>288,000</u>	<u>320,000</u>	<u>223,000</u>	<u>(97,000)</u>
Net change in fund balance	-	-	(15,143)	(15,143)
Fund balance, beginning of year	<u>688</u>	<u>688</u>	<u>688</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 688</u>	<u>\$ 688</u>	<u>\$ (14,455)</u>	<u>\$ (15,143)</u>

City of Henderson, Kentucky
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Public Way Improvement (PWI) Fund
For the Fiscal Year Ended June 30, 2024

	Budget			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 635,000	\$ 635,000	\$ 764,984	\$ 129,984
Service charges and fees	117,000	117,000	91,851	(25,149)
Investment income	-	-	881	881
Total revenues	<u>752,000</u>	<u>752,000</u>	<u>857,716</u>	<u>105,716</u>
EXPENDITURES				
Public works	2,162,000	2,162,000	2,054,258	107,742
Total expenditures	<u>2,162,000</u>	<u>2,162,000</u>	<u>2,054,258</u>	<u>107,742</u>
Excess (deficiency) of revenues over expenditures	<u>(1,410,000)</u>	<u>(1,410,000)</u>	<u>(1,196,542)</u>	<u>213,458</u>
OTHER FINANCING SOURCES				
Transfers in from General Fund	1,410,000	1,410,000	1,295,000	(115,000)
Total other financing sources	<u>1,410,000</u>	<u>1,410,000</u>	<u>1,295,000</u>	<u>(115,000)</u>
Net change in fund balance	-	-	98,458	98,458
Fund balance, beginning of year	<u>(423,018)</u>	<u>(423,018)</u>	<u>(423,018)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (423,018)</u>	<u>\$ (423,018)</u>	<u>\$ (324,560)</u>	<u>\$ 98,458</u>

City of Henderson, Kentucky
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Henderson Area Rapid Transit (HART) Fund
For the Fiscal year Ended June 30, 2024

	Budget			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 1,265,000	\$ 1,370,000	\$ 1,037,006	\$ (332,994)
Service charges and fees	19,000	19,000	23,964	4,964
Investment income	-	-	1,766	1,766
Miscellaneous	-	-	9,817	9,817
Total revenues	<u>1,284,000</u>	<u>1,389,000</u>	<u>1,072,553</u>	<u>(316,447)</u>
EXPENDITURES				
Administration	1,560,000	1,560,000	1,341,899	218,101
Capital outlays	280,000	385,000	-	385,000
Total expenditures	<u>1,840,000</u>	<u>1,945,000</u>	<u>1,341,899</u>	<u>603,101</u>
Excess (deficiency) of revenues over expenditures	<u>(556,000)</u>	<u>(556,000)</u>	<u>(269,346)</u>	<u>286,654</u>
OTHER FINANCING SOURCES				
Transfers in from General Fund	556,000	556,000	363,000	(193,000)
Total other financing sources	<u>556,000</u>	<u>556,000</u>	<u>363,000</u>	<u>(193,000)</u>
Net change in fund balance	-	-	93,654	93,654
Fund balance, beginning of year	<u>292,748</u>	<u>292,748</u>	<u>292,748</u>	<u>-</u>
Fund balance, end of year	<u>\$ 292,748</u>	<u>\$ 292,748</u>	<u>\$ 386,402</u>	<u>\$ 93,654</u>

City of Henderson, Kentucky
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Emergency Communications (911) Fund
For the Fiscal Year Ended June 30, 2024

	Budget			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 225,000	\$ 225,000	\$ 209,508	\$ (15,492)
Service charges and fees	950,000	950,000	954,583	4,583
Investment income	-	-	659	659
Total revenues	<u>1,175,000</u>	<u>1,175,000</u>	<u>1,164,750</u>	<u>(10,250)</u>
EXPENDITURES				
Police	1,851,000	1,851,000	1,795,745	55,255
Total expenditures	<u>1,851,000</u>	<u>1,851,000</u>	<u>1,795,745</u>	<u>55,255</u>
Excess (deficiency) of revenues over expenditures	(676,000)	(676,000)	(630,995)	45,005
OTHER FINANCING SOURCES				
Transfers in from General Fund	676,000	676,000	650,000	(26,000)
Total other financing sources	<u>676,000</u>	<u>676,000</u>	<u>650,000</u>	<u>(26,000)</u>
Net change in fund balance	-	-	19,005	19,005
Fund balance, beginning of year	66,391	66,391	66,391	-
Fund balance, end of year	<u>\$ 66,391</u>	<u>\$ 66,391</u>	<u>\$ 85,396</u>	<u>\$ 19,005</u>

City of Henderson, Kentucky
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Tourist Commission Fund
For the Fiscal Year Ended June 30, 2024

	Budget			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 265,000	\$ 265,000	\$ 239,844	\$ (25,156)
Investment income	-	-	74	74
Total revenues	<u>265,000</u>	<u>265,000</u>	<u>239,918</u>	<u>(25,082)</u>
EXPENDITURES				
Administration	<u>265,000</u>	<u>265,000</u>	<u>241,365</u>	<u>23,635</u>
Total expenditures	<u>265,000</u>	<u>265,000</u>	<u>241,365</u>	<u>23,635</u>
Excess (deficiency) of revenues over expenditures	-	-	(1,447)	(1,447)
OTHER FINANCING SOURCES				
Transfers in from General Fund	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	(1,447)	(1,447)
Fund balance, beginning of year	<u>32,441</u>	<u>32,441</u>	<u>32,441</u>	<u>-</u>
Fund balance, end of year	<u>\$ 32,441</u>	<u>\$ 32,441</u>	<u>\$ 30,994</u>	<u>\$ (1,447)</u>

City of Henderson, Kentucky
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Community Development Block Grant (CDBG) Fund
For the Fiscal Year Ended June 30, 2024

	Budget			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 680,000	\$ 680,000	\$ 110,219	\$ (569,781)
Total revenues	<u>680,000</u>	<u>680,000</u>	<u>110,219</u>	<u>(569,781)</u>
EXPENDITURES				
Administration	680,000	680,000	110,219	569,781
Total expenditures	<u>680,000</u>	<u>680,000</u>	<u>110,219</u>	<u>569,781</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES				
Transfers in from General Fund	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Henderson, Kentucky
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Police Investigation Fund
For the Fiscal Year Ended June 30, 2024

	Budget			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 102,000	\$ 102,000	\$ 13,527	\$ (88,473)
Investment income	-	-	4,110	4,110
Miscellaneous	-	-	32,306	32,306
Total revenues	<u>102,000</u>	<u>102,000</u>	<u>49,943</u>	<u>(52,057)</u>
EXPENDITURES				
Police	102,000	42,000	22,055	19,945
Capital outlays	-	60,000	59,478	522
Total expenditures	<u>102,000</u>	<u>102,000</u>	<u>81,533</u>	<u>20,467</u>
Excess (deficiency) of revenues over expenditures	-	-	(31,590)	(31,590)
OTHER FINANCING SOURCES				
Transfers in from General Fund	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(31,590)	(31,590)
Fund balance, beginning of year	<u>105,141</u>	<u>105,141</u>	<u>105,141</u>	<u>-</u>
Fund balance, end of year	<u>\$ 105,141</u>	<u>\$ 105,141</u>	<u>\$ 73,551</u>	<u>\$ (31,590)</u>

City of Henderson, Kentucky
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Debt Service Fund
For the Fiscal Year Ended June 30, 2024

	Budget			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 2,315,500	\$ 2,315,500	\$ 2,314,638	\$ (862)
Investment income	-	-	2,110	2,110
Total revenues	<u>2,315,500</u>	<u>2,315,500</u>	<u>2,316,748</u>	<u>1,248</u>
EXPENDITURES				
Debt service:				
Principal	5,640,000	5,640,000	5,640,000	-
Interest	2,690,000	3,060,000	3,058,455	1,545
Total expenditures	<u>8,330,000</u>	<u>8,700,000</u>	<u>8,698,455</u>	<u>1,545</u>
Excess (deficiency) of revenues over expenditures	<u>(6,014,500)</u>	<u>(6,384,500)</u>	<u>(6,381,707)</u>	<u>2,793</u>
OTHER FINANCING SOURCES				
Transfers in	6,014,500	6,384,500	6,383,168	(1,332)
Total other financing sources	<u>6,014,500</u>	<u>6,384,500</u>	<u>6,383,168</u>	<u>(1,332)</u>
Net change in fund balance	-	-	1,461	1,461
Fund balance, beginning of year	<u>536</u>	<u>536</u>	<u>536</u>	<u>-</u>
Fund balance, end of year	<u>\$ 536</u>	<u>\$ 536</u>	<u>\$ 1,997</u>	<u>\$ 1,461</u>

City of Henderson, Kentucky
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Capital Projects Fund
For the Fiscal Year Ended June 30, 2024

	Budget			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 3,236,000	\$ 3,918,000	\$ 2,465,697	\$ (1,452,303)
Investment income	-	-	1,329,706	1,329,706
Total revenues	<u>3,236,000</u>	<u>3,918,000</u>	<u>3,795,403</u>	<u>(122,597)</u>
EXPENDITURES				
Bond issuance costs	-	245,000	-	245,000
Distribution to component unit	-	415,000	-	415,000
Nondepartmental	-	-	744,518	
Capital outlays	20,841,500	22,206,500	14,006,247	8,200,253
Total expenditures	<u>20,841,500</u>	<u>22,866,500</u>	<u>14,750,765</u>	<u>8,860,253</u>
Excess (deficiency) of revenues over expenditures	<u>(17,605,500)</u>	<u>(18,948,500)</u>	<u>(10,955,362)</u>	<u>8,737,656</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	941,000	2,284,000	815,000	(1,469,000)
Transfers out	(4,772,500)	(4,772,500)	(4,688,326)	84,174
Bond premium	-	-	560,693	560,693
Bond issuance	21,437,000	21,437,000	13,655,000	(7,782,000)
Total other financing sources (uses)	<u>17,605,500</u>	<u>18,948,500</u>	<u>10,342,367</u>	<u>(8,606,133)</u>
Net change in fund balance	-	-	(612,995)	131,523
Fund balance, beginning of year	<u>75,786,985</u>	<u>75,786,985</u>	<u>75,786,985</u>	<u>-</u>
Fund balance, end of year	<u>\$ 75,786,985</u>	<u>\$ 75,786,985</u>	<u>\$ 75,173,990</u>	<u>\$ 131,523</u>

Statistical Section

Statistical Section

This part of the City of Henderson's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
General Information	120
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	124
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	129
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	139
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	143
Operating Information These schedules contain service and infrastructures data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	144
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

City of Henderson, Kentucky

General Information

The City

Henderson, originally known as "Red Banks" in reference to the soil along the banks of the Ohio River, was first settled in 1797. By the early 1800s the City had grown to 1,000 inhabitants. The City was incorporated as a town in 1810 and as a City in 1867. In 1922 a commission form of government was adopted, and in 1966 it was replaced by a city manager form of government.

