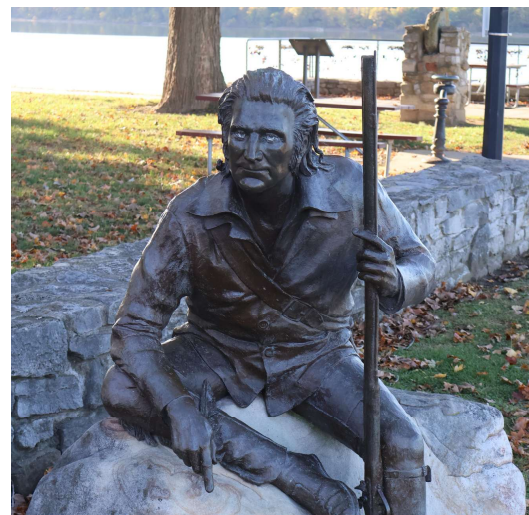
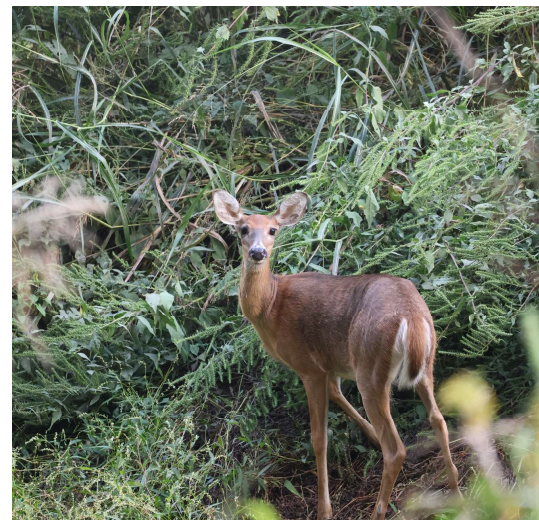
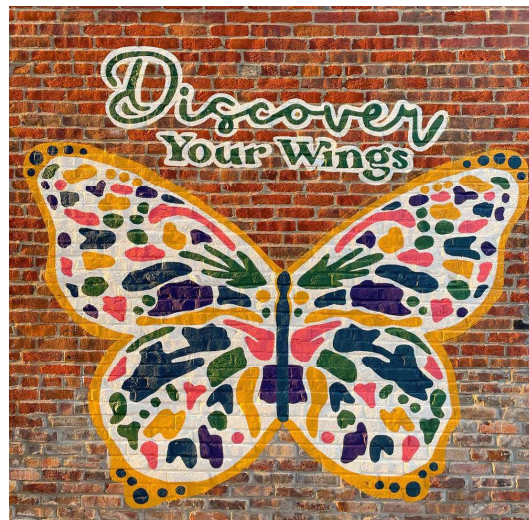


CITY OF HENDERSON, KY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025



CITY OF HENDERSON, KENTUCKY
ANNUAL COMPREHENSIVE FINANCIAL
REPORT

For the Fiscal Year Ended June 30, 2025



Prepared by:

Finance Department

CITY OF HENDERSON, KENTUCKY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2025

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Bradley S. Staton, Mayor

Commissioners:
Kelsey Hargis
Robert N. Pruitt
Rodney Thomas
Nicholas E. Whitt

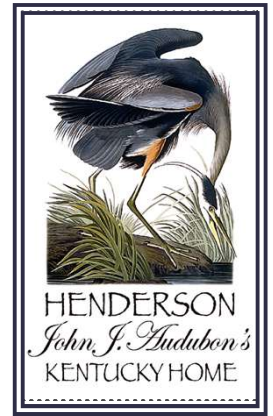


The City of Henderson

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

Dylan H. Ward, City Manager
William L. "Buzzy" Newman, Jr., Assistant City Manager
Dawn S. Kelsey, City Attorney
Jessa Brandon, City Clerk
Holli Blanford, Public Relations Director

Chelsea Mills, Finance Director



December 29, 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, 2025. 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-KY, PSC, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Henderson's financial statements for the fiscal year ended June 30, 2025. 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. The 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 27,750 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 2024 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 \$47,176 which was \$15,241 or 24.4% lower than the Kentucky family medium income of \$62,417. The estimated medium price of a single-family home in the city was \$151,400. 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 32.2% or \$361.6 million from \$1,121.8 million at the start of fiscal 2016 to \$1,483.5 million at the end of fiscal 2025. This equates to a 3.2% annual increase. Occupational tax have increased 132.9% or \$7,594,140 from \$5,714,865 to \$13,309,005 over the same ten-year period.

Long-term financial planning and major initiatives

General Fund reserves increased to approximately \$25.3 million on June 30, 2025, which is an increase of \$.9 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 4% or \$1.1 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 \$27.2 million. This is equal to 6-7 months operating expense and transfers to other funds.

The Gas Fund's cash and investment balance of \$5.1 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, \$1,220,647 was returned to Henderson which is an increase of \$136,505 from the \$1,084,142 that was returned in fiscal 2024.

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. During fiscal 2025, there were no tax rate increases for occupational taxes, property taxes, or other taxes controlled by the City.

One of the largest single expenses for the City is employee health insurance and it can vary widely from year to year. For fiscal 2025, the total health care cost was \$8,699,236 which is an increase of \$1,874,012 from the \$6,695,468 spent in fiscal 2024. This equates to an increase of 29.9% from last year and an annualized increase of 4.74% since fiscal 2016.

From a capital projects aspect, fiscal 2025 was an active year. Some projects and improvements of note include:

Sports Complex

The largest project for fiscal 2025 was \$3.4 million spent on the new sports complex on Airline Road. The sports complex construction project includes four 200-foot baseball fields, multi-purpose fields, one concession stand, a maintenance building, a press box and two large parking lots. Proceeds from the City’s 2020A GO and 2023B bonds have been used to finance these recreational projects.

Road Improvements

In fiscal 2025, the City spent over \$3.3 million on a continued multi-year road improvement project for Wathen Lane. This road project will improve the driving, biking, and pedestrian traffic around this area. It is anticipated to be completed in fiscal 2026.

New Fire Station #1

A new fire station is being developed on 2nd Street. This will include a training facility, drive-thru bays, and a larger footprint than the current location. The City has spent over \$.4 million on the project in fiscal 2025. 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 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 2025, the County contribution was \$126,180.

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 2025, the communications fee received from water bills was \$655,172 or an increase of \$382,708 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 \$114,000 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 2026.

Economic Development:

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.

In December 2024, the City purchased approximately 6 acres of additional property on Barrett Boulevard. 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 2026 budget includes \$15.4 million in capital projects which includes \$3.3 million in rolling stock replacement. During the last fiscal year, HMP&L spent \$16,478,895 in capital improvements and replacements in the existing system. HWU added \$13,457,153 in capital projects during fiscal 2025.

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 2025 budget was adopted using \$7,037,000 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 2025, the City committed another \$789,528 of the tax and spent \$283,800 on debt service and \$79,968 on drainage improvements. At fiscal year-end, there was approximately \$1,355,227 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 2026 budget was adopted with approximately \$49.7 million in expenses and transfers out. With an ending reserve of approximately \$25.3 million on June 30, 2025, the General Fund has 6.10 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, 2024. This was the twenty-sixth 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, 2025.

The City of Henderson also received the GFOA's Distinguished Budget Presentation Award for its annual budget document beginning July 1, 2024 and ending June 30, 2025. This was the sixteenth 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 eighth consecutive year, the City of Henderson received the Popular Annual Financial Reporting (PAFR) Award for its June 30, 2024 presentation. The program is to assist state and local governments to extract information from their annual comprehensive financial report to produce high quality popular financial reports specifically designed to be readily accessible and easily understandable to the 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, 2025.

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,



Dylan H. Ward
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, 2024

Christopher P. Morill

Executive Director/CEO

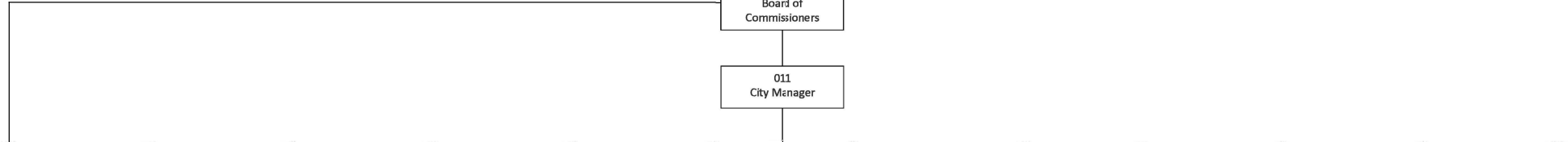
City of Henderson, Kentucky



Citizens of the
City of Henderson

010
Board of
Commissioners

011
City Manager



**CITY OF HENDERSON, KENTUCKY
LIST OF ELECTED AND APPOINTED OFFICIALS**

Elected Officials

Mayor	Bradley S. Staton
Commissioner	Robert Pruitt
Commissioner	Rodney Thomas
Commissioner	Kelsey Hargis
Commissioner	Nicholas Whitt

Appointed Officials

City Manager	Dylan Ward
Assistant City Manager	William “Buzzy” Newman, Jr.
City Attorney	Dawn S. Kelsey
City Clerk	Jessa Brandon
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	Thomas Kenney
Police Chief	Billy Bolin
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, 2025, 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, 2025, 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, 2025, and May 31, 2025 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 56.6 percent of component unit assets, 58.1 percent total component unit net position, and 34.7 percent of total component unit revenues, as of and for the year ended June 30, 2025, 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 December 29, 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-KY, PSC

Henderson, Kentucky
December 29, 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, 2025. 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 \$19.5 million at the close of fiscal 2025. Due to pension and other post-employment obligations, the unrestricted net position is a negative \$25 million.
- City governmental funds reported a combined ending fund balance of \$107.6 million. Of this total, \$0.24 million is unassigned.
- In the City's business-type activities, income from operations increased from \$1,464,405 in fiscal 2024 to \$1,666,015 in fiscal 2025.
- The City's General Fund ended the year with a fund balance of \$25,267,103, an increase of \$866,066 or 3.5% from fiscal year 2024's balance of \$24,401,037.
- Since fiscal year-end 2022, the General Fund's fund balance has increased 51% from \$16.7 million in 2022 to \$25.3 million in 2025.

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 28-29 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 eleven (11) 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 eight (8) 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 30-34 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 35-37 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 38-39 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 40-88 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 89-99 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 101-112 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 \$19,466,511 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, 2025.