The Henderson area has grown steadily and is known for its friendly people and southern hospitality. Henderson ranks as Kentucky's 15th largest city in terms of population. Henderson was also the home of four governors and two lieutenant governors.

Location



Henderson is the county seat of Henderson County, Kentucky, and lies on the southern banks of the Ohio River, one of the nation's major waterways, in the western Kentucky coal field region. 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. Henderson sits on a bluff; more than 70 feet above the Ohio River's low water mark, overlooking the river. For years the local slogan has been "On the Ohio, but never in it". Henderson is nearly 18 square miles and 400 feet above sea level.

Industry

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

Churches

Henderson has more than 60 churches representing many major religious denominations. The county and parochial school systems provide elementary, middle, and secondary school students with a quality education.

Schools

The school systems also have an excellent student-teacher ratio of approximately 14:1. The school system has eight elementary schools, two middle schools, one high school, one alternative school and one early learning (preschool) center.

Henderson Community College, a part of the Kentucky Community and Technical College System, offers two-year Associate of Arts and Science degrees. The College also offers many adult continuing education programs as well as providing support to area businesses and industry through special educational workshops tailored to meet the respective businesses' needs. One such program of note is the FAME program, which allows participating students to earn an industry- recognized degree while gaining valuable work experience in a manufacturing company. Murray State University and Lindsey Wilson College have regional campuses located on the Henderson Community College campus.

Medical Facilities

Deaconess Henderson Hospital, a 192-bed acute care hospital, is one of Henderson County's largest employers, with 700 employees at both the hospital and ancillary outpatient facilities. The hospital recently received an 'A' safety rating from The Leapfrog Group, placing the hospital in the top 1/3 of hospitals nationwide. The organization provides general hospitalization care, surgical procedures, obstetrics and delivery, various inpatient and outpatient services, and manages the city/county ambulance service. In 2017, Owensboro Health opened a facility on Barret Boulevard that also offers several types of services and specialties. One nursing home and a growing number of assisted- and independent-living centers are offered as well as a state- maintained county health department. Serving the medical needs of Henderson citizens are approximately 75 physicians and 15 dentists.

Culture

Available to area citizens are a wide range of recreational and cultural activities. The Henderson area is home to some of the finest duck and goose hunting in the United States, as well as many other outdoor activities.

Audubon State Park is home to the John James Audubon Museum. John James Audubon, the world-renowned wildlife artist, lived in Henderson and operated a business. The museum holds an extensive collection of Audubon's works. The facility hosts visitors from all over the world who come to view Audubon's works and study his life. Lodging and camping accommodations can also be found at the park. The Park offers several miles of trails, including a pet-friendly trail. Members of very active Friends of Audubon State Park organization recently acquired and added more than 600 acres to the park that expanded its habitat range from upland forest to wetlands sloughs. The wetlands addition contains an accessible boardwalk trail with plans for trail expansions. A bridge over a finger of Wilderness Lake was rebuilt in 2019 by volunteers with Pittsburgh Tank & Tower Co. in honor of their centennial year in business. A trail of bronze sculptures based on Audubon bird paintings can be found downtown. In November 2019, the Green River National Wildlife Refuge was efficiently established in Henderson County as only the second National Wildlife Refuge in Kentucky. In 2021, the Friends of Green River National Wildlife Refuge was created, and acreage is steadily being added to the refuge.

Recreation



Municipal parks provide picnicking, golf, tennis, soccer, swimming, disc golf, sand volleyball, softball and baseball. The Parks system also has a canine park. In late 2016, a loop nature trail was added to a much smaller existing trail at Newman Park to accommodate walkers, hikers and mountain bicycles. For fishermen, several lakes in the area are available, and other water sports may be enjoyed on the Ohio River. The Henderson Parks & Recreation Department won an award in 2017 from the Kentucky Recreation & Parks Society for a collaborative event with community partners that created a Halloween Trick-or-Treat Trail in the East End neighborhood. In 2018 the Parks Department was nominated and won a Special Citation Award from Kentucky Recreation and Parks Society for the creation of the City's first "pocket park" in downtown Henderson known as The Perch. In 2019, The Perch also won an award from the Kentucky Chapter of the American Public Works Association. The City of Henderson is in the process of building a Sports Complex in support of youth sports leagues.

Community activities include music, theatre, and visual arts. Cultural activities play a major role in the lives of Hendersonians. The 965-seat Henderson Fine Arts Center located at the Henderson Community College provides quality entertainment with many of the top acts in the United States performing on a regular basis.

The summer is highlighted with the W.C. Handy Blues & Barbecue Festival. The Festival is held to honor the life of W.C. Handy who is known as the "Father of the Blues." Handy lived in Henderson for a period in his life and it was here that he honed his musical skills and received his inspiration to annotate the blues musical form. Many of the top names in jazz and blues perform at the event. The event is ranked as a Top 100 Event in North America and is billed as one of the largest free blues festivals in the United States. The City also hosts four other major summer music festivals: SummerFest in May, PorchFest in June, The Sandy Lee Watkins Songwriters Festival in July and the Bluegrass in the Park Folklife Festival in August. In 2019 and continuing in 2021, the community hosted a Dia de los Muertos Festival to recognize and celebrate Hispanic culture.

Henderson County High School participates in all major team sports offered by the Kentucky High School Athletic Association. The school is continually in contention for state titles in several sports. Just recently, Henderson County High School has risen to excellence in academic competitions, bringing both the top and runner-up award in the Governor's Cup competition. The HCHS Culinary Program won back-to-back state championships in 2021 and 2022, and in 2021 won both U.S. regional and national titles.

The Henderson Public Library is one of the finest libraries in the area with well more than 112,000 volumes. The library was built in the early 1900s by a grant provided by Andrew Carnegie. The library opened a \$6 million expansion in 2021 that has added many amenities to library services as well as community meeting rooms that have already proven to be extremely popular and in demand. Ellis Park offers live horse racing in the summer and simulcasting nearly year-round. Ellis Park was re-acquired by Churchill Downs Incorporated in 2022.

Government



Henderson operates under a city manager form of government. 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.

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. The City of Henderson won the 2017 Community of the Year Award from the Green River Area Development District for work on its Vision Plan and again in 2023 for its work on the Inner-City Improvement Plan.

Demographics

Estimated population 27,734
Percent Male 47%
Percent Female 53%
Race 82.2% White, 10.1% Black or African American, Other 7.7%
Owner-occupied housing unit 52.4%
Median value of owner-occupied housing unit \$122,700
Households 11,894
Population per household 2.26
High school graduate or higher 87%
Bachelor's degree or higher 17.3%
Percentage in civilian labor force 55.8%
Total retail sales (\$1,000s) \$631,009
Medium household income \$46,276
Source: U.S. Census Bureau

CITY OF HENDERSON, KENTUCKY
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2015 (a)	2016	2017	2018 (b)	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets	\$ 25,398,204	\$ 23,579,158	\$ 21,576,830	\$ 20,637,291	\$ 20,019,886	\$ 19,124,042	\$ 19,780,166	\$ 27,300,461	\$ 27,410,827	\$ 29,746,877
Restricted	79,117	53,122	45,938	42,777	75,258	95,361	81,561	53,198,119	138,120	424,485
Unrestricted	(21,650,658)	(20,955,314)	(24,317,190)	(39,089,460)	(46,716,720)	(45,169,998)	(48,665,786)	(100,754,836)	(40,280,398)	(31,229,747)
Total governmental activities net position	\$ 3,826,663	\$ 2,676,966	\$ (2,694,422)	\$ (18,409,392)	\$ (26,621,576)	\$ (25,950,595)	\$ (28,804,059)	\$ (20,256,256)	\$ (12,731,451)	\$ (1,058,385)
Business-type activities										
Net investment in capital assets	\$ 2,869,943	\$ 2,745,162	\$ 2,561,895	\$ 2,700,550	\$ 2,602,642	\$ 2,282,023	\$ 2,719,510	\$ 5,714,048	\$ 9,103,764	\$ 9,854,643
Restricted	-	-	-	-	-	-	-	-	-	75,753
Unrestricted	4,168,871	4,293,248	5,173,958	5,083,166	5,082,773	752,956	1,151,989	(2,567,494)	(729,949)	(518,050)
Total business-type activities net position	\$ 7,038,814	\$ 7,038,410	\$ 7,735,853	\$ 7,783,716	\$ 7,685,415	\$ 3,034,979	\$ 3,871,499	\$ 3,146,554	\$ 8,373,815	\$ 9,412,346
Primary government										
Net investment in capital assets	\$ 28,268,147	\$ 26,324,320	\$ 24,138,725	\$ 23,337,841	\$ 22,622,528	\$ 21,406,065	\$ 22,499,676	\$ 33,014,509	\$ 36,514,591	\$ 39,601,520
Restricted	79,117	53,122	45,938	42,777	75,258	95,361	81,561	53,198,119	138,120	500,238
Unrestricted	(17,481,787)	(16,662,066)	(19,143,232)	(34,006,294)	(41,633,947)	(44,417,042)	(47,513,797)	(103,322,330)	(41,010,347)	(31,747,797)
Total primary government net position	\$ 10,865,477	\$ 9,715,376	\$ 5,041,431	\$ (10,625,676)	\$ (18,936,161)	\$ (22,915,616)	\$ (24,932,560)	\$ (17,109,702)	\$ (4,357,636)	\$ 8,353,961

(a) In fiscal year 2015, the City of Henderson fully implemented GASB 68.

(b) In fiscal year 2018, the City of Henderson fully implemented GASB 75.

CITY OF HENDERSON, KENTUCKY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Expenses	2015 (a)	2016 (b)	2017	2018 (c)	2019	2020	2021	2022	2023	2024
Governmental activities:										
Administration	\$ 4,274,319	\$ 5,284,527	\$ 5,079,404	\$ 5,550,719	\$ 6,297,817	\$ 5,704,804	\$ 7,774,147	\$ 7,429,209	\$ 7,364,375	\$ 2,458,165
Finance (b)	2,576,906	2,282,224	2,532,294	2,484,760	2,797,659	2,982,288	3,010,975	2,781,556	3,309,300	2,679,388
Information technology (b)	-	770,940	992,304	959,900	1,069,526	820,300	893,873	843,589	922,209	936,195
Parks and recreation	2,200,256	2,368,382	2,508,094	2,442,957	2,626,211	2,462,984	2,592,187	3,077,885	2,598,795	2,953,528
Police	6,341,357	7,712,111	9,485,562	10,081,379	10,901,246	11,373,574	11,187,805	9,703,357	9,503,519	9,276,838
Fire	5,410,968	6,120,802	7,660,031	7,559,249	8,623,727	9,129,066	8,855,597	7,589,442	7,900,425	7,517,739
Public works (b)	6,967,925	7,308,765	7,946,176	8,641,172	9,110,923	6,388,445	5,054,649	5,151,567	5,019,200	6,309,158
Nondepartmental	2,759,390	2,758,245	2,344,322	1,628,251	2,742,999	1,886,977	2,132,456	3,559,218	6,030,389	4,036,842
Interest on long-term debt	1,205,808	1,243,936	1,341,150	1,397,534	1,317,605	1,240,456	1,247,539	1,329,557	2,243,794	2,921,793
Total governmental activities expenses	\$ 31,736,929	\$ 35,849,932	\$ 39,889,337	\$ 40,745,921	\$ 45,487,713	\$ 41,988,894	\$ 42,749,228	\$ 41,465,380	\$ 44,892,006	\$ 39,089,646
Business-type activities:										
Gas	\$ 15,896,878	\$ 11,943,349	\$ 12,716,926	\$ 13,490,485	\$ 13,705,628	\$ 11,007,525	\$ 12,009,925	\$ 19,362,275	\$ 18,524,066	\$ 12,762,980
Sanitation	3,256,659	3,530,230	3,155,920	3,327,918	3,472,855	3,777,655	3,799,059	4,338,203	4,483,092	5,748,351
Total business-type activities expenses	\$ 19,153,537	\$ 15,473,579	\$ 15,872,846	\$ 16,818,403	\$ 17,178,483	\$ 14,785,180	\$ 15,808,984	\$ 23,700,478	\$ 23,007,158	\$ 18,511,331
Total primary government expenses	\$ 50,890,466	\$ 51,323,511	\$ 55,762,183	\$ 57,564,324	\$ 62,666,196	\$ 56,774,074	\$ 58,558,212	\$ 65,165,858	\$ 67,899,164	\$ 57,600,977
Program Revenues										
Governmental activities:										
Charges for services										
Administration	\$ 3,683,009	\$ 2,481,476	\$ 2,360,009	\$ 2,432,930	\$ 3,006,231	\$ 2,831,140	\$ 2,749,335	\$ 2,774,621	\$ 3,030,741	\$ 144,569
Finance (b)	2,929,770	3,010,323	3,217,470	3,253,519	3,059,589	3,465,424	3,164,847	3,467,560	3,887,365	5,641,322
Information technology (b)	-	-	-	-	-	-	-	-	-	-
Parks and recreation	307,188	337,411	384,802	348,970	293,799	279,915	361,204	392,189	392,941	371,025
Public safety	1,348,379	846,035	860,380	851,850	724,944	936,785	1,309,076	1,268,879	1,343,524	1,045,604
Public works (b)	689,626	178,372	320,075	237,018	234,674	232,200	196,720	247,736	239,915	178,981
Operating grants and contributions	2,426,635	3,068,003	2,765,809	3,647,558	3,666,007	5,006,398	4,873,687	5,439,980	5,293,890	8,268,997
Capital grants and contributions	969,748	1,468,973	1,115,868	30,680	1,168,087	482,700	320,227	7,796,662	5,338,343	-
Total governmental activities	\$ 12,354,355	\$ 11,390,593	\$ 11,024,413	\$ 10,802,525	\$ 12,153,331	\$ 13,234,562	\$ 12,975,096	\$ 21,387,627	\$ 19,526,719	\$ 15,650,498
program revenues										

CITY OF HENDERSON, KENTUCKY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2015 (a)	2016 (b)	2017	2018 (c)	2019	2020	2021	2022	2023	2024
Business-type activities:										
Charges for services										
Gas	\$ 17,832,083	\$ 13,178,911	\$ 14,567,341	\$ 15,234,733	\$ 15,026,345	\$ 11,817,554	\$ 14,099,877	\$ 20,317,522	\$ 20,587,747	\$ 14,711,887
Sanitation	3,235,220	3,460,515	3,488,812	3,170,350	3,291,264	3,687,417	4,006,684	4,419,569	4,835,356	5,263,849
Operating grants and contributions	-	-	-	-	-	-	-	-	120,048	-
Capital grants and contributions	98,560	101,016	103,536	106,116	158,640	111,480	114,264	117,120	4,190,632	309,367
Total business-type activities										
program revenues	\$ 21,165,863	\$ 16,740,442	\$ 18,159,689	\$ 18,511,199	\$ 18,476,249	\$ 15,616,451	\$ 18,220,825	\$ 24,854,211	\$ 29,733,783	\$ 20,285,103
Total primary government										
program revenues	\$ 33,520,218	\$ 28,131,035	\$ 29,184,102	\$ 29,313,724	\$ 30,629,580	\$ 28,851,013	\$ 31,195,921	\$ 46,241,838	\$ 49,260,502	\$ 35,935,601
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property	\$ 8,137,120	\$ 8,469,519	\$ 8,756,457	\$ 7,528,554	\$ 7,283,786	\$ 7,671,135	\$ 7,899,127	\$ 8,249,561	\$ 8,639,294	\$ 8,693,159
Payroll and net profits	5,345,370	5,714,865	5,703,639	7,209,671	7,701,986	7,305,503	8,367,740	9,710,333	11,428,101	12,913,369
Insurance	4,741,126	4,932,647	4,961,940	5,216,046	5,383,164	5,520,883	6,038,724	6,659,813	6,754,501	7,197,482
Other	828,934	810,732	772,546	984,873	965,270	958,683	1,036,473	1,022,608	1,138,314	(164,561)
Distribution from component units	1,644,724	1,644,724	1,644,724	1,644,724	1,694,724	1,744,724	1,794,724	1,794,724	2,237,402	-
Investment income	200,201	337,155	50,222	102,067	463,726	445,642	150,410	(489,236)	1,454,515	3,118,545
Transfers	1,400,000	1,400,000	1,604,008	1,684,000	1,679,542	1,680,642	1,683,470	1,677,753	1,680,643	1,116,818
Total governmental activities	\$ 22,297,475	\$ 23,309,642	\$ 23,493,536	\$ 24,369,935	\$ 25,122,198	\$ 25,277,212	\$ 26,920,668	\$ 28,625,556	\$ 32,890,092	\$ 35,112,214
Business-type activities:										
Investment earnings	\$ 71,531	\$ 132,733	\$ 14,608	\$ 39,067	\$ 283,475	\$ 298,386	\$ 103,149	\$ (213,197)	\$ 173,506	\$ 381,525
Gain (loss) on sale of capital assets	-	-	-	-	-	48,650	5,000	12,272	7,773	52
Transfers	(1,400,000)	(1,400,000)	(1,604,008)	(1,684,000)	(1,679,542)	(1,680,642)	(1,683,470)	(1,677,753)	(1,680,643)	(1,116,818)
Total business-type activities	\$ (1,328,469)	\$ (1,267,267)	\$ (1,589,400)	\$ (1,644,933)	\$ (1,396,067)	\$ (1,333,606)	\$ (1,575,321)	\$ (1,878,678)	\$ (1,499,364)	\$ (735,241)
Total primary government	\$ 20,969,006	\$ 22,042,375	\$ 21,904,136	\$ 22,725,002	\$ 23,726,131	\$ 23,943,606	\$ 25,345,347	\$ 26,746,878	\$ 31,390,728	\$ 34,376,973
Change in Net Position										
Governmental activities:										
\$ 2,914,901	\$ (1,149,697)	\$ (5,371,388)	\$ (5,573,461)	\$ (8,212,184)	\$ (3,477,120)	\$ (2,853,464)	\$ 8,547,803	\$ 7,524,805	\$ 11,673,066	
Business-type activities:										
683,857	(404)	697,443	47,863	(98,301)	(502,335)	836,520	(724,945)	5,227,261	1,038,531	
Total primary government	\$ 3,598,758	\$ (1,150,101)	\$ (4,673,945)	\$ (5,525,598)	\$ (8,310,485)	\$ (3,979,455)	\$ (2,016,944)	\$ 7,822,858	\$ 12,752,066	\$ 12,711,597