City of Henderson's – Net Position

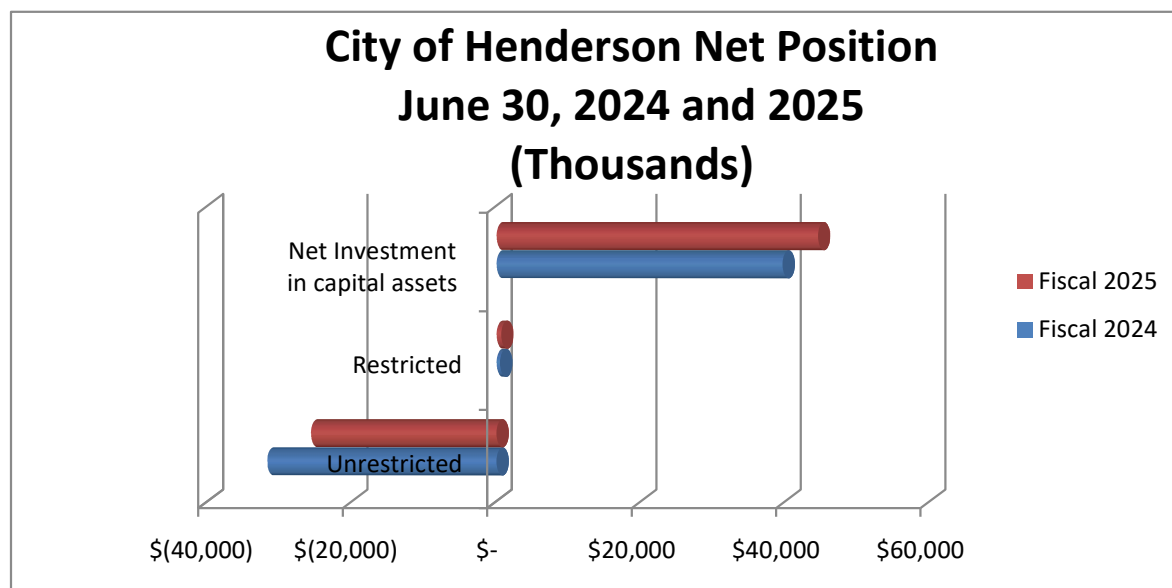
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 119,084,644	\$ 108,711,456	\$ 13,047,777	\$ 11,729,622	\$ 132,132,421	\$ 120,441,078
Capital assets	58,734,063	53,154,352	9,623,580	9,854,643	68,357,643	63,008,995
Total assets	177,818,707	161,865,808	22,671,357	21,584,265	200,490,064	183,450,073
Deferred outflows	11,272,108	11,258,841	185,255	604,899	11,457,363	11,863,740
Total assets and deferred outflows	<u>\$ 189,090,815</u>	<u>\$ 173,124,649</u>	<u>\$ 22,856,612</u>	<u>\$ 22,189,164</u>	<u>\$ 211,947,427</u>	<u>\$ 195,313,813</u>
Current liabilities	\$ 18,424,153	\$ 14,986,432	\$ 2,320,504	\$ 2,080,382	\$ 20,744,657	\$ 17,066,814
Long-term liabilities	144,636,757	140,171,046	9,170,012	9,202,925	153,806,769	149,373,971
Other liabilities	-	-	-	-	-	-
Total liabilities	<u>\$ 163,060,910</u>	<u>\$ 155,157,478</u>	<u>\$ 11,490,516</u>	<u>\$ 11,283,307</u>	<u>\$ 174,551,426</u>	<u>\$ 166,440,785</u>
Deferred inflows	\$ 16,999,309	\$ 19,025,556	\$ 930,181	\$ 1,493,510	\$ 17,929,490	\$ 20,519,066
Net position:						
Net investment in capital assets	32,781,206	29,746,877	9,623,580	9,854,643	42,404,786	39,601,520
Restricted for:						
Other post employment benefits	389,831	317,943	92,747	75,753	482,578	393,696
Debt service	1,370	1,997	-	-	1,370	1,997
Tourism	20,239	30,994	-	-	20,239	30,994
Law enforcement	145,533	73,551	-	-	145,533	73,551
Unrestricted	(24,307,583)	(31,229,747)	719,588	(518,049)	(23,587,995)	(31,747,796)
Total net position	<u>\$ 9,030,596</u>	<u>\$ (1,058,385)</u>	<u>\$ 10,435,915</u>	<u>\$ 9,412,347</u>	<u>\$ 19,466,511</u>	<u>\$ 8,353,962</u>

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 \$649,720 represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$23,587,995) 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 \$406,377 to \$11,457,363. Deferred inflows of resources related to pensions and OPEB were \$17,929,490 which is a decrease of \$2,589,576 or 13% 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.



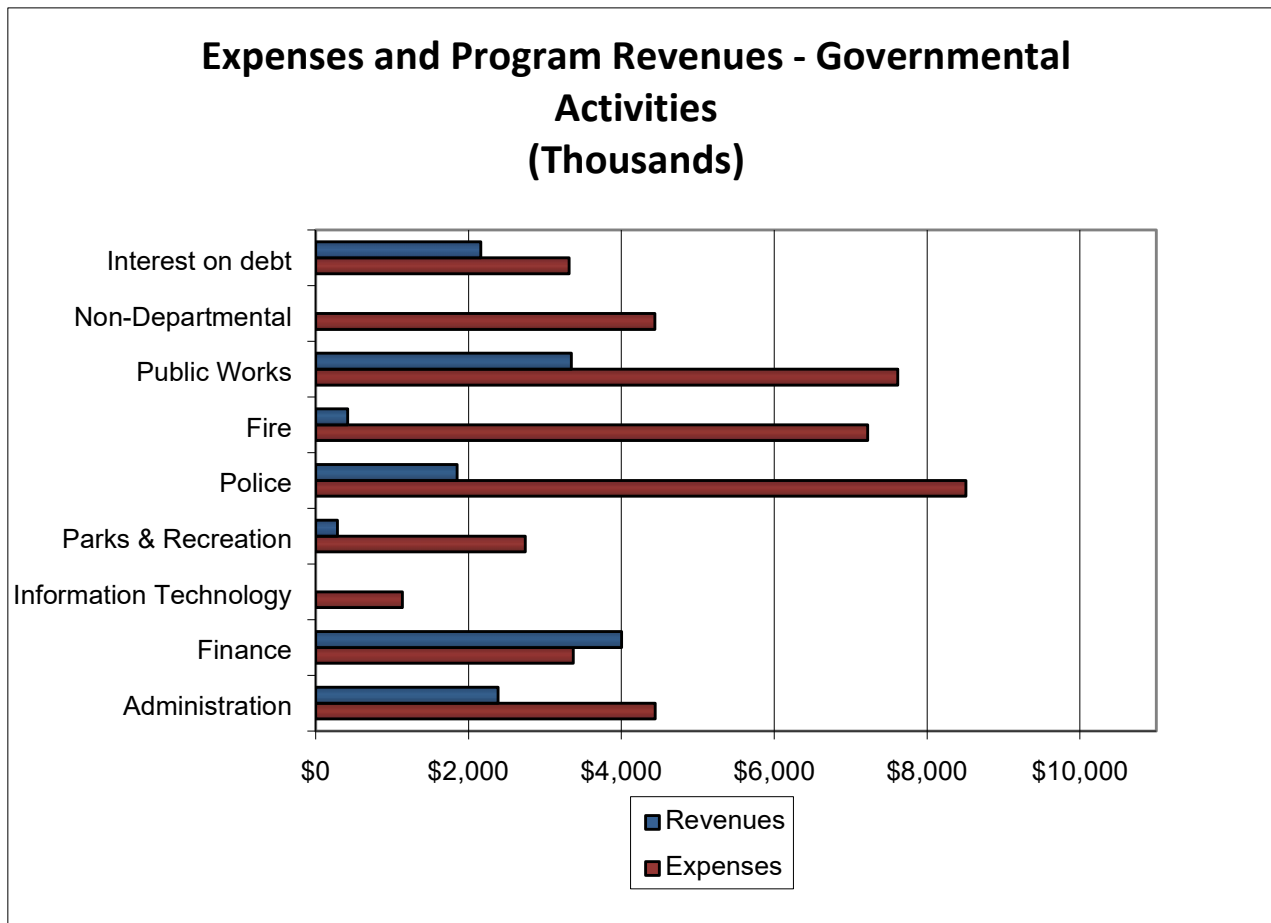
The City of Henderson’s overall net position increased \$11,112,549 from the prior fiscal year. The following table summarizes the City operations for the year ended June 30, 2025.

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

	Governmental Activities		Business-Type Activities		Total	
Revenues:	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Program revenues:						
Charges for services	\$ 6,575,598	\$ 7,381,501	\$ 21,371,973	\$ 19,975,736	\$ 27,947,571	\$ 27,357,237
Operating grants	7,868,711	8,268,997	-	-	7,868,711	8,268,997
Capital grants	-	-	50,323	309,367	50,323	309,367
General revenues:						
Taxes	31,276,944	29,887,795	-	-	31,276,944	29,887,795
Investment income	2,640,520	2,737,020	407,491	381,525	3,048,011	3,118,545
Gain (loss) on sale of capital assets	258,163	(922,634)	19,600	52	277,763	(922,582)
Other revenue	142,809	55,814	-	-	142,809	55,814
Distributions from component units	2,991,540	2,237,401	-	-	2,991,540	2,237,401
Total revenues	<u>51,754,285</u>	<u>49,645,894</u>	<u>21,849,387</u>	<u>20,666,680</u>	<u>73,603,672</u>	<u>70,312,574</u>
Expenses:						
Administration	4,376,978	2,458,165	-	-	4,376,978	2,458,165
Finance	3,002,317	2,679,388	-	-	3,002,317	2,679,388
Information technology	1,133,233	936,195	-	-	1,133,233	936,195
Parks & recreation	2,741,411	2,953,528	-	-	2,741,411	2,953,528
Police	8,939,339	9,276,838	-	-	8,939,339	9,276,838
Fire	7,222,510	7,517,739	-	-	7,222,510	7,517,739
Public works	7,618,200	6,309,158	-	-	7,618,200	6,309,158
Nondepartmental	4,436,122	4,036,842	-	-	4,436,122	4,036,842
Interest on long-term debt	3,315,055	2,921,793	-	-	3,315,055	2,921,793
Gas	-	-	14,297,999	12,762,981	14,297,999	12,762,981
Sanitation	-	-	5,407,959	5,748,350	5,407,959	5,748,350
Total expenses	<u>42,785,165</u>	<u>39,089,646</u>	<u>19,705,958</u>	<u>18,511,331</u>	<u>62,491,123</u>	<u>57,600,977</u>
Increase/(Decrease) before transfers	8,969,120	10,556,248	2,143,429	2,155,349	11,112,549	12,711,597
Transfers	<u>1,119,861</u>	<u>1,116,818</u>	<u>(1,119,861)</u>	<u>(1,116,818)</u>	<u>-</u>	<u>-</u>
Change in net position	10,088,981	11,673,066	1,023,568	1,038,531	11,112,549	12,711,597
Net position, beginning	<u>(1,058,385)</u>	<u>(12,731,451)</u>	<u>9,412,347</u>	<u>8,373,816</u>	<u>8,353,962</u>	<u>(4,357,635)</u>
Net position, ending	<u>\$ 9,030,596</u>	<u>\$ (1,058,385)</u>	<u>\$ 10,435,915</u>	<u>\$ 9,412,347</u>	<u>\$ 19,466,511</u>	<u>\$ 8,353,962</u>