CITY OF HENDERSON, KENTUCKY
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2015 (a)	2016	2017	2018 (b)	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	\$ 22,694	\$ 26,845	\$ 59,912	\$ 38,787	\$ 88,774	\$ 336,180	\$ 334,342	\$ 437,298	\$ 90,644	\$ 77,944
Committed	2,199,379	2,393,464	1,613,986	250,597	-	1,246,488	1,068,603	1,379,495	1,129,068	1,381,539
Assigned	4,000,000	5,570,000	3,940,000	4,475,740	1,788,536	1,779,536	4,842,536	6,600,000	8,500,000	20,732,372
Unassigned	4,559,662	3,536,794	5,291,247	5,437,612	7,098,072	7,716,237	7,379,750	8,248,635	10,507,280	2,209,182
Total General Fund	\$ 10,781,735	\$ 11,527,103	\$ 10,905,145	\$ 10,202,736	\$ 8,975,382	\$ 11,078,441	\$ 13,625,231	\$ 16,665,428	\$ 20,226,992	\$ 24,401,037
All Other Governmental Funds										
Nonspendable										
Special revenue funds	\$ 21,851	\$ 16,500	\$ 17,200	\$ 32,000	\$ 26,393	\$ 77,359	\$ 85,800	\$ 80,735	\$ 22,366	\$ 19,933
Restricted										
Debt service fund	66,045	472	988	871	467	1,000	982	177	537	1,997
Special revenue funds	13,072	52,650	44,950	41,906	74,791	94,361	80,579	65,221	137,583	104,545
Committed										
Special revenue funds	119,669	125,332	393,182	250,016	217,051	615,628	615,484	190,460	339,864	454,830
Capital projects Fund	35,230,730	42,266,354	38,496,544	35,923,789	33,229,671	30,509,070	37,894,659	53,132,721	75,786,985	75,173,990
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned										
Capital projects fund	(2,252,592)	(995,659)	(185,457)	(75,369)	93,482	-	-	-	-	-
Special revenue funds	(5,977)	(287,758)	(5,275)	(166,068)	(380,430)	-	(302,523)	(567,911)	(425,421)	(341,980)
Total all other governmental funds	\$ 33,192,798	\$ 41,177,891	\$ 38,762,132	\$ 36,007,145	\$ 33,261,425	\$ 31,297,418	\$ 38,374,981	\$ 52,901,403	\$ 75,861,914	\$ 75,413,315

(a) In fiscal year 2015, the City of Henderson fully implemented GASB 68.

(b) In fiscal year 2018, the City of Henderson fully implemented GASB 75.

CITY OF HENDERSON, KENTUCKY
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2015 (a)	2016 (b)	2017	2018 (c)	2019	2020	2021	2022 (d)	2023	2024
Revenues										
Taxes	\$ 19,052,550	\$ 19,927,763	\$ 20,194,582	\$ 20,939,144	\$ 21,334,206	\$ 21,456,204	\$ 23,342,064	\$ 25,642,315	\$ 27,960,210	\$ 30,127,639
Charges for services	1,328,720	1,369,544	1,593,666	1,502,655	1,337,868	1,496,544	1,764,104	2,106,602	2,218,955	3,630,270
Investment income	198,706	335,075	46,035	93,654	454,503	437,758	147,773	(492,011)	1,437,077	2,737,092
Licenses and permits	79,519	102,971	77,553	60,556	88,147	74,549	70,041	112,140	140,743	143,264
Intergovernmental revenue	8,591,517	7,211,517	6,612,022	6,504,428	7,504,614	8,380,332	8,155,958	16,243,093	14,067,702	11,337,307
Distributions from component units	1,644,724	1,644,724	1,644,724	1,644,724	1,644,724	1,694,724	1,744,724	1,794,724	1,794,724	2,237,402
Other	277,774	345,365	325,510	376,536	829,686	239,481	436,037	258,257	394,238	355,529
Total Revenues	\$ 31,173,510	\$ 30,936,959	\$ 30,494,092	\$ 31,121,697	\$ 33,193,748	\$ 33,779,592	\$ 35,660,701	\$ 45,665,120	\$ 48,013,649	\$ 50,568,503
Expenditures										
Administration	2,510,126	2,723,211	2,608,916	2,743,063	2,737,047	3,844,953	4,013,949	4,484,525	4,608,628	4,795,064
Finance (b)	2,663,640	2,240,291	2,234,619	2,242,609	2,335,066	2,281,920	2,290,261	2,418,608	2,947,565	3,095,605
Information technology (b)	-	741,710	867,454	854,707	832,620	820,300	893,873	843,589	922,209	1,078,157
Police	6,657,310	7,360,288	7,771,173	7,933,727	8,184,134	8,172,524	8,317,319	9,003,889	9,702,669	10,307,261
Fire	5,622,438	5,697,252	6,093,779	6,217,793	6,442,754	6,400,652	6,602,897	7,226,817	8,114,439	8,262,602
Public works (b)	5,185,281	5,082,225	5,388,274	5,811,505	5,670,173	3,726,094	4,071,127	4,616,600	4,490,277	4,871,636
Parks & recreation	1,847,588	1,982,046	1,973,263	1,926,574	1,982,867	1,790,054	1,962,032	2,682,077	2,091,206	2,549,174
Non-departmental	2,428,486	2,428,100	2,014,177	1,628,251	2,742,378	1,886,977	2,132,456	3,559,218	6,030,389	2,939,662
Capital outlay	6,239,160	5,510,013	7,594,336	2,127,330	3,156,720	2,114,003	2,419,311	5,925,864	8,494,354	14,655,315
Debt service:										
Principal	1,910,000	2,465,000	3,010,000	3,380,000	3,445,000	3,530,000	3,605,000	10,920,000	4,330,000	5,640,000
Interest	1,205,808	1,243,936	1,341,150	1,397,534	1,317,605	1,240,456	1,247,539	1,329,557	2,243,794	3,058,456
Other charges	-	82,156	59,573	-	-	-	162,767	302,854	531,664	-
Total expenditures	36,269,837	37,556,228	40,956,714	36,263,093	38,846,364	35,807,933	37,718,531	53,313,598	54,507,194	61,252,932
Excess of revenues over (under) expenditures	(5,096,327)	(6,619,269)	(10,462,622)	(5,141,396)	(5,652,616)	(2,028,341)	(2,057,830)	(7,648,478)	(6,493,545)	(10,684,429)
Other Financing Sources (Uses)										
Transfers in	6,179,785	6,733,286	9,964,515	7,535,161	8,886,014	8,069,647	8,238,578	14,460,810	9,215,371	10,582,144
Transfers out	(4,779,785)	(5,333,286)	(8,360,507)	(5,851,161)	(7,206,472)	(6,389,005)	(6,555,107)	(12,783,057)	(7,534,728)	(9,465,326)
Insurance recovery	-	-	155,390	-	-	381,751	-	-	-	-
Bond issuance	8,000,000	21,100,000	7,795,000	-	-	-	9,625,000	22,500,000	30,105,000	13,655,000
Bond premium	-	144,586	140,507	-	-	-	373,712	1,037,344	1,229,977	560,693
Bond refunds	-	(7,995,000)	(2,270,000)	-	-	-	-	-	-	-
Sale of land	-	700,144	-	-	-	105,000	-	-	-	(922,634)
Total other financing sources	9,400,000	15,349,730	7,424,905	1,684,000	1,679,542	2,167,393	11,682,183	25,215,097	33,015,620	14,409,877
Net change in fund balance	\$ 4,303,673	\$ 8,730,461	\$ (3,037,717)	\$ (3,457,396)	\$ (3,973,074)	\$ 139,052	\$ 9,624,353	\$ 17,566,619	\$ 26,522,075	\$ 3,725,448
Debt service as a percentage of non-capital expenditures	10.4%	11.6%	13.0%	14.0%	13.3%	14.2%	13.7%	25.8%	14.3%	14.2%

(d)

(a) In fiscal year 2015, the City of Henderson fully implemented GASB 68.
 (b) In fiscal year 2016, the City of Henderson created the Information technology department by splitting it from Finance and moved the Mass transit department into Public Works.
 (c) In fiscal year 2018, the City of Henderson fully implemented GASB 75.
 (d) In fiscal year 2022, the City of Henderson redeemed the 2010B, 2011A, and 2012A bonds.

CITY OF HENDERSON, KENTUCKY
GENERAL GOVERNMENT TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	Total	Real & Personal Property	Insurance Premiums	Payroll	Net Profits	Franchise	Transient	Bank Deposits
2015	\$19,052,550	\$ 8,137,120	\$ 4,741,126	\$ 4,494,725	\$ 850,645	\$ 679,169	\$ -	\$ 149,765
2016	19,927,763	8,469,519	4,932,647	4,825,752	889,113	655,937	-	154,795
2017	20,194,582	8,756,457	4,961,940	4,759,435	944,204	613,404	-	159,142
2018	20,939,144	7,528,554 a)	5,216,046	6,069,475 a)	1,140,196	824,062	-	160,811
2019	21,334,206	7,701,986	5,383,164	6,345,856	937,930	664,753	143,765 b)	156,752
2020	21,456,204	7,671,135	5,520,883	6,384,506	920,997	647,166	148,919	162,598
2021	23,342,064	7,899,127	6,038,724	6,949,568 c)	1,418,172 c)	694,133	154,108	188,232
2022	25,642,315	8,249,561	6,659,813	7,752,573	1,957,760	619,744	193,893	208,971
2023	27,960,210	8,639,294	6,754,501	9,079,529 d)	2,348,572 d)	663,111	261,766	213,437
2024	29,887,794	8,693,159	7,197,482	10,475,126	2,438,243	618,825	239,843	225,116

a) In fiscal 2018, the City of Henderson decreased the real estate property tax rate and increased the payroll tax rate.

b) Starting in fiscal 2019, the City of Henderson started collecting the transient tax paid by hotels and motels.

c) In fiscal 2021, the City of Henderson increased the payroll and net profits tax rates.

d) In fiscal 2023, the City of Henderson increased the payroll and net profits tax rates.

CITY OF HENDERSON, KENTUCKY
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	Real Estate (a)	Personal Property (a)	Bank Deposits (b)	Total	Increase over prior year
2015	\$ 1,121,833	\$ 132,314	\$ 611,284	\$ 1,865,431	\$ 21,331
2016	1,139,538	135,349	631,816	1,906,703	41,273
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	5,811
2020	1,225,620	133,562	663,664	2,022,846	48,029
2021	1,249,608	129,423	768,295	2,147,326	124,480
2022	1,279,845	142,004	852,943	2,274,792	127,467
2023	1,363,507	147,211	868,086	2,378,804	104,012
2024	1,419,166	173,342	918,842	2,511,350	132,546

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*

CITY OF HENDERSON, KENTUCKY
DETAIL OF ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Real Estate

Fiscal Year	Residential Real Estate	Farm Real Estate	Commercial Real Estate	Mobile Home Real Estate	Less: Tax Exempt Property			Total Taxable Real Estate	Total Direct Real Estate Tax Rate Per \$100	Estimated Actual Tax Value
	\$ 798,284,496	\$ 3,459,222	\$ 399,322,010	\$ 6,942,270	\$ 86,174,620	\$ -	\$ 1,121,833,378	\$ 0.577	\$ 6,472,979	
2015	\$ 808,757,469	3,805,200	409,692,048	6,599,470	89,315,951	-	1,139,538,236	0.591	6,734,671	
2016	820,224,410	3,798,700	412,467,534	6,796,070	89,898,825	-	1,153,387,889	0.611	7,047,200	
2017	834,637,177	3,970,600	430,169,310	7,053,220	92,898,488	-	1,182,931,819	0.490	a) 5,796,366	
2018	846,888,705	3,970,600	441,631,675	7,332,020	92,632,916	-	1,207,190,084	0.490	5,915,231	
2019	866,113,076	4,055,700	446,143,312	7,107,100	97,799,507	-	1,225,619,681	0.490	6,005,536	
2020	883,340,660	4,087,500	452,740,062	7,375,200	97,935,886	-	1,249,607,536	0.490	6,123,077	
2021	897,268,057	4,254,500	471,447,952	7,587,700	100,713,064	-	1,279,845,145	0.490	6,271,241	
2022	950,012,853	4,173,700	503,868,417	8,267,500	102,815,262	-	1,363,507,208	0.475	6,476,659	
2023	1,005,871,917	4,120,500	518,748,633	8,442,400	118,017,275	-	1,419,166,175	0.475	6,741,039	

Personal

Fiscal Year	Furniture/ Fixtures	Merchant's Inventory	Manufacturer's Finished Goods	Goods Stored in Warehouse	Work In Progress	Other	Total Taxable Personal Property	Total Direct Personal Tax Rate Per \$100	Estimated Actual Tax Value
	\$ 53,474,994	\$ 49,051,206	\$ 10,637,920	\$ 9,193,298	\$ 5,386,945	\$ 4,569,319	\$ 132,313,682	\$ 0.800	\$ 1,058,509
2015	\$ 57,695,019	50,589,895	9,625,717	10,975,898	809,979	5,652,346	135,348,854	0.813	1,100,386
2016	55,583,102	46,812,665	7,501,029	13,477,271	440,545	6,878,565	130,693,177	0.813	1,062,536
2017	60,086,361	46,751,217	10,217,486	5,520,655	2,173,268	7,469,022	132,218,009	0.813	1,074,932
2018	61,032,122	45,928,909	10,581,107	1,581,190	1,217,750	7,481,691	127,822,769	0.813	1,039,199
2019	62,540,549	44,780,087	11,089,349	5,889,019	72,039	9,190,622	133,561,665	0.813	1,085,856
2020	61,764,976	45,996,771	7,653,902	4,887,193	1,507,503	7,612,388	129,422,733	0.813	1,052,207
2021	57,431,192	69,515,939	5,749,347	2,457,274	53,526	6,797,183	142,004,461	0.730	1,036,633
2022	64,287,765	42,606,894	10,108,096	21,102,967	998	9,104,768	147,211,488	0.730	1,074,644
2023	67,009,286	44,910,244	14,761,929	32,092,208	3,569,163	10,999,592	173,342,422	0.645	1,118,059

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.

a) In fiscal 2018, the Board of Commissioners voted to reduce the real property tax rate and increased the payroll tax rate from 1.0% to 1.29%.

Source: Henderson County Property Valuation Administrator

CITY OF HENDERSON, KENTUCKY
PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Real Property		Direct		Overlapping				Total City Resident		
Year	General Fund Operations		City	County Schools	State	County	Library	Health	Extension	1.48300
	2015	0.577	0.577	0.530	0.122	0.118	0.083	0.026	0.02700	1.48300
2016	0.591	0.591		0.585	0.122	0.128	0.087	0.026	0.02900	1.56800
2017	0.611	0.611		0.588	0.122	0.128	0.092	0.026	0.03102	1.59802
2018	0.490	0.490		0.612	0.122	0.128	0.097	0.050	0.03269	1.53169
2019	0.490	0.490		0.631	0.122	0.128	0.102	0.050	0.03269	1.55569
2020	0.490	0.490		0.624	0.122	0.128	0.107	0.050	0.03269	1.55369
2021	0.490	0.490		0.640	0.122	0.128	0.111	0.050	0.03269	1.57369
2022	0.490	0.490		0.667	0.119	0.128	0.112	0.050	0.03300	1.59900
2023	0.475	0.475		0.667	0.115	0.128	0.114	0.050	0.03400	1.58300
2024	0.475	0.475		0.676	0.114	0.128	0.115	0.050	0.03500	1.59300
Personal property:		Direct		Overlapping				Total City Resident		
Year	General Fund Operations		City	County Schools	State	County	Library	Health	Extension	2.07770
	2014	0.750	0.750	0.529	0.45	0.175	0.1064	0.026	0.041300	2.07770
2015	0.800	0.800		0.530	0.45	0.175	0.1161	0.026	0.041300	2.13840
2016	0.813	0.813		0.585	0.45	0.184	0.1180	0.026	0.043000	2.21900
2017	0.813	0.813		0.588	0.45	0.184	0.1177	0.026	0.040605	2.21931
2018	0.813	0.813		0.612	0.45	0.184	0.1304	0.050	0.044958	2.28436
2019	0.813	0.813		0.631	0.45	0.184	0.1409	0.050	0.044958	2.31386
2020	0.813	0.813		0.624	0.45	0.184	0.1445	0.050	0.044958	2.31046
2021	0.813	0.813		0.640	0.45	0.184	0.1514	0.050	0.044958	2.33336
2022	0.730	0.730		0.667	0.45	0.184	0.1443	0.050	0.042900	2.26820
2023	0.730	0.730		0.667	0.45	0.184	0.1465	0.050	0.044100	2.27160
2024	0.645	0.645		0.676	0.45	0.184	0.1403	0.050	0.043100	2.18840

Source: Kentucky Department of Revenue

Note: Excluding new property, the City of Henderson cannot increase its property tax revenue by more than 4% annually without a popular referendum.
 Overlapping rates are those of state, county and local governments that apply to property owners within the City of Henderson.