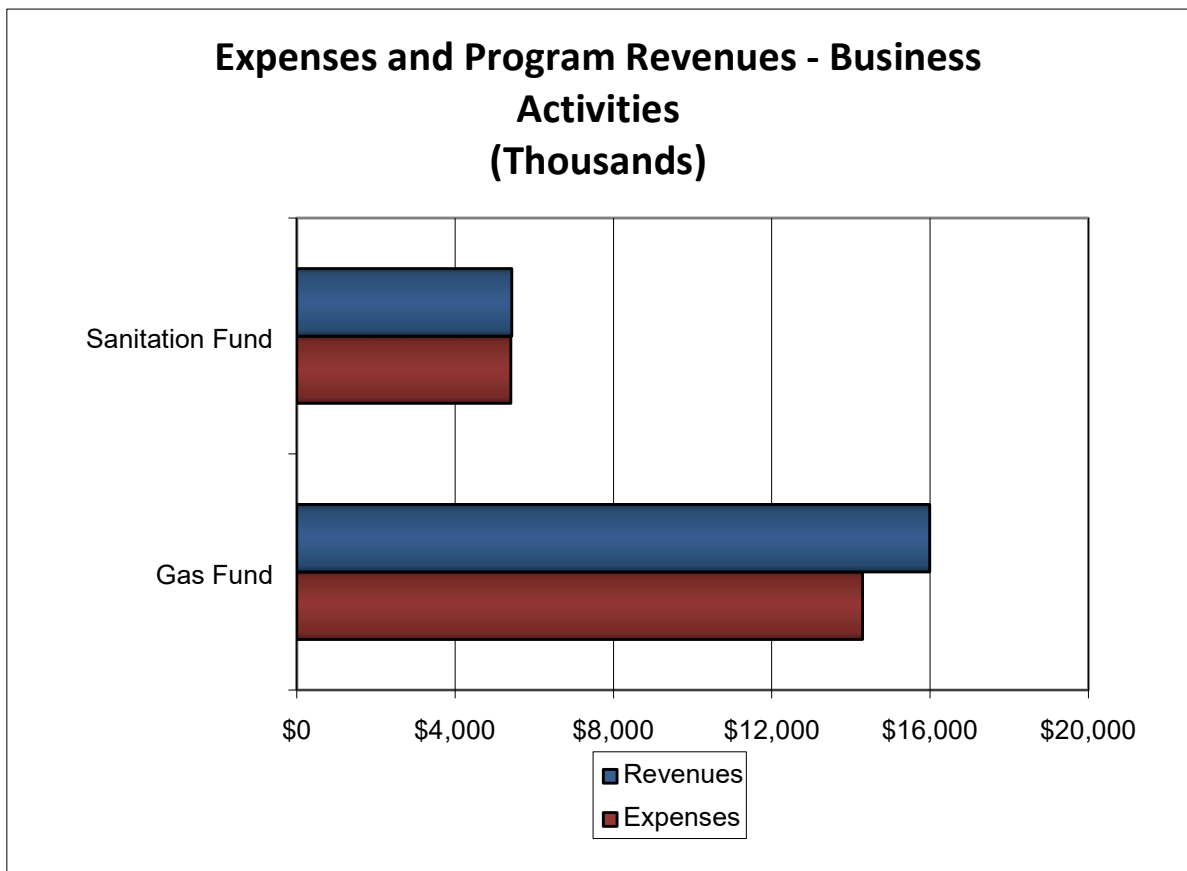
Governmental Activities. During the current fiscal year, net position for governmental activities increased \$10,088,981 from the prior year for an ending balance of \$9,030,596. The increase is primarily due to an increase in insurance premiums and occupational taxes collected, investment earnings, and distributions received from component units.

Governmental activities net of charges for services, operating grants/contributions, and capital grants/contributions were (\$28,340,856). Taxes, distributions from component units, investment income and transfers generated \$38,429,837. This resulted in the \$10,088,981 change in net position. Total general revenues and transfers increased \$3,317,623 or 9.4% from the prior year while general activities expenses also increased by \$3,695,519 or 9.5%.



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 \$10,435,915. The total increase in net position for business-type activities (natural gas and sanitation) was \$1,023,568 from the prior fiscal year. The increase is primarily due to increased earnings under charges for services and investment earnings for both gas services and sanitation services.

The enterprise funds had income from operations of \$1,666,015. Nonoperating revenues were \$427,091 and grant capital contributions were \$50,323. After deducting transfers of \$1,119,861, the net change was \$1,023,568. There was a \$883,326 change in net position in the Gas Fund and a \$140,242 change in net position in the Sanitation Fund.



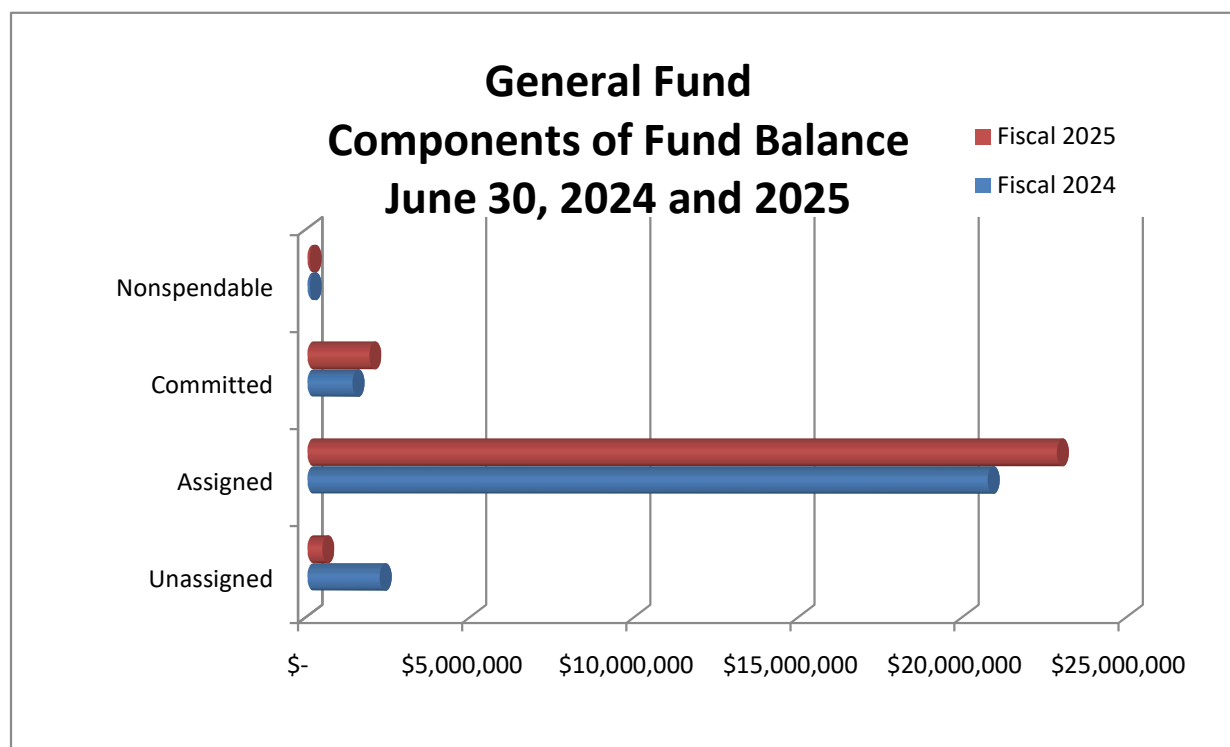
Financial Analysis of Governmental Funds

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.

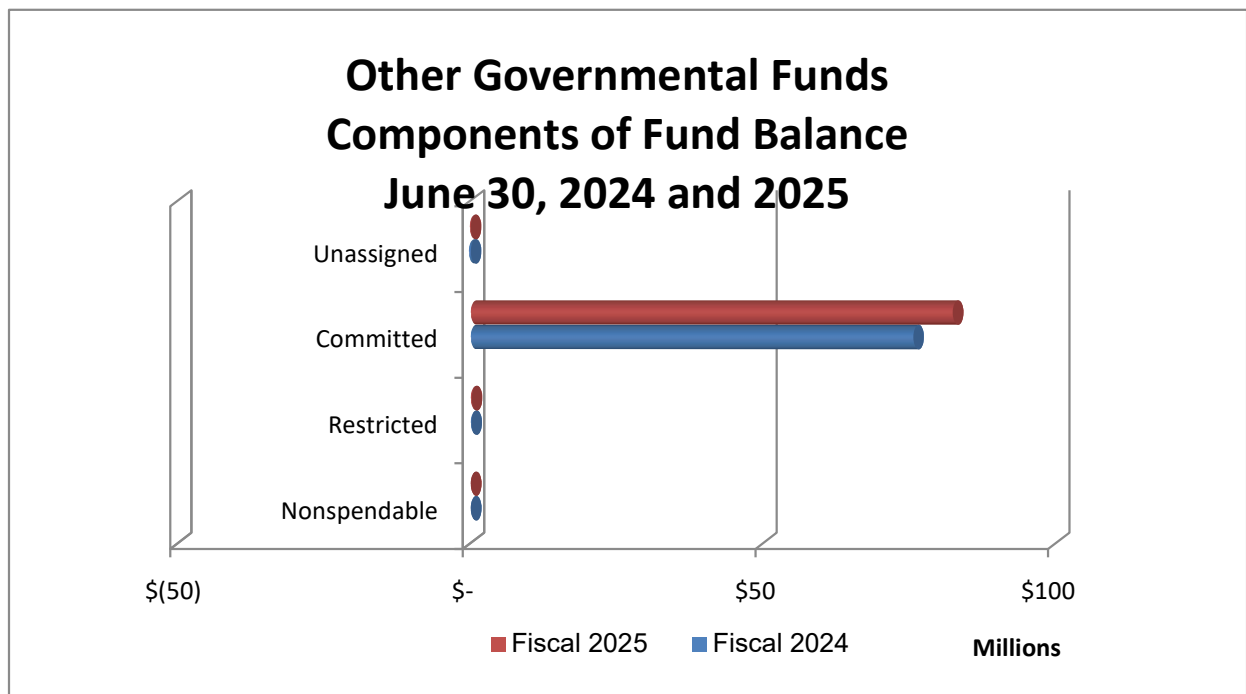
Unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose. The limitation can be set by either an external party, the City of Henderson 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, 2025, the City of Henderson’s governmental funds reported a combined fund balance of \$107,633,158, an increase of \$7,818,806 in comparison with the prior fiscal year. Approximately .3% of this amount or \$236,799 constitutes unassigned fund balance, which is available for spending at the government’s discretion. Over 78% or \$84.3 million of the fund balance was committed for capital projects and other special purposes. There was also \$97,079 that was classified as “nonspendable” because it is for inventories and prepaid expenditures. A total of \$205,125 was restricted for debt and other purposes. Another \$22.8 million was assigned to fill the fiscal 2026 budget deficit of \$7.7 million, \$14.4 million to cover reserve for operations, economic development projects, vehicle replacement, and infrastructure improvements, \$.7 million set aside for the future construction of a park shelter.



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 \$458,251 which is a decrease of \$1,758,931 or 79% from the prior year. The unassigned decreased due to assigning funds for future operational needs and projects. (The assigned fund balance increased \$2,108,794 or 10% from prior year). Total fund balance increased to \$25,267,103. 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 .9 percent of the total 2026 fiscal year budgeted general fund expenditures of \$49.7 million while total fund balance represents approximately 50.8 percent of that same budget amount.

During the fiscal year, the fund balance for the City of Henderson’s general fund increased by \$866,066. This increase is primarily due to an increase in occupational taxes collected (approximately \$375,000 increase from prior year) and an increase in insurance premium taxes collected (approximately \$698,000 increase from prior year), which is most likely related to higher insured property/asset values as well as increased premiums due to recent natural disasters.



The Capital Projects Fund ended the fiscal year with a fund balance of \$81,925,854 which is an increase of \$6,751,864 from the prior year. During fiscal 2025, the City issued additional general obligation bonds in the amount of \$12,165,000 and the Debt Service Fund paid \$6,245,000 of principal and \$3,480,490 of interest. The fund balance is considered committed to pay future debt service obligations.

The Debt Service Fund, the remaining major governmental fund, had a small decrease in fund balance during the current year of \$627 to bring the year end fund balance to \$1,370. The decrease is essentially the difference between bank interest and transfers from the various funds and the payments of bond principal and interest. Any fund balance for the Debt Service Fund is considered restricted.

The Nonmajor funds had a net change in fund balance of \$201,503 from fiscal 2024 to fiscal 2025 which included an increase in four of the eight funds. The largest net changes were \$131,109 in the Public Way Improvement (PWI) Fund and \$71,982 in the Police Investigation 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, Cemetery Fund, and Sports Complex Fund were the only nonmajor funds with a negative balance of \$193,451, \$21,008, and \$1,284, 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 \$2,451,535 and for the Sanitation Fund it was (\$1,731,947). The change in net position for both funds was \$883,326 and \$140,242, respectively.

The Gas Fund's income from operations decreased \$94,704 or 4.8% from the prior fiscal year. After investment gains, grants, and transfers to the general fund, the change in net position was \$883,326. The Gas fund invested \$390,285 in capital assets for the fiscal year compared to \$629,883 in the prior year. The total of \$390,285 spent on capital assets can be traced to the statement of cash flows on page 37.

For the Sanitation Fund, the engineer's estimate related to closing and monitoring the landfill increased by \$174,935. Income from operations was \$24,682 while change in net position was \$140,242.

The Sanitation Fund's statement of net position reflects the landfill closure and post closure costs of \$5.3 million. Of this total, approximately \$3.6 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 \$4.1 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.

Other factors concerning the Proprietary Funds are addressed in the discussion of Business-Type Activities for the overall government-wide financial statements.

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 \$43,516,000. The final budget had expenditures and transfers of \$47,794,000.

The largest amendment included \$1,393,000 in appropriations for a new fire engine, a new rescue truck and a new vehicle for the deputy fire chief. The second largest amendment included \$900,000 for the City's contribution payment to help build the Audubon conference center. There was also an appropriation of an additional \$1,198,000 in transfers to other funds relating to the following items: \$489,000 to the Sports Complex Fund for first year operations of the new sportsplex; \$400,000 to the PWI fund for the January ice storm clean up; \$299,000 to the Bond Fund for Series 2024A bond interest; \$10,000 to HART fund for bus video recorder system. The remaining \$787,000 in amendments covered several small items related to IT, fire, police, and parks projects, as well as a purchase of property for an economic development project.

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	\$10,388,000	\$10,908,603	\$ 494,375
Net profits tax	\$ 2,235,000	\$ 2,400,402	\$ 165,402
Insurance Premium Tax	\$ 7,630,000	\$ 7,895,276	\$ 265,276
Investment income	\$ 775,400	\$ 1,453,467	\$ 676,179

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. Also, the local economy seems to have performed better than expected. As for the difference in the investment income, the City has several investments that gained value due to market conditions.

Expenditures are budgeted at the maximum and usually will come in below budget. Actual expenditures and transfers came in approximately \$6.1 million below estimates. Several of the large expense items were below budget, the timing of construction projects and capital projects for 911 upgrades were delayed, and savings in personnel costs due to vacancies in the police and other departments. In addition, the City had budgeted funds for two fire engines and a fire rescue truck at approximately \$2.2 million that are anticipated to be delivered and paid for in future years. As these were significant items, the City budgeted those items in the current budget to show the obligation of future capital payments. As in all years, the City of Henderson works diligently to control costs in all departments and across all categories.

For a complete comparison of original budget to final amended budget to actual revenues and expenditures, refer to the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the General Fund on page 34.

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, 2025, amounts to \$68,357,643 (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 8.5% and was due to several large construction projects.

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$ 10,295,843	\$ 11,741,253	\$ 114,815	\$ 114,815	\$ 10,410,658	\$ 11,856,068
Artwork	196,500	196,500	-	-	196,500	196,500
Buildings	15,166,548	15,411,865	239,496	254,682	15,406,044	15,666,547
Improvements	5,538,480	5,549,473	-	-	5,538,480	5,549,473
Vehicles/Equipment	3,218,323	2,479,266	339,253	510,674	3,557,576	2,989,940
Natural Gas System	-	-	8,930,016	8,974,472	8,930,016	8,974,472
Infrastructure	24,318,369	17,775,995	-	-	24,318,369	17,775,995
Total	<u>\$ 58,734,063</u>	<u>\$ 53,154,352</u>	<u>\$ 9,623,580</u>	<u>\$ 9,854,643</u>	<u>\$ 68,357,643</u>	<u>\$ 63,008,995</u>

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

- \$3,446,058 on sports complex construction.
- \$3,320,892 on Wathen Lane improvements.
- \$461,721 on Fire Station 1 construction.
- \$1,103,465 for other vehicles across several divisions.
- \$1,661,116 of land sold (97.299 acres).

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 50-51 of this report.

Long-Term Debt. At the end of the current fiscal year, the City of Henderson had total bonded debt outstanding of \$101,700,000. 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>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
General Obligation Bonds and contracts	\$ 105,008,341	\$ 98,678,318	\$ -	\$ -	\$ 105,008,341	\$ 98,678,318

During the fiscal year, the City of Henderson's total debt increased by \$6,330,023 or 6.4%. The reason for the increase was the issuance of the new 2024A 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 \$148,347,000, which is more than the current outstanding general obligation debt of \$105,008,341.

Additional information on the City of Henderson's long-term debt may be found in Note 5 on pages 52-65 of this report.

Economic Factors and Next Year's Budget and Rates

The City of Henderson was able to fund the fiscal 2026 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 2025 was approximately 5.0% which was slightly higher than the national rate of 4.1% and the Kentucky rate of 4.9%.

Despite the inflation threat and the global supply chain difficulties, fiscal 2025 was another successful year for the City of Henderson. The focus going forward seems to have shifted to historic capital investments that include a new fire station #1, a conference center, various road projects, and maintaining our older infrastructure. 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 due to continued growth in the economic base, both with existing businesses and those that are looking to expand or relocate in the area. We are excited for what the future will hold.

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, PO Box 716, Henderson, KY 42419-0716, or visit our website at: www.hendersonky.gov.

Basic Financial Statements

City of Henderson, Kentucky
Statement of Net Position
June 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Henderson Municipal Power & Light	Henderson Water Utility
ASSETS					
Cash	\$ 14,270,029	\$ 3,364,421	17,634,450	\$ 6,552,093	\$ 7,100,980
Investments	17,738,637	2,660,409	20,399,046	20,257,284	69,104
Accounts receivable	3,523,056	1,102,083	4,625,139	13,065,914	5,054,736
Internal balances	(1,461,320)	1,461,320	-	-	-
Inventories	62,264	263,852	326,116	2,524,348	2,128,380
Prepaid expenses	34,813	5,570	40,383	2,102,800	215,100
Land held for resale	1,412,459	-	1,412,459	-	-
Investments-Designated for landfill closure	-	4,097,375	4,097,375	-	-
OPEB assets	389,831	92,747	482,578	256,078	249,482
Restricted assets:					
Cash	812,062	-	812,062	9,105,515	3,680,336
Investments	24,585,931	-	24,585,931	5,000	-
Receivables from HMPL and HWU:					
Due in one year	4,845,000	-	4,845,000	-	-
Due after one year	52,871,882	-	52,871,882	-	-
Land and other nondepreciable capital assets	10,492,343	114,815	10,607,158	-	1,637,935
Capital assets, net of accumulated depreciation	48,241,720	9,508,765	57,750,485	51,999,423	115,246,798
Other assets	-	-	-	492,432	3,283,930
Total assets	177,818,707	22,671,357	200,490,064	106,360,887	138,666,781
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources	11,272,108	185,255	11,457,363	3,823,046	1,924,088
Total assets and deferred outflows of resources	\$ 189,090,815	\$ 22,856,612	\$ 211,947,427	\$ 110,183,933	\$ 140,590,869
LIABILITIES					
Accounts payable and accrued liabilities	\$ 7,607,161	\$ 1,331,894	\$ 8,939,055	\$ 3,364,663	\$ 3,272,702
Deposits payable	-	363,267	363,267	1,065,742	239,249
Due to component units	3,673,992	-	3,673,992	-	-
Gas storage liability	-	625,343	625,343	-	-
Bonds and leases payable, current portion	6,815,000	-	6,815,000	1,900,000	3,237,837
Compensated absences, current portion	1,370,341	139,859	1,510,200	305,970	367,080
Non-current liabilities:					
Bonds and leases payable	98,193,341	-	98,193,341	33,522,019	44,194,226
Compensated absences	856,615	73,867	930,482	305,971	305,767
Net pension liability	43,304,665	3,613,313	46,917,978	8,844,688	8,616,834
Net other postemployment benefit liability	1,239,795	-	1,239,795	-	-
Landfill closure and post closure liability	-	5,342,973	5,342,973	-	-
Other	-	-	-	1,928,738	-
Total liabilities	\$ 163,060,910	\$ 11,490,516	\$ 174,551,426	51,237,791	60,233,695
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources	16,999,309	930,181	17,929,490	3,471,558	3,589,018
NET POSITION					
Net investment in capital assets	32,781,206	9,623,580	42,404,786	25,682,919	74,176,398
Restricted for:					
Other post employments benefits	389,831	92,747	482,578	256,078	249,482
Debt service	1,370	-	1,370	5,000	19,710
Tourism	20,239	-	20,239	-	-
Law enforcement	145,533	-	145,533	-	-
Unrestricted	(24,307,583)	719,588	(23,587,995)	29,530,587	2,322,566
Total net position	9,030,596	10,435,915	19,466,511	55,474,584	76,768,156
Total liabilities, deferred inflows, and net position	\$ 189,090,815	\$ 22,856,612	\$ 211,947,427	\$ 110,183,933	\$ 140,590,869