CITY OF HENDERSON, KENTUCKY
AD VALOREM TAX RATES-DIRECT AND OVERLAPPING GOVERNMENT
PER \$100 OF NET ASSESSED VALUATION
LAST TEN FISCAL YEARS

Real property	Direct	Overlapping						Total City Resident
		County Schools	State	County	Library	Health	Extension	
Year	City							
2015	0.577	0.530	0.122	0.118	0.083	0.026	0.02700	1.48300
2016	0.591	0.585	0.122	0.128	0.087	0.026	0.02900	1.56800
2017	0.611	0.588	0.122	0.128	0.092	0.026	0.03102	1.59802
2018	0.490	0.612	0.122	0.128	0.097	0.050	0.03269	1.53169
2019	0.490	0.631	0.122	0.128	0.102	0.050	0.03269	1.55569
2020	0.490	0.624	0.122	0.128	0.107	0.050	0.03269	1.55369
2021	0.490	0.640	0.122	0.128	0.111	0.050	0.03269	1.57369
2022	0.490	0.667	0.119	0.128	0.112	0.050	0.03300	1.59900
2023	0.475	0.667	0.115	0.128	0.114	0.050	0.03400	1.58300
2024	0.475	0.676	0.114	0.128	0.115	0.050	0.03500	1.59300
Personal property:								
2015	0.800	0.530	0.45	0.175	0.1161	0.026	0.041300	2.138400
2016	0.813	0.585	0.45	0.184	0.1180	0.026	0.043000	2.219000
2017	0.813	0.588	0.45	0.184	0.1177	0.026	0.040605	2.219305
2018	0.813	0.612	0.45	0.184	0.1304	0.050	0.044958	2.284358
2019	0.813	0.631	0.45	0.184	0.1409	0.050	0.044958	2.313858
2020	0.813	0.624	0.45	0.184	0.1445	0.050	0.044958	2.310458
2021	0.813	0.640	0.45	0.184	0.1514	0.050	0.044958	2.333358
2022	0.730	0.667	0.45	0.184	0.1443	0.050	0.042900	2.268200
2023	0.730	0.667	0.45	0.184	0.1465	0.050	0.044100	2.271600
2024	0.645	0.676	0.45	0.184	0.1403	0.050	0.043100	2.188400

Source: Kentucky Department of Revenue

CITY OF HENDERSON, KENTUCKY
TOP TEN TAXPAYERS
LAST TEN FISCAL YEARS

Company	Type of Tax	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
State Farm Mutual Automobile Insurance	Insurance premium tax	\$ 596,842	\$ 626,753	\$ 659,739	\$ 682,863	\$ 687,892	\$ 674,323	\$ 739,306	\$ 806,903	\$ 875,788	\$ 977,807
Kentucky Farm Bureau Insurance	Insurance premium tax	541,415	564,029	578,131	610,675	583,796	581,218	635,311	676,754	756,367	881,307
Commonwealth of Kentucky - Telecom	Wireless 911 Revenue	307,851	307,845	307,824	308,055	314,980	317,813	284,769	309,567	296,444	301,802
United Healthcare	Insurance premium tax	176,361	194,822	209,333	244,231	275,274	262,791	183,071	204,904	223,724	244,300
Cincinnati Insurance Company	Insurance premium tax	163,533	-	152,252	159,494	178,322	202,585	200,741	206,418	197,613	195,124
Wal-Mart Stores, Inc.	Occupational tax	174,231	168,380	158,295	139,976	139,290	117,956	117,751	119,196	121,369	187,893
Progressive Casualty Insurance Company	Insurance premium tax	-	-	-	-	150,647	156,901	157,175	149,450	157,333	179,873
Progressive Direct Insurance Company	Insurance premium tax	-	-	-	-	-	128,950	148,176	139,051	161,311	176,887
International Paper	Occupational tax	-	-	-	-	-	-	-	-	-	176,156
Factory Mutual Insurance Company	Insurance premium tax	-	-	-	-	-	-	-	-	-	174,047
Anthem Insurance Companies	Insurance premium tax	-	214,939	253,376	225,481	243,332	243,909	233,550	211,127	132,877	-
Wal-Mart Stores, Inc.	Property tax/Occupational tax	174,231	168,380	158,295	139,976	139,290	117,956	117,751	119,196	121,369	-
Big Rivers Electric Corporation	Franchise tax	193,319	188,673	186,308	165,884	161,302	141,012	135,254	128,577	113,898	-
Spectrum Advance Services	911 tax/Franchise fees	234,094	235,406	254,027	245,061	194,596	-	-	-	-	-
Bellsouth Telecommunications / AT&T	911 tax/Franchise fees	196,631	155,924	-	145,204	-	-	-	-	-	-
Total		\$ 2,758,508	\$ 2,825,151	\$ 2,917,580	\$ 3,066,900	\$ 3,068,721	\$ 2,945,414	\$ 2,952,855	\$ 3,071,144	\$ 3,158,093	\$ 3,495,196

CITY OF HENDERSON, KENTUCKY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy for Fiscal Year (a)	Collected within the Fiscal Year of the Levy		Collections in subsequent years (b)	Total Collections to Date		Outstanding Tax
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2015	\$ 7,452,027	\$ 7,375,464	99.0%	\$ 56,028	\$ 7,431,492	99.7%	\$ 20,535
2016	7,760,008	7,676,994	98.9%	59,966	7,736,960	99.7%	23,048
2017	8,027,614	7,915,893	98.6%	85,404	8,001,297	99.7%	26,317
2018	6,809,383 (c)	6,742,413	99.0%	40,942	6,783,355	99.6%	26,028
2019	6,878,368	6,775,793	98.5%	72,190	6,847,983	99.6%	30,385
2020	7,003,380	6,906,448	98.6%	62,578	6,969,026	99.5%	34,354
2021	7,093,337	6,987,140	98.5%	67,236	7,054,376	99.5%	38,961
2022	7,273,014	7,151,436	98.3%	72,041	7,223,477	99.3%	49,537
2023	7,536,789	7,412,562	98.4%	56,539	7,469,101	99.1%	67,688
2024	7,646,503	7,542,486	98.6%	-	7,542,486	98.6%	104,017

(a) Net of all corrections, additions, and deletions

(b) Collections as of July 1, 2024

(c) In fiscal 2018, the City of Henderson decreased the real estate property tax rate and increased the payroll tax rate.

CITY OF HENDERSON, KENTUCKY
NATURAL GAS VOLUME BY CUSTOMER TYPE (all amounts in cubic feet)
LAST TEN CALENDAR YEARS

<u>Type of Customer</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Residential	623,158	540,243	498,785	554,269	545,812	523,097	488,847	506,156	508,285	434,072
Commercial	391,486	341,309	327,448	303,556	357,183	342,652	310,577	318,427	351,104	308,722
Industrial	2,339,150	2,273,942	2,218,903	2,158,035	2,250,059	2,101,196	2,102,761	2,235,787	2,146,498	2,187,590
Municipal	8,051	6,548	6,872	7,749	10,305	8,891	7,672	7,489	10,229	9,469
Total Sold	3,361,845	3,162,042	3,052,008	3,023,609	3,163,359	2,975,836	2,909,857	3,067,859	3,016,116	2,939,853
Delivered only	-	-	-	-	-	-	-	-	-	-
Pipeline distribution use (net of losses)	3,687	2,297	1,957	1,158	1,223	1,157	1,135	1,518	3,219	1,428
Total Disposition	3,365,532	3,164,339	3,053,965	3,024,767	3,164,582	2,976,993	2,910,992	3,069,377	3,019,335	2,941,281

Source: Gas Department

The information provided is based on the calendar year and crosses two fiscal years. The information for 2024 is not available until January 2025.

CITY OF HENDERSON, KENTUCKY
NATURAL GAS SOLD BY CUSTOMER TYPE (all amounts in thousands)
LAST TEN CALENDAR YEARS

Type of Customer	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Residential	\$ 6,246	\$ 4,800	\$ 4,400	\$ 5,565	\$ 4,971	\$ 4,783	\$ 4,187	\$ 5,185	\$ 5,905	\$ 4,916
Commercial	3,298	2,340	2,186	2,268	2,623	2,520	2,125	2,636	3,578	2,745
Industrial	12,132	8,499	7,424	8,603	8,634	7,401	6,314	10,216	15,521	9,312
Total Sold	\$ 21,676	\$ 15,640	\$ 14,010	\$ 16,435	\$ 16,228	\$ 14,704	\$ 12,625	\$ 18,037	\$ 25,005	\$ 16,973

Note: The City of Henderson receives its gas free of charge from the gas department.

Source: Gas Department

The information provided is based on the calendar year and crosses two fiscal years. The information for 2024 is not available until January 2025.

CITY OF HENDERSON, KENTUCKY
NATURAL GAS RATES RESIDENTIAL CUSTOMERS
LAST TEN CALENDAR YEARS

Fiscal Year		Monthly Base Rate	Rate per 1,000 cubic feet
2015	a)	\$ 12.50	\$ 2.35
2016		12.50	2.40
2017		12.50	2.45
2018	b)	12.50	2.60
2019		12.50	2.60
2020		12.50	2.60
2021		12.50	2.60
2022		12.50	2.60
2023		12.50	2.60
2024		12.50	2.60

Source: Gas department

a) On November 26, 2013 the City increased the monthly base rate and the rate per 1,000 cubic feet. The ordinance also allows an increase of \$0.05 per 1,000 cubic feet for fiscal 2015, 2016, and 2017.

b) On December 12, 2017 the City increased the rate per 1,000 cubic feet.

CITY OF HENDERSON, KENTUCKY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
LAST TEN FISCAL YEARS

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Henderson County Schools (c)	\$ 44,629,504	60.00% (b)	\$ 26,777,702
Henderson County (d)			
Henderson County Public Properties Corp.	-	60.00% (b)	-
Subtotal, overlapping debt			\$ 26,777,702
City direct debt			
			<u>98,707,293</u>
Total direct and overlapping debt			
			<u>\$ 125,484,995</u>

Note: This exhibit excludes the debt to be retired by the City's component units through rates. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Henderson. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

- a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within Henderson's boundaries and dividing it by each unit's total
- b) Determined by the ratio of assessed valuation of property subject to taxation in the City of Henderson to the value of property in the overlapping units.
- c) Obtained from Henderson County Board of Education for fiscal year 2024.
- d) Obtained from the Henderson County Treasurer's Office, does not include Judicial Center or Airport debt.