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, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Henderson Municipal Power & Light	Henderson Water Utility
Primary government									
Governmental activities:									
Administration	\$ 4,376,978	\$ 924,395	\$ 1,461,891	\$ -	\$ (1,990,692)	\$ -	\$ (1,990,692)		
Finance	3,002,317	4,000,976	-	-	998,659	-	998,659		
Information technology	1,133,233	-	-	-	(1,133,233)	-	(1,133,233)		
Parks and recreation	2,741,411	283,791	-	-	(2,457,620)	-	(2,457,620)		
Police	8,939,339	1,119,351	731,627	-	(7,088,361)	-	(7,088,361)		
Fire	7,222,510	4,000	415,724	-	(6,802,786)	-	(6,802,786)		
Public Works	7,618,200	243,085	3,100,041	-	(4,275,074)	-	(4,275,074)		
Nondepartmental	4,436,122	-	-	-	(4,436,122)	-	(4,436,122)		
Interest on long-term debt	3,315,055	-	2,159,428	-	(1,155,627)	-	(1,155,627)		
Total governmental activities	42,785,165	6,575,598	7,868,711	-	(28,340,856)	-	(28,340,856)		
Business-Type Activities									
Gas	14,297,999	15,939,332	-	50,323	-	1,691,656	1,691,656		
Sanitation	5,407,959	5,432,641	-	-	-	24,682	24,682		
Total business-type activities	19,705,958	21,371,973	-	50,323	-	1,716,338	1,716,338		
Total Primary Government	62,491,123	27,947,571	7,868,711	50,323	(28,340,856)				
Component Units									
Henderson Municipal Power & Light	46,171,015	53,631,951	-	-				7,460,936	-
Henderson Water Utility	24,550,886	28,512,614	2,054,146	2,026,724				-	8,042,598
Total component units	\$ 70,721,901	\$ 82,144,565	\$ 2,054,146	\$ 2,026,724				7,460,936	8,042,598
General Revenues:									
Taxes:									
Property					9,070,595		9,070,595	-	-
Payroll and net profits					13,309,005	-	13,309,005	-	-
Insurance					7,895,276	-	7,895,276	-	-
Franchise					550,413	-	550,413	-	-
Bank deposits franchise tax					236,365	-	236,365	-	-
Transient					215,290	-	215,290	-	-
Distributions from component units					2,991,540	-	2,991,540	-	-
Other revenue					142,809	-	142,809	-	37,299
Gain (loss) on sale of asset					258,163	19,600	277,763	40,416	6,987
Investment income					2,640,520	407,491	3,048,011	1,390,984	128,210
Transfers					1,119,861	(1,119,861)	-	(2,847,706)	(1,143,272)
Total general revenues and transfers					38,429,837	(692,770)	37,737,067	(1,416,306)	(970,776)
Change in net position					10,088,981	1,023,568	11,112,549	6,044,630	7,071,822
Net position, beginning of year					(1,058,385)	9,412,347	8,353,962	49,429,954	69,696,334
Net position, end of year					\$ 9,030,596	\$ 10,435,915	\$ 19,466,511	\$ 55,474,584	\$ 76,768,156

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

City of Henderson, Kentucky
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 13,114,944	\$ -	\$ -	\$ 297,871	\$ 13,412,815
Investments	17,738,637	-	-	-	17,738,637
Receivables	647,701	-	2,306,731	535,642	3,490,074
Prepaid expenditures	30,064	-	-	4,751	34,815
Due from other funds	103,164	-	-	21,121	124,285
Inventories	45,338	-	-	16,924	62,262
Land held for resale	1,412,459	-	-	-	1,412,459
Restricted assets:					
Cash	-	1,370	549,973	260,719	812,062
Investments	-	-	24,585,931	-	24,585,931
Receivable from HMPL and HWU:					
Due in one year	-	-	4,845,000	-	4,845,000
Due after one year	-	-	52,871,882	-	52,871,882
Total Assets	\$ 33,092,307	\$ 1,370	\$ 85,159,517	\$ 1,137,028	\$ 119,390,222
LIABILITIES					
Accounts payable	\$ 2,193,608	\$ -	3,233,663	\$ 557,900	\$ 5,985,171
Deposits payable	11,436	-	-	1,605	13,041
Accrued wages	445,053	-	-	61,500	506,553
Due to other funds	1,501,115	-	-	77,192	1,578,307
Due to component units	3,673,992	-	-	-	3,673,992
Total Liabilities	7,825,204	-	3,233,663	698,197	11,757,064
FUND BALANCES					
Nonspendable	75,402	-	-	21,677	97,079
Restricted	-	1,370	-	203,755	205,125
Committed	1,892,284	-	81,925,854	434,851	84,252,989
Assigned	22,841,166	-	-	-	22,841,166
Unassigned	458,251	-	-	(221,452)	236,799
Total fund balances	25,267,103	1,370	81,925,854	438,831	107,633,158
Total Liabilities and Fund Balance	\$ 33,092,307	\$ 1,370	\$ 85,159,517	\$ 1,137,028	\$ 119,390,222

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, 2025

Total fund balances of governmental funds per balance sheet	\$ 107,633,158
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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.	58,734,063
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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	11,272,108
Deferred inflows of resources	(16,999,309)

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.

253,978

Long-term debt and other liabilities were not currently due and payable in the fiscal year ended June 30, 2025, and, therefore, were not reported in the governmental funds.

Long-term debt payable	(101,700,000)	
Unamortized premium on bonds	(3,308,341)	
Net pension liability	(43,304,665)	
Net OPEB liability	(1,239,795)	
Net OPEB Asset	389,831	
Accrued compensated absences	(2,226,956)	
HRA Fund unfunded obligation	(473,476)	
	(151,863,402)	

Total net position of governmental activities per statement of net position	\$ <u>9,030,596</u>
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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, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>					
<u>Taxes:</u>					
Property	\$ 9,070,595	\$ -	\$ -	\$ -	\$ 9,070,595
Payroll and net profits	13,309,005	-	-	-	13,309,005
Insurance	7,895,276	-	-	-	7,895,276
Franchise	550,413	-	-	-	550,413
Bank deposits	236,365	-	-	-	236,365
Transient	-	-	-	215,290	215,290
Intergovernmental	4,638,651	2,159,428	2,395,065	2,333,567	11,526,711
Distributions from component units	2,991,540	-	-	-	2,991,540
Service charges and fees	1,133,364	-	-	1,487,543	2,620,907
Rents, concessions, and other	151,556	-	-	-	151,556
License and permits	191,803	-	-	-	191,803
Investment income	1,453,467	4,391	1,174,252	8,410	2,640,520
Miscellaneous	100,457	-	-	11,844	112,301
Total revenues	<u>41,722,492</u>	<u>2,163,819</u>	<u>3,569,317</u>	<u>4,056,654</u>	<u>51,512,282</u>
<u>EXPENDITURES</u>					
<u>Current:</u>					
Administration	3,461,589	-	-	1,721,077	5,182,666
Finance	2,965,755	-	-	-	2,965,755
Information technology	1,177,306	-	-	-	1,177,306
Parks and recreation	1,940,063	-	-	979,754	2,919,817
Police	9,105,230	-	-	1,944,946	11,050,176
Fire	8,082,405	-	-	-	8,082,405
Public works	2,899,567	-	-	2,421,635	5,321,202
Nondepartmental	3,314,973	-	521,763	-	3,836,736
Debt service:					
Principal	-	6,245,000	-	-	6,245,000
Interest	-	3,480,490	-	-	3,480,490
Capital outlay	1,511,881	-	7,205,646	493,994	9,211,521
Total expenditures	<u>34,458,769</u>	<u>9,725,490</u>	<u>7,727,409</u>	<u>7,561,406</u>	<u>59,473,074</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 7,263,723</u>	<u>\$ (7,561,671)</u>	<u>\$ (4,158,092)</u>	<u>\$ (3,504,752)</u>	<u>\$ (7,960,792)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	839,817	7,561,044	1,092,219	3,706,255	13,199,335
Transfers out	(7,239,474)	-	(4,840,000)	-	(12,079,474)
Gain on sale of land held for resale	2,000	-	1,917,279	-	1,919,279
Bond premium	-	-	575,458	-	575,458
Bond issuance proceeds	-	-	12,165,000	-	12,165,000
Total other financing sources (uses)	<u>(6,397,657)</u>	<u>7,561,044</u>	<u>10,909,956</u>	<u>3,706,255</u>	<u>15,779,598</u>
Change in fund balances	866,066	(627)	6,751,864	201,503	7,818,806
Fund balances, beginning of year	24,401,037	1,997	75,173,990	237,328	99,814,352
Fund balances, end of year	<u>\$ 25,267,103</u>	<u>\$ 1,370</u>	<u>\$ 81,925,854</u>	<u>\$ 438,831</u>	<u>\$ 107,633,158</u>

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, 2025

Net change in fund balances of governmental funds	\$	7,818,806
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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		8,475,196
Depreciation expense		(2,895,485)

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		6,245,000
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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		(12,165,000)
Premium on bonds		(575,458)

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		2,338,905
CERS OPEB expense adjustment		2,362,287
Increase in CSPP and PFPP pension expense adjustment		(213,047)
Increase in accrued compensated absences		(512,450)
Increase in HRA Fund unfunded obligation		(208,368)
Amortization of bond premium		165,435

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 loss of Health Insurance Fund		(746,840)
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Change in net position of governmental activities	\$	10,088,981
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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, 2025

	<u>Budget</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<u>REVENUES</u>				
<u>Taxes:</u>				
Property	\$ 9,198,000	\$ 9,198,000	\$ 9,070,595	\$ (127,405)
Payroll and net profits	12,123,000	12,623,000	13,309,005	686,005
Insurance	7,130,000	7,630,000	7,895,276	265,276
Franchise	675,000	675,000	550,413	(124,587)
Bank deposits	220,000	220,000	236,365	16,365
Intergovernmental	4,409,400	4,409,400	4,638,651	229,251
Distributions from component units	2,875,000	2,875,000	2,991,540	116,540
Service charges and fees	1,106,000	1,106,000	1,133,364	27,364
Rents, concessions, and other services	131,700	131,700	151,556	19,856
Licenses and permits	115,500	115,500	191,803	76,303
Investment income	160,400	775,400	1,453,467	678,067
Miscellaneous	38,000	38,000	100,457	62,457
Total revenues	<u>38,182,000</u>	<u>39,797,000</u>	<u>41,722,492</u>	<u>1,925,492</u>
<u>EXPENDITURES</u>				
<u>Current:</u>				
Administration	3,841,810	3,939,810	3,461,589	478,221
Finance	3,195,290	3,222,290	2,965,755	256,535
Information Technology	1,193,550	1,193,550	1,177,306	16,244
Parks and recreation	2,061,490	2,061,490	1,940,063	121,427
Police	9,471,970	9,589,970	9,105,230	484,740
Fire	8,254,010	8,276,010	8,082,405	193,605
Public works	3,686,330	3,440,330	2,899,567	540,763
Nondepartmental	3,288,550	4,493,550	3,314,973	1,178,577
Capital outlays	1,916,000	3,772,000	1,511,881	2,260,119
Total expenditures	<u>36,909,000</u>	<u>39,989,000</u>	<u>34,458,769</u>	<u>5,530,231</u>
Excess (deficiency) of revenues over expenditures	<u>1,273,000</u>	<u>(192,000)</u>	<u>7,263,723</u>	<u>7,455,723</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	960,000	960,000	839,817	(120,183)
Transfers out	(6,607,000)	(7,805,000)	(7,239,474)	565,526
Gain on sale of land held for resale	-	-	2,000	2,000
Total other financing sources (uses)	<u>(5,647,000)</u>	<u>(6,845,000)</u>	<u>(6,397,657)</u>	<u>447,343</u>
Net change in fund balance	(4,374,000)	(7,037,000)	866,066	7,903,066
Fund balance, beginning of year	<u>24,401,037</u>	<u>24,401,037</u>	<u>24,401,037</u>	<u>-</u>
Fund balance, end of year	<u>\$ 20,027,037</u>	<u>\$ 17,364,037</u>	<u>\$ 25,267,103</u>	<u>\$ 7,903,066</u>

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

City of Henderson, Kentucky
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-type Activities Enterprise Funds			Internal Service Fund
	Gas Fund	Sanitation Fund	Total Enterprise Funds	Health Insurance Fund
ASSETS				
Current assets:				
Cash	\$ 2,409,896	\$ 954,525	\$ 3,364,421	\$ 857,213
Investments	2,660,409	-	2,660,409	-
Receivables	841,316	260,767	1,102,083	32,981
Due from other funds	1,199,916	274,740	1,474,656	-
Prepaid expenses	1,905	3,665	5,570	-
Inventories	263,852	-	263,852	-
Total current assets	<u>7,377,294</u>	<u>1,493,697</u>	<u>8,870,991</u>	<u>890,194</u>
Noncurrent assets:				
Investments, designated for landfill closure costs	-	4,097,375	4,097,375	-
Net OPEB asset	64,068	28,679	92,747	-
Land	-	114,815	114,815	-
Capital assets, net of accumulated depreciation	8,929,790	578,975	9,508,765	-
Total noncurrent assets	<u>8,993,858</u>	<u>4,819,844</u>	<u>13,813,702</u>	<u>-</u>
Total assets	<u>16,371,152</u>	<u>6,313,541</u>	<u>22,684,693</u>	<u>890,194</u>
Deferred outflows of resources:				
Deferred outflows of resources- pension obligation	38,122	147,133	185,255	-
Total Deferred outflows of resources	<u>38,122</u>	<u>147,133</u>	<u>185,255</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 16,409,274</u>	<u>\$ 6,460,674</u>	<u>\$ 22,869,948</u>	<u>\$ 890,194</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 922,569	\$ 353,625	\$ 1,276,194	\$ 628,924
Deposits payable	304,470	58,797	363,267	-
Accrued wages	37,502	18,198	55,700	-
Compensated absences, current portion	91,632	48,227	139,859	-
Due to general fund	7,102	6,234	13,336	7,299
Gas storage liability	625,343	-	625,343	-
Total current liabilities	<u>1,988,618</u>	<u>485,081</u>	<u>2,473,699</u>	<u>636,223</u>
Noncurrent liabilities:				
Net pension liability	2,324,350	1,288,963	3,613,313	-
Compensated absences	45,271	28,596	73,867	-
Estimated landfill closure costs	-	5,342,973	5,342,973	-
Total noncurrent liabilities	<u>2,369,621</u>	<u>6,660,532</u>	<u>9,030,153</u>	<u>-</u>
Total liabilities	<u>4,358,239</u>	<u>7,145,613</u>	<u>11,503,852</u>	<u>636,223</u>
Deferred inflows of resources:				
Deferred inflows of resources- Pension obligation	605,642	324,539	930,181	-
NET POSITION				
Net investment in capital assets	8,929,790	693,790	9,623,580	-
Restricted - Other post employment benefits	64,068	28,679	92,747	-
Unrestricted	2,451,535	(1,731,947)	719,588	253,971
Total net position	<u>11,445,393</u>	<u>(1,009,478)</u>	<u>10,435,915</u>	<u>253,971</u>
Total liabilities, deferred inflows of resources, and net position-	<u>\$ 16,409,274</u>	<u>\$ 6,460,674</u>	<u>\$ 22,869,948</u>	<u>\$ 890,194</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, 2025

	Business-type Activities			Governmental
	Enterprise Funds			Activities-
				Internal
				Service Fund
	Gas	Sanitation	Total	Health
	Fund	Fund	Enterprise	Insurance
			Funds	Fund
OPERATING REVENUES				
Gas sales	\$ 15,389,255	\$ -	\$ 15,389,255	\$ -
Sanitation fees	-	5,405,550	5,405,550	-
Other income	550,077	27,091	577,168	-
Health insurance premiums:				
City of Henderson	-	-	-	5,122,592
Henderson Municipal Power & Light	-	-	-	998,969
Henderson Water Utility	-	-	-	1,347,676
Other	-	-	-	462,665
Total operating revenues	<u>15,939,332</u>	<u>5,432,641</u>	<u>21,371,973</u>	<u>7,931,902</u>
OPERATING EXPENSES				
Gas administration	1,571,784	-	1,571,784	-
Gas distribution	12,291,249	-	12,291,249	-
Sanitation expenses	-	5,046,643	5,046,643	-
Landfill closure cost	-	174,935	174,935	-
Depreciation	434,966	186,381	621,347	-
HRA Fund contributions	-	-	-	60,000
Health insurance administration	-	-	-	929,526
Health insurance claims	-	-	-	7,709,681
Total operating expenses	<u>14,297,999</u>	<u>5,407,959</u>	<u>19,705,958</u>	<u>8,699,207</u>
Income (loss) from operations	1,641,333	24,682	1,666,015	(767,305)
NONOPERATING REVENUES				
Gain on sale of capital assets	15,800	3,800	19,600	-
Investment income	197,069	210,422	407,491	20,465
Total nonoperating revenues	<u>212,869</u>	<u>214,222</u>	<u>427,091</u>	<u>20,465</u>
Income before capital contributions and transfers	1,854,202	238,904	2,093,106	(746,840)
Capital contributions-grant	50,323	-	50,323	-
Transfers out	(1,021,199)	(98,662)	(1,119,861)	-
Change in net position	883,326	140,242	1,023,568	(746,840)
Net position, beginning of year	10,562,067	(1,149,720)	9,412,347	1,000,811
Net position, end of year	<u>\$ 11,445,393</u>	<u>\$ (1,009,478)</u>	<u>\$ 10,435,915</u>	<u>\$ 253,971</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, 2025

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Fund
	Gas Fund	Sanitation Fund	Total Enterprise Funds	Health Insurance Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers and users	\$ 15,247,595	\$ 5,403,975	\$ 20,651,570	\$ -
Payments for goods and services	(11,143,033)	(3,548,775)	(14,691,808)	-
Payments for employees	(2,766,573)	(1,407,591)	(4,174,164)	7,899,106
Payments for HRA Fund contributions	-	-	-	(60,000)
Payments for health insurance claims	-	-	-	(8,391,294)
Net cash provided (used) by operating activities	1,337,989	447,609	1,785,598	(552,188)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers out	(1,021,199)	(98,662)	(1,119,861)	-
Net cash provided (used) by noncapital financing activities	(1,021,199)	(98,662)	(1,119,861)	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Purchases of capital assets	(390,285)	-	(390,285)	-
Proceeds from sale of asset	15,800	3,800	19,600	-
Proceeds from capital grants	50,323	-	50,323	-
Net cash provided (used) by capital and related financing activities	(324,162)	3,800	(320,362)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Sales/Maturities of investments	1,725,161	5,617,453	7,342,614	-
Purchases of investments	(1,797,896)	(5,802,304)	(7,600,200)	-
Interest received	115,193	211,702	326,895	20,465
Net cash provided (used) by investing activities	42,458	26,851	69,309	20,465
Net increase (decrease) in cash	35,086	379,598	414,684	(531,723)
Cash, beginning of year	2,374,810	574,927	2,949,737	1,388,936
Cash, end of year	\$ 2,409,896	\$ 954,525	\$ 3,364,421	\$ 857,213
<u>Reconciliation of income from operations to net cash provided (used) by operating activities</u>				
Income (loss) from operations	\$ 1,641,333	\$ 24,682	\$ 1,666,015	\$ (767,305)
Reconciling items:				
Depreciation expense	434,966	186,381	621,347	-
Landfill closure cost	-	174,935	174,935	-
Receivables (increase) decrease	301,123	177,167	478,290	(32,796)
Due from other funds (increase) decrease	(992,860)	(37,041)	(1,029,901)	-
Prepaid Expenditures (increase) decrease	(269)	(165)	(434)	-
Inventories (increase) decrease	12,408	-	12,408	-
Accrued OPEB Asset (increase) decrease	(11,741)	(5,253)	(16,994)	-
Accounts and deposits payable increase (decrease)	173,710	75,090	248,800	247,913
Accrued wages increase (decrease)	3,809	2,554	6,363	-
Deferred outflows (increase) decrease	289,974	121,039	411,013	-
Deferred inflows increase (decrease)	(389,230)	(174,099)	(563,329)	-
Accrued pension liability increase (decrease)	(215,339)	(96,245)	(311,584)	-
Accrued OPEB liability increase (decrease)	(30,878)	(79,112)	(109,990)	-
Accrued compensated absences increase (decrease)	136,903	76,823	213,726	-
Due to other funds increase (decrease)	(879)	853	(26)	-
Gas storage liability increase (decrease)	(15,041)	-	(15,041)	-
Net cash provided (used) by operating activities	\$ 1,337,989	\$ 447,609	\$ 1,785,598	\$ (552,188)
Noncash investing activities:				
(Increase) decrease in fair value of investments	\$ (81,875)	\$ (7,349)	\$ (89,224)	\$ -

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

City of Henderson, Kentucky
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Pension Trust Funds
	<hr/>
<u>ASSETS</u>	
Cash	\$ 10,532
	<hr/>
Total assets	10,532
	<hr/>
<u>LIABILITIES</u>	
Accounts payable	3,872
	<hr/>
Total liabilities	3,872
	<hr/>
NET POSITION	
Net position restricted for pensions	\$ 6,660
	<hr/>

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, 2025

	Pension Trust Funds
	<hr/>
<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 442,553
Employee	3,153
Total contributions	<hr/> 445,706
Interest income	<hr/> 379
Miscellaneous	<hr/> -
Total additions	<hr/> 446,085
<u>DEDUCTIONS</u>	
Benefits paid	<hr/> 459,068
Total deductions	<hr/> 459,068
Net decrease in net position	(12,983)
Net position, beginning of year	<hr/> 19,643
Net position, end of year	<hr/> <hr/> \$ 6,660

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.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued,

L. 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.

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

M. 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.

N. 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,

O. 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.

P. 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.

Q. 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,

R. 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.

S. 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.

T. 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,

U. 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.

V. 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, 2025, 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	\$ 17,738,637	\$ 15,355,352	\$ 2,383,285	\$ -
Capital Fund Total	24,585,931	24,585,931	-	-
Gas Fund Total	2,660,409	939,833	1,720,576	-
Sanitation Fund Total	4,097,375	3,395,536	701,839	-
Total	\$ 49,082,352	\$ 44,276,652	\$ 4,805,700	\$ -

Investment Type

U.S. Government Agencies	\$ 28,552,651
U.S. Government Money Market	16,878,268
Corporate Equity Funds	1,950,856
Corporate Bond Funds	1,450,210
Bank Certificates of Deposit	250,367
Total per statement of Net Position	\$ 49,082,352

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, 2025:

	June 30 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Short-term US Treasuries	\$ 28,552,651	\$ 28,552,651	\$ -	\$ -
US Agency Securities	16,878,268	-	16,878,268	-
Corporate Equity Funds	1,950,856	1,950,856	-	-
Corporate Bond Funds	1,450,210	-	1,450,210	-
Certificates of Deposits	250,367	-	250,367	-
Total	<u>\$ 49,082,352</u>	<u>\$ 30,503,507</u>	<u>\$ 18,578,845</u>	<u>\$ -</u>