CITY OF HENDERSON, KENTUCKY
PLEDGED-REVENUE COVERAGE
WATER & SEWER and ELECTRIC COMMISSIONS
LAST TEN FISCAL YEARS
(all amounts in thousands)

Water and Sewer Revenue Bonds and Debt Owed to the City of Henderson										Electric Revenue Bonds							
Fiscal Year	Utility Operating Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Requirements				Operating Revenues	Operating Expenses	Net Available Revenue	Debt Service Requirements				Operating Revenues	Operating Expenses	Net Available Revenue
				Principal	Interest	Total	Coverage				Principal	Interest	Total	Coverage			
2015	\$ 17,605	\$ 12,094	\$ 5,511	\$ 2,299	\$ 1,214	\$ 3,513	1.57	\$ 61,128	\$ 57,322	\$ 3,806	\$ 595	\$ 486	\$ 1,081	3.52			
2016	\$ 18,197	\$ 13,551	\$ 4,646	\$ 2,253	\$ 1,172	\$ 3,425	1.36	\$ 60,240	\$ 53,075	\$ 7,165	\$ 610	\$ 471	\$ 1,081	6.63			
2017	\$ 19,058	\$ 14,330	\$ 4,728	\$ 2,746	\$ 981	\$ 3,727	1.27	\$ 67,120	\$ 60,189	\$ 6,931	\$ 620	\$ 458	\$ 1,078	6.43			
2018	\$ 20,687	\$ 15,387	\$ 5,300	\$ 2,254	\$ 897	\$ 3,151	1.68	\$ 63,864	\$ 55,792	\$ 8,072	\$ 630	\$ 443	\$ 1,073	7.52			
2019	\$ 22,090	\$ 15,543	\$ 6,547	\$ 2,330	\$ 853	\$ 3,183	2.06	\$ 51,396	\$ 44,725	\$ 6,671	\$ 650	\$ 467	\$ 1,117	5.97			
2020	\$ 24,347	\$ 16,691	\$ 7,656	\$ 2,412	\$ 808	\$ 3,220	2.38	\$ 45,339	\$ 36,321	\$ 9,018	\$ 670	\$ 442	\$ 1,112	8.11			
2021	\$ 24,904	\$ 16,689	\$ 8,215	\$ 2,471	\$ 754	\$ 3,226	2.55	\$ 41,213	\$ 37,887	\$ 3,326	\$ 690	\$ 389	\$ 1,079	3.08			
2022	\$ 24,974	\$ 16,507	\$ 8,467	\$ 8,688	\$ 787	\$ 9,475	0.89	\$ 41,553	\$ 35,314	\$ 6,239	\$ 9,400	\$ 439	\$ 9,839	0.63			
2023	\$ 25,419	\$ 16,237	\$ 9,182	\$ 3,174	\$ 918	\$ 4,092	2.24	\$ 43,682	\$ 35,973	\$ 7,709	\$ 425	\$ 808	\$ 1,233	6.25			
2024	\$ 27,302	\$ 16,315	\$ 10,987	\$ 3,100	\$ 1,678	\$ 4,778	2.30	\$ 49,533	\$ 37,229	\$ 12,304	\$ 1,825	\$ 1,254	\$ 3,079	4.00			

Note: Operating expenses do not include interest, depreciation, or amortization expenses.

CITY OF HENDERSON, KENTUCKY
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property				Other Governmental Activities Debt			Business-Type Activities			Per Household Income	Percentage of Household Income
	General Obligation Bonds	Actual Taxable Value of Property	Taxable Value of Property	Population	Per Capita		Bond Anticipation Note	Capital Leases	General Obligation Contracts	Capital Leases	Total Primary Government	a)	Per Capita	
												a)		
2015 \$	41,590,000	\$ 1,865,430,988	2.23%	28,900	\$ 1,439		\$ -	\$ -	\$ -	\$ -	\$ 41,590,000	\$ 1,439	\$ 34,958	4.12%
2016 \$	52,230,000	\$ 1,906,703,477	2.74%	28,890	\$ 1,808		\$ -	\$ -	\$ -	\$ -	\$ 52,230,000	\$ 1,808	\$ 34,671	5.21%
2017 \$	54,745,000	\$ 1,933,640,240	2.83%	28,841	\$ 1,898		\$ -	\$ -	\$ -	\$ -	\$ 54,745,000	\$ 1,898	\$ 34,879	5.44%
2018 \$	51,365,000	\$ 1,972,685,000	2.60%	29,108	\$ 1,765		\$ -	\$ -	\$ 315,375 b)	\$ -	\$ 51,680,375	\$ 1,775	\$ 36,794	4.83%
2019 \$	47,920,000	\$ 1,974,816,775	2.43%	28,432	\$ 1,685		\$ -	\$ -	\$ 240,519	\$ -	\$ 48,160,519	\$ 1,694	\$ 38,069	4.45%
2020 \$	44,390,000	\$ 2,022,845,433	2.19%	28,757	\$ 1,544		\$ -	\$ -	\$ 163,065	\$ -	\$ 44,553,065	\$ 1,549	\$ 38,069	4.07%
2021 \$	50,765,026	\$ 2,147,324,888	2.36%	27,981	\$ 1,814		\$ -	\$ -	\$ 82,923	\$ -	\$ 50,847,949	\$ 1,817	\$ 39,887	4.56%
2022 \$	63,342,937	\$ 2,274,793,069	2.78%	27,716	\$ 2,285		\$ -	\$ -	\$ -	\$ -	\$ 63,342,937	\$ 2,285	\$ 40,360	5.66%
2023 \$	90,239,287	\$ 2,378,804,955	3.79%	27,697	\$ 3,258		\$ -	\$ -	\$ -	\$ -	\$ 90,239,287	\$ 3,258	\$ 43,413	7.50%
2024 \$	98,707,293	\$ 2,511,350,728	3.93%	27,734	\$ 3,559		\$ -	\$ -	\$ -	\$ -	\$ 98,707,293	\$ 3,559	\$ 46,276	7.69%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

a) In addition to \$1.935 million in capital leases, the City issued \$2.275 million of new leases in 2000.

a) In addition to \$3.59 million in capital leases, the City issued \$2.125 million of new leases in 2001.

a) Includes general bonded debt, other governmental activities debt, and business-type activities debt.

b) In 2018, the City financed police body cameras.

CITY OF HENDERSON, KENTUCKY
GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT LIMIT
LAST TEN FISCAL YEARS
(In Thousands of Dollars)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Bonded										
General bonded debt outstanding	\$ 41,590	\$ 52,230	\$ 54,745	\$ 51,365	\$ 47,920	\$ 44,390	\$ 50,765	\$ 63,829	\$ 90,239	\$ 98,707
Other bonded debt	-	-	-	-	-	-	-	-	-	-
Total bonded debt	41,590	52,230	54,745	51,365	47,920	44,390	50,765	63,829	90,239	98,707
Debt not bonded	-	-	-	315	241	163	83	-	-	-
Total Debt (b)	41,590	52,230	54,745	51,680	48,161	44,553	50,848	63,829	90,239	98,707
Estimated actual property value	1,865,431	1,906,703	1,933,640	1,972,685	1,974,817	2,022,845	2,147,325	2,274,793	2,378,805	2,511,351
Percentage of estimated actual property value	2.23%	2.74%	2.83%	2.62%	2.44%	2.20%	2.37%	2.81%	3.79%	3.93%
Population	28,900	28,890	28,841	29,108	28,432	28,757	27,981	27,716	27,697	27,734
Per capita	\$ 1,439	\$ 1,808	\$ 1,898	\$ 1,775	\$ 1,694	\$ 1,549	\$ 1,817	\$ 2,303	\$ 3,258	\$ 3,559
Less: Amounts set aside to repay general debt	1,979	2,024	1,244	251	-	552	1,069	1,380	1,380	1,380
Total net debt applicable to debt limit	39,611	50,206	53,501	51,429	48,161	44,001	49,779	62,449	88,859	97,327
Legal Debt Limit (a)	112,183	113,954	115,339	118,293	120,719	122,562	124,961	127,985	136,351	141,917
Remaining debt limit	72,572	63,748	61,838	66,864	72,558	78,561	75,182	65,536	47,492	44,590
Percentage of remaining net debt limit	64.7%	55.9%	53.6%	56.5%	60.1%	64.1%	60.2%	51.2%	34.8%	31.4%
Percentage of net debt exhausted	35.3%	44.1%	46.4%	43.5%	39.9%	35.9%	39.8%	48.8%	65.2%	68.6%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

a) – Section 158 of the Kentucky Constitution states that cities, having a population of fifteen thousand or more, shall not incur indebtedness to an amount exceeding 10% on the value of the taxable property therein, to be estimated by the last assessment previous to the incurring of the indebtedness, unless in case of emergency, the public health or safety should so require.

'b) – Bonds and leases payable, current and noncurrent on page 35: Statement of Net Position.