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 4.0% 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 .5% of its total investments in certificate of deposits, and 92.5% 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, 2025, interfund receivables and payables and the compositions of internal balances shown on the statements of net position consist of the following:

Interfund Receivables and Payables as of June 30, 2025				
	Due From Other Funds	Due To Other Funds	Elimination	Internal Balances
<u>Governmental Activities:</u>				
General Fund	\$ 95,866	\$ (1,501,115)	\$ -	\$ (1,405,249)
Internal Service Fund	7,299	-	(7,299)	-
Nonmajor Funds	21,121	(77,192)	-	(56,071)
Total Governmental Activities	<u>\$ 124,286</u>	<u>\$ (1,578,307)</u>	<u>\$ (7,299)</u>	<u>\$ (1,461,320)</u>
<u>Business-type Activities:</u>				
Gas Fund	\$ 1,199,916	\$ (7,102)	\$ -	\$ 1,192,814
Sanitation Fund	274,740	(6,234)	-	268,506
Total Business-type Activities	<u>\$ 1,474,656</u>	<u>\$ (13,336)</u>	<u>\$ -</u>	<u>\$ 1,461,320</u>
Total all funds	<u>\$ 1,598,942</u>	<u>\$ (1,591,643)</u>	<u>\$ (7,299)</u>	

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, 2025, interfund transfers consist of the following:

Interfund Transfers for the period ended June 30, 2025				
Transfers In		Transfers Out		
	Totals	General Fund	Capital Projects Fund	Enterprise Funds
General Fund	\$ 839,817	\$ -	\$ -	\$ (839,817)
Debt Service Fund	7,561,044	(2,441,000)	(4,840,000)	(280,044)
Capital Projects Fund	1,092,219	(1,092,219)	-	-
Nonmajor Funds	3,706,255	(3,706,255)	-	-
Total all funds	13,199,335	(7,239,474)	(4,840,000)	(1,119,861)
Eliminated	(12,079,474)	7,239,474	4,840,000	-
Net interfund transfers	\$ 1,119,861	\$ -	\$ -	\$ (1,119,861)

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, 2025 was as follows:

	Beginning Balance	Additions	Decreases	Ending Balance
Primary Government				
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 11,741,253	\$ 215,706	\$ (1,661,116)	\$ 10,295,843
Artwork	196,500	-	-	196,500
Total	11,937,753	215,706	(1,661,116)	10,492,343
Capital assets being depreciated:				
Buildings	22,831,028	219,919	-	23,050,947
Improvements	12,391,695	464,344	(50,053)	12,805,986
Vehicles, machinery, and equipment	20,092,172	2,046,857	(1,289,260)	20,849,769
Infrastructure	83,705,446	7,205,646	-	90,911,092
Total	139,020,341	9,936,766	(1,339,313)	147,617,794
Less accumulated depreciation for:				
Buildings	(7,419,163)	(465,236)	-	(7,884,399)
Improvements	(6,842,222)	(464,077)	38,793	(7,267,506)
Vehicles, machinery, and equipment	(17,616,468)	(1,299,338)	1,284,360	(17,631,446)
Infrastructure	(65,925,889)	(666,834)	-	(66,592,723)
Total	(97,803,742)	(2,895,485)	1,323,153	(99,376,074)
Total governmental activities, net	\$ 53,154,352	\$ 7,256,987	\$ (1,677,276)	\$ 58,734,063

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS, Continued,

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary Government				
Business-type Activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 114,815	-	-	\$ 114,815
<u>Capital assets being depreciated:</u>				
Buildings	857,831	-	-	857,831
Vehicles, machinery, and equipment	2,269,873	-	(118,862)	2,151,011
Gas system, vehicles, and equipment	17,667,210	390,285	(132,317)	17,925,178
Total	<u>20,794,914</u>	<u>390,285</u>	<u>(251,179)</u>	<u>20,934,020</u>
<u>Less accumulated depreciation for:</u>				
Buildings	(603,149)	(15,186)	-	(618,335)
Vehicles, machinery, and equipment	(1,759,199)	(171,421)	118,862	(1,811,758)
Gas system, vehicles, and equipment	(8,692,739)	(434,740)	132,317	(8,995,162)
Total	<u>(11,055,087)</u>	<u>(621,347)</u>	<u>251,179</u>	<u>(11,425,255)</u>
Total business-type activities, net	<u>\$ 9,854,642</u>	<u>\$ (231,062)</u>	<u>\$ -</u>	<u>\$ 9,623,580</u>

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

Governmental activities:	
Administration	\$ 318,558
Finance	33,192
Parks and recreation	348,792
Police	445,365
Fire	448,527
Public works	1,301,051
Total depreciation expense, governmental activities	<u>\$ 2,895,485</u>
Business-type activities	
Gas	\$ 434,966
Sanitation	186,381
Total depreciation expense, business-type activities	<u>\$ 621,347</u>

Component units' capital asset activity was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Henderson Municipal Power & Light</u>				
Utility plant and equipment	\$ 81,066,373	\$ 16,478,895	\$ (3,815,309)	\$ 93,729,959
Less accumulated depreciation	(39,059,302)	(2,975,978)	304,744	(41,730,536)
Capital assets, net	<u>\$ 42,007,071</u>	<u>\$ 13,502,917</u>	<u>\$ (3,510,565)</u>	<u>\$ 51,999,423</u>
<u>Henderson Water Utility</u>				
Utility plant and equipment	196,089,392	13,457,153	(7,170,488)	202,376,057
Less accumulated depreciation	(80,514,185)	(4,977,139)	-	(85,491,324)
Capital assets, net	<u>\$ 115,575,207</u>	<u>\$ 8,480,014</u>	<u>\$ (7,170,488)</u>	<u>\$ 116,884,733</u>

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, 2025:

Governmental Activities	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due In 1 Year
General Obligation Bonds					
Series 2013A	\$ 4,890,000	-	\$ (495,000)	\$ 4,395,000	\$ 505,000
Series 2014	4,890,000	-	(385,000)	4,505,000	390,000
Series 2015A	5,135,000	-	(365,000)	4,770,000	370,000
Series 2015B	425,000	-	(175,000)	250,000	180,000
Series 2015C	790,000	-	(125,000)	665,000	130,000
Series 2016A	1,115,000	-	(80,000)	1,035,000	80,000
Series 2016B	4,005,000	-	(540,000)	3,465,000	550,000
Series 2017A	2,260,000	-	(145,000)	2,115,000	150,000
Series 2017B	810,000	-	(260,000)	550,000	270,000
Series 2017C	605,000	-	(200,000)	405,000	200,000
Series 2020A	8,440,000	-	(420,000)	8,020,000	430,000
Series 2021A	4,315,000	-	(480,000)	3,835,000	495,000
Series 2021B	16,395,000	-	(470,000)	15,925,000	490,000
Series 2022A	8,785,000	-	(345,000)	8,440,000	355,000
Series 2023A	19,265,000	-	(1,355,000)	17,910,000	1,410,000
Series 2023B	13,655,000	-	(405,000)	13,250,000	430,000
Series 2024A	-	12,165,000	-	12,165,000	380,000
Total Bonds Payable	95,780,000	12,165,000	(6,245,000)	101,700,000	6,815,000
Deferred Amounts: Premiums	2,898,318	575,458	(165,435)	3,308,341	-
Total Bonds	\$ 98,678,318	\$ 12,740,458	\$ (6,410,435)	\$ 105,008,341	\$ 6,815,000
Compensated absences	1,714,506	1,882,791	(1,370,341)	2,226,956	1,370,341
Total Governmental Activities	\$ 100,392,824	\$ 14,623,249	\$ (7,780,776)	\$ 107,235,297	\$ 8,185,341
Business Type Activities	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due In 1 Year
Compensated absences	-	353,585	(139,859)	213,726	139,859
Total Business Type Activities	\$ -	\$ 353,585	\$ (139,859)	\$ 213,726	\$ 139,859

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

The following is an aggregate summary of debt service requirements for the City of Henderson as of June 30, 2025:

June 30th:	Governmental Activities Bonds		Total		Total
	Principal	Interest	Principal	Interest	
2026	\$ 6,815,000	\$ 3,485,657	\$ 6,815,000	\$ 3,485,657	\$ 10,300,657
2027	6,950,000	3,247,984	6,950,000	3,247,984	10,197,984
2028	6,635,000	3,003,550	6,635,000	3,003,550	9,638,550
2029	6,875,000	2,759,013	6,875,000	2,759,013	9,634,013
2030	7,095,000	2,512,200	7,095,000	2,512,200	9,607,200
2031-2035	25,860,000	9,670,291	25,860,000	9,670,291	35,530,291
2036-2040	20,145,000	5,788,326	20,145,000	5,788,326	25,933,326
2041-2045	17,235,000	2,203,874	17,235,000	2,203,874	19,438,874
2046-2050	4,090,000	183,188	4,090,000	183,188	4,273,188
Totals	<u>\$ 101,700,000</u>	<u>\$ 32,854,083</u>	<u>\$ 101,700,000</u>	<u>\$ 32,854,083</u>	<u>\$ 134,554,083</u>

As of June 30, 2025, 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, 2025:

June 30th:	Principal	Interest	Total	Interest Rates
2026	\$ 505,000	\$ 106,459	\$ 611,459	2.00%
2027	515,000	95,622	610,622	2.13%
2028	525,000	83,588	608,588	2.13%
2029	540,000	70,275	610,275	2.50%
2030	555,000	55,894	610,894	2.50%
2031-2034	1,755,000	73,219	1,828,219	2.5% to 2.75%
Totals	<u>\$ 4,395,000</u>	<u>\$ 485,057</u>	<u>\$ 4,880,057</u>	

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.