CITY OF HENDERSON, KENTUCKY
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	(a) Population	Household Income (thousands of dollars)	(a) Median Household Income	(c) Median Age	(d) School Enrollment	(b) Unemployment Rate
2015	28,900	\$ 1,010,286	\$ 34,958	38.3	7,570	5.0%
2016	28,890	\$ 1,001,645	\$ 34,671	39.4	7,521	5.1%
2017	28,841	\$ 1,005,945	\$ 34,879	40.1	7,550	4.9%
2018	29,108	\$ 1,071,000	\$ 36,794	39.7	7,387	4.4%
2019	28,432	\$ 1,082,378	\$ 38,069	39.8	7,426	4.4%
2020	28,757	\$ 1,147,145	\$ 39,891	39.8	6,828	4.3%
2021	27,981	\$ 1,116,078	\$ 39,887	39.7	6,975	5.3%
2022	27,716	\$ 1,118,618	\$ 40,360	39.8	7,034	4.1%
2023	27,697	\$ 1,202,410	\$ 43,413	38.8	6,887	4.4%
2024	27,734	\$ 1,283,419	\$ 46,276	40.1	6,850	4.8%

*- Statistical data not available

Sources:

- a) - U.S. Census Bureau
- b) - Kentucky Center for Statistics
- c) - U.S. Census Bureau
- d) - Henderson County Board of Education

CITY OF HENDERSON, KENTUCKY
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function / Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government										
Administration	22.00	23.00	23.00	21.50	21.50	20.50	21.00	21.00	22.00	26.00
Finance	32.00	28.00	a) 6.00	28.00	27.00	27.00	26.00	26.00	28.00	26.00
Information Technology		a) 6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	8.00
Police										
Officers	61.75	61.75	61.75	61.75	61.75	61.00	61.00	61.00	58.00	59.00
Civilians	8.00	8.00	8.00	8.00	9.00	9.00	10.00	10.75	10.75	10.00
Emergency Communications										
9-1-1 Communications	15.25	16.25	16.25	16.25	16.25	16.00	16.00	16.25	16.25	16.00
Fire										
Firefighters	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
Civilians	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Parks and Recreation										
	14.00	14.00	14.00	14.00	14.00	12.00	12.00	12.00	12.00	13.00
Mass Transit										
	14.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Gas System										
	26.00	26.00	26.00	26.00	25.00	25.00	25.00	26.00	25.00	25.00
Sanitation										
	18.50	18.50	18.50	18.50	18.50	17.50	15.50	15.50	15.50	15.50
Cemetery										
	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Public Way Improvement										
	35.50	36.50	36.50	37.00	37.00	34.00	33.50	33.50	33.50	33.50
TOTAL		313.00	317.00	317.00	315.00	315.00	306.00	305.00	309.00	306.00
										311.00

Source: Applicable Departments

a) The police department hired additional police officers in 1997-1998 and 1999-2000 to staff community policing positions.

a) The City has added additional parks and recreational employees as the number of facilities increased.

a) The Information Technology division was removed from Finance and made into a Department.

CITY OF HENDERSON, KENTUCKY
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function / Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Public Way Improvement (in miles)										
Asphalt streets	120	120	99.20	99.20	99.20	99.20	99.20	99.20	99.20	108.26
Concrete streets	-	-	19.94	19.94	19.94	19.94	19.94	19.94	19.94	19.94
City sidewalks	73	73	92.32	92.32	92.32	92.32	92.32	92.37	92.37	93.81
State sidewalks	-	-	12.82	12.82	12.82	12.82	12.82	12.82	12.82	12.82
Private sidewalks	-	-	5.98	5.98	5.98	5.98	5.98	5.98	5.98	5.98
Walking trails	-	-	2.02	2.02	2.02	2.02	2.02	2.02	2.02	2.02
Bike path	-	-	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74
Cart path	-	-	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Landfill Operations (in tons) (a)										
CDD - Commercial	-	-	7,262.28	2,720.92	2,994.27	4,770.13	3,166.56	5,055.18	9,073.04	7,943.42
CDD - City Residents	-	-	1,909.52	1,826.18	1,832.60	2,340.09	1,584.60	1,107.28	1,537.04	980.96
CDD - City Government	-	-	2,112.29	541.37	680.42	923.69	987.69	939.23	706.82	461.27
CDD - County Residents	-	-	1,881.90	1,014.93	900.91	1,228.47	2,213.56	668.50	856.97	740.01
CDD - County Government	-	-	276.55	44.11	631.92	1,276.24	8.80	39.23	13.31	24.89
CDD - Other	-	-	645.70	103.77	319.30	161.02	565.29	313.10	2,586.76	3,469.83
CDD - Total	19,294	13,535	14,088.24	6,251.28	7,359.42	10,699.64	8,526.50	8,122.52	14,773.94	13,620.38
Transfer Station Operations (in tons) (a)										
Solid Waste - Commercial	-	-	21,339.64	16,790.09	19,679.77	20,295.44	21,975.35	30,996.70	30,235.51	30,859.71
Solid Waste - City Residents	-	-	1,302.26	1,200.84	849.56	1,118.62	1,892.10	2,281.30	1,726.09	1,445.54
Solid Waste - City Government	-	-	11,343.67	11,300.38	11,588.96	11,880.04	12,659.38	11,797.24	11,658.34	11,442.38
Solid Waste - County Residents	-	-	1,239.65	1,278.31	1,355.75	1,507.65	2,101.70	1,610.08	1,123.99	1,479.30
Solid Waste - County Government	-	-	102.46	107.65	122.40	184.84	128.48	69.89	61.52	93.69
Solid Waste - Other	-	-	519.62	713.31	982.22	779.64	920.58	864.11	-	2,550.37
Solid Waste - Total	27,925	35,667	35,847.30	31,390.58	34,578.66	35,766.23	39,677.59	47,619.32	44,805.45	47,870.99
Electric System										
Miles of transmission and primary distribution	208	209	209	209	209	209	209	209	209	209
Number of distribution stations	7	7	7	7	7	7	7	7	7	7

CITY OF HENDERSON, KENTUCKY
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function / Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Gas System										
Miles of mains	255	255	255	255	256	259	258	259	259	264
Miles of service lines	139	139	139	139	139	139	139	142	140	141
Number of meters	9,392	9,367	9,378	9,347	9,346	9,417	9,341	9,504	9,318	9,300
Parks and Recreation										
Park acreage	231.7	232.0	232.0	232.0	232.0	320.0	320.0	320.0	402.0	402.0
Cemetery acreage	70	70	70	70	70	70	70	70	70	70
Baseball fields	10	10	10	10	10	10	10	10	10	10
Softball fields	6	6	6	6	6	6	6	6	6	6
Playgrounds	11	12	15	15	15	16	16	16	16	16
Tennis courts (a)	12	12	12	12	12	12	12	12	12	12
Parks and Recreation, Continued										
Rental Facilities	1	1	1	1	1	2	2	2	2	2
Rental Shelters	2	2	2	2	32	32	32	32	33	33
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Sand volleyball courts	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Golf holes	9	9	9	9	18	18	18	18	18	18
Boat Ramps	3	3	3	3	3	3	3	3	3	3
Soccer fields	4	4	4	4	4	4	4	4	4	4
Interactive water features	1	1	2	2	2	2	2	2	2	2
Walking trails	3	3	3	3	3	3	4	4	4	4
Basketball courts	4	4	4	4	4	4	4	4	4	4
Skate parks (b)	2	2	2	2	2	2	2	2	1	1
Dog runs	1	1	1	1	1	1	1	1	1	2
Disc golf holes	18	18	18	18	18	18	18	18	36	36
Pocket Parks	-	-	-	-	1	1	1	1	1	1
Pickleball Courts	-	-	-	-	-	3	7	7	10	10

Source: Applicable Departments

(a) The City added a new software system that provided more detail information.

(b) The City renovated 2 tennis courts into a new skate park in fiscal 2015.

CITY OF HENDERSON, KENTUCKY
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS

<u>Function / Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Police										
Physical arrests	4,138	3,537	2,542	2,073	2,938	1,404	2,363	2,370	2,371	1,999
Traffic violations	3,596	3,203	1,629	1,169	1,289	1,631	2,984	3,838	3,207	3,560
Parking violations	4,565	2,517	4,551	4,426	4,454	2,343	2,315	1,755	(b)	(b)
Calls for service	17,928	18,080	21,540	26,012	31,106	27,404	30,923	28,444	26,878	25,133
911 Dispatch Center (a)										
911 Emergency calls	-	-	-	-	-	32,797	31,248	30,569	29,512	26,145
Administrative calls - inbound	-	-	-	-	-	34,194	34,989	33,316	35,228	33,057
Administrative calls - outbound	-	-	-	-	-	-	-	-	21,181	16,396
Text to 911	-	-	-	-	-	-	69	123	204	123
Total calls	-	-	-	-	-	66,991	66,306	64,008	86,125	75,721
Fire										
Fire	131	128	114	137	111	158	123	134	135	137
Overpressure Rupture, Explosion, Overheat	14	16	19	13	13	18	22	10	6	5
Rescue & Emergency Medical Service	1,769	1,741	1,950	1,882	2,210	2,058	2,438	2,901	2,743	2,745
Hazardous Condition (No Fire)	163	167	187	195	167	151	168	193	223	229
Service Call	57	79	94	88	148	302	168	163	172	155
Good Intent Call	173	176	158	185	207	277	274	241	243	227
False Alarm & False Call	269	273	272	291	261	263	296	368	338	401
Severe Weather & Natural Disaster	4	1	2	1	1	2	2	2	3	-
Special Incident Type	5	8	2	14	6	10	8	17	6	10
Number of inspections performed	602	738	632	550	330	75	250	557	339	168
Mass Transit										
Number of routes	5	5	5	5	5	5	5	5	5	6
Fixed Route Passengers	130,530	123,865	121,455	110,975	107,282	89,428	48,666	49,870	60,749	76,559
Para transit Passengers	12,804	12,302	11,439	11,018	11,976	8,446	7,602	8,449	8,083	8,709
Wheelchair Usage	6,524	6,109	9,022	6,733	4,184	3,474	3,135	2,813	6,072	6,780
Miles of Service	214,648	210,012	212,126	196,883	202,266	184,530	175,292	170,461	182,067	192,553

Source: Applicable Departments

(a) The City added a new software system that provided more detail information.

(b) Due to a vacancy in the parking enforcement position, this activity was suspended. The City is considering eliminating this activity.