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

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, 2025:

<u>June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
2026	\$ 390,000	\$ 138,288	\$ 528,288	2.50%
2027	400,000	127,913	527,913	2.50%
2028	415,000	116,188	531,188	2.75%
2029	425,000	103,588	528,588	3.00%
2030	440,000	90,063	530,063	3.00%
2031-2035	2,435,000	216,506	2,651,506	3.00% to 3.50%
2036-2040	-	9,100	9,100	3.50%
Totals	<u>\$ 4,505,000</u>	<u>\$ 801,646</u>	<u>\$ 5,306,646</u>	

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, 2025:

<u>June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
2026	\$ 370,000	\$ 149,298	\$ 519,298	2.00%
2027	380,000	140,188	520,188	2.10%
2028	390,000	129,113	519,113	2.75%
2029	405,000	117,188	522,188	3.00%
2030	415,000	104,888	519,888	3.00%
2031-2035	2,300,000	305,431	2,605,431	3.00% to 3.50%
2036-2040	510,000	9,563	519,563	3.50% to 3.75%
Totals	<u>\$ 4,770,000</u>	<u>\$ 955,669</u>	<u>\$ 5,725,669</u>	

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.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

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, 2025:

<u>June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
2026	\$ 180,000	\$ 4,000	\$ 184,000	2.13%
2027	70,000	875	70,875	2.50%
2028			-	2.50%
Totals	<u>\$ 250,000</u>	<u>\$ 4,875</u>	<u>\$ 254,875</u>	

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, 2025:

<u>June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
2026	\$ 130,000	\$ 15,500	\$ 145,500	2.25%
2027	135,000	12,350	147,350	2.25%
2028	135,000	8,975	143,975	2.50%
2029	140,000	5,363	145,363	2.50%
2030	125,000	1,719	126,719	2.75%
2031-2034			-	2.75% to 2.75%
Totals	<u>\$ 665,000</u>	<u>\$ 43,907</u>	<u>\$ 708,907</u>	

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, 2025:

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

<u>June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
2026	\$ 80,000	\$ 30,925	\$ 110,925	2.00%
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	90,000	22,425	112,425	2.50%
2031-2035	495,000	69,175	564,175	2.50% to 3.00%
2036-2040	110,000	3,850	113,850	3.50% to 3.50%
Totals	<u>\$ 1,035,000</u>	<u>\$ 206,775</u>	<u>\$ 1,241,775</u>	

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, 2025:

<u>June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
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	590,000	21,763	611,763	2.00%
2031-2034	605,000	7,563	612,563	2.00% to 2.50%
Totals	<u>\$ 3,465,000</u>	<u>\$ 234,926</u>	<u>\$ 3,699,926</u>	

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, 2025:

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

<u>June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
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	165,000	44,550	209,550	3.00%
2031-2035	915,000	145,050	1,060,050	3.00%
2036-2040	405,000	18,300	423,300	3.00%
Totals	<u>\$ 2,115,000</u>	<u>\$ 434,100</u>	<u>\$ 2,549,100</u>	

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, 2025:

<u>June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
2026	\$ 270,000	\$ 12,450	\$ 282,450	3.00%
2027	280,000	4,200	284,200	3.00%
2028	-	-	-	3.00%
Totals	<u>\$ 550,000</u>	<u>\$ 16,650</u>	<u>\$ 566,650</u>	

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, 2025:

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

<u>June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
2026	\$ 200,000	\$ 12,150	\$ 212,150	3.00%
2027	205,000	6,150	211,150	3.00%
2028	-	-	-	3.00%
Totals	<u>\$ 405,000</u>	<u>\$ 18,300</u>	<u>\$ 423,300</u>	

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, 2025:

<u>June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
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	485,000	84,575	569,575	5.00%
2031-2035	2,495,000	343,448	2,838,448	5.00% to 2.00%
2036-2040	2,670,000	165,333	2,835,333	2.00% to 2.00%
2041-2044	560,000	5,180	565,180	2.00% to 2.00%
Totals	<u>\$ 8,020,000</u>	<u>\$ 1,057,386</u>	<u>\$ 9,077,386</u>	

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, 2025:

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

<u>June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
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	3.50%
2030	570,000	29,100	599,100	2.00%
2031-2034	1,170,000	23,500	1,193,500	2.00% to 3.50%
Totals	<u>\$ 3,835,000</u>	<u>\$ 341,689</u>	<u>\$ 4,176,689</u>	

M. 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, 2025:

<u>June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
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	5.00%
2030	600,000	350,625	950,625	3.00%
2031-2035	3,350,000	1,408,075	4,758,075	3.00% to 5.00%
2036-2040	3,765,000	989,706	4,754,706	2.00% to 3.00%
2041-2045	4,235,000	524,019	4,759,019	2.13% to 3.00%
2046-2050	1,855,000	46,688	1,901,688	2.50 % to 3.00%
Totals	<u>\$ 15,925,000</u>	<u>\$ 5,000,363</u>	<u>\$ 20,925,363</u>	

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

N. 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, 2025:

<u>June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
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	415,000	277,200	692,200	4.00%
2031-2035	2,350,000	1,122,200	3,472,200	4.00% to 4.00%
2036-2040	2,860,000	612,800	3,472,800	4.00% to 4.00%
2041-2045	1,305,000	78,800	1,383,800	4.00% to 4.00%
Totals	<u>\$ 8,440,000</u>	<u>\$ 3,353,800</u>	<u>\$ 11,793,800</u>	

O. 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, 2025:

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

<u>June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
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	1,655,000	443,300	2,098,300	4.00%
2031-2035	2,240,000	1,829,200	4,069,200	4.00%
2036-2040	2,605,000	1,350,900	3,955,900	4.00%
2041-2045	3,175,000	774,500	3,949,500	4.00%
2046-2049	2,235,000	136,500	2,371,500	4.00%
Totals	<u>\$ 17,910,000</u>	<u>\$ 6,932,000</u>	<u>\$ 24,842,000</u>	

P. General Obligation Bonds – Series 2023B

During the year ended June 30, 2025, 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.

<u>June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
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	525,000	556,625	1,081,625	4.62%
2031-2035	3,050,000	2,351,250	5,401,250	4.62%
2036-2040	3,905,000	1,486,375	5,391,375	4.62%
2041-2045	3,915,000	403,875	4,318,875	4.62%
Totals	<u>\$ 13,250,000</u>	<u>\$ 7,268,500</u>	<u>\$ 20,518,500</u>	

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT, Continued,

Q. General Obligation Bonds – Series 2024A

During the year ended June 30, 2025, the City issued \$12,165,000 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
2026	\$ 380,000	\$ 513,600	\$ 893,600	4.62%
2027	400,000	494,100	894,100	4.62%
2028	420,000	473,600	893,600	4.62%
2029	440,000	452,100	892,100	4.62%
2030	465,000	429,475	894,475	4.62%
2031-2035	2,700,000	1,775,675	4,475,675	4.62%
2036-2040	3,315,000	1,151,500	4,466,500	4.62%
2041-2045	4,045,000	417,500	4,462,500	4.62%
Totals	<u>\$ 12,165,000</u>	<u>\$ 5,707,550</u>	<u>\$ 17,872,550</u>	

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, 2025:

	Balance May 31, 2024	Additions	Reductions	Balance May 31, 2025	Amounts due in One Year
Series 2021B	\$ 16,395,000	\$ -	\$ (470,000)	\$ 15,925,000	\$ 490,000
Series 2021B Premium	930,152	-	(41,494)	888,658	-
Series 2023A	19,265,000	-	(1,355,000)	17,910,000	1,410,000
Series 2023A Premium	729,285	-	(30,924)	698,361	-
Total bonds payable	37,319,437	-	(1,897,418)	35,422,019	1,900,000
Compensated Absences	619,220	-	(7,279)	611,941	305,971
	<u>\$ 37,938,657</u>	<u>\$ -</u>	<u>\$ (1,904,697)</u>	<u>\$ 36,033,960</u>	<u>\$ 2,205,971</u>

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, 2025:

<u>Year ending May 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,255,000	827,025	3,082,025
2031 - 2035	5,590,000	3,282,075	8,872,075
2036 - 2040	6,370,000	2,392,706	8,762,706
2041- 2045	7,410,000	1,362,019	8,772,019
2046- 2049	4,090,000	227,888	4,317,888
	<u>\$ 33,835,000</u>	<u>\$ 12,290,563</u>	<u>\$ 46,125,563</u>

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, 2025:

	<u>Balance June 20, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>	<u>Amounts due in One year</u>
Henderson Water Utility-2023A	\$ 15,085,000	-	(85,000)	15,000,000	100,000
Due to City of Henderson-2013A	4,890,000	-	(495,000)	4,395,000	505,000
Due to City of Henderson-2014	4,890,000	-	(385,000)	4,505,000	390,000
Due to City of Henderson-2015B	425,000	-	(175,000)	250,000	180,000
Due to City of Henderson-2015C	790,000	-	(125,000)	665,000	130,000
Due to City of Henderson-2016B	4,005,000	-	(540,000)	3,465,000	550,000
Due to City of Henderson-2017B	810,000	-	(260,000)	550,000	270,000
Due to City of Henderson-2020A	4,220,000	-	(210,000)	4,010,000	215,000
Due to City of Henderson-2021A	4,315,000	-	(480,000)	3,835,000	495,000
Due to City of Henderson-2022A	8,785,000	-	(345,000)	8,440,000	355,000
	<u>48,215,000</u>	<u>-</u>	<u>(3,100,000)</u>	<u>45,115,000</u>	<u>3,190,000</u>
Add unamortized debt premium	1,206,796	-	(168,171)	1,038,625	
Total	<u>\$ 49,421,796</u>	<u>\$ -</u>	<u>\$ (3,268,171)</u>	<u>\$ 46,153,625</u>	

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:

June 30:	Principal	Interest	Totals
2026	\$ 47,837	\$ 56,551	\$ 104,388
2027	50,034	54,354	104,388
2028	52,333	52,055	104,388
2029	54,737	49,651	104,388
2030	57,252	47,136	104,388
2031-2035	328,213	193,727	521,940
2036-2040	410,856	111,084	521,940
2041-2045	277,176	18,590	295,766
Totals	\$ 1,278,438	\$ 583,148	\$ 1,861,586

Principal and interest requirements to retire Henderson Water Utility's long-term bond obligations as of June 30, 2025 were as follows:

June 30:	Principal	Interest	Totals
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	3,367,500	1,197,025	4,564,525
2031-2035	13,502,500	4,521,711	18,024,211
2036-2040	9,760,000	2,384,842	12,144,842
2041-2045	5,580,000	431,015	6,011,015
Totals	\$ 45,115,000	\$ 14,318,636	\$ 59,433,636

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, 2025, as recorded in the Capital Projects Fund:

<u>G.O. Bonds Series</u>	<u>Component</u>	<u>Due in One Year</u>	<u>Due After One Year</u>	<u>Receivable from HWU and HMPL</u>
2013A	HWU	\$ 505,000	\$ 3,890,000	\$ 4,395,000
2014	HWU	390,000	4,115,000	4,505,000
2015B	HWU	180,000	70,000	250,000
2015C	HWU	130,000	535,000	665,000
2016B	HWU	550,000	2,915,000	3,465,000
2017B	HWU	270,000	280,000	550,000
2020A	HWU	430,000	3,580,000	4,010,000
2021A	HWU	495,000	3,340,000	3,835,000
2021B	HMPL	490,000	16,174,490	16,664,490
2022A	HWU	355,000	8,085,000	8,440,000
2023A	HMPL	1,410,000	9,527,392	10,937,392
Total		<u>\$ 5,205,000</u>	<u>\$ 52,511,882</u>	<u>\$ 57,716,882</u>

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, 2025, there were two Industrial Revenue Bonds outstanding in the amount of \$313,380,000 for Pratt Paper (KY), LLC, \$160,000,000 for Pratt (Henderson Corrugating).

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.

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, 2025 these governmental activities liabilities included \$2,226,956 of vacation and sick pay on the Statement of Net Position of which \$1,370,341 is current and \$856,615 is noncurrent. Compensated absences are liquidated primarily by the General Fund.

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 \$1,220,647 in fiscal year 2025.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

8. PUBLIC ENERGY AUTHORITY OF KENTUCKY (PEAK), Continued

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, 2024, from its last audited financial statements made available to the City are:

Assets	\$ 6,540,414,942
Liabilities	\$ 6,533,753,118
Net position	\$6,661,824

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, 2025, the estimated amount of this gas storage liability was \$625,343.

10. CONCENTRATION OF SALES

A. Henderson Municipal Gas

For the fiscal year ended June 30, 2025, five industrial customers accounted for \$6,542,401 in gas sales, which represents 42% 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 \$16.4 million (30.6% of sales) for the fiscal year ended May 31, 2025.

C. Henderson Water Utility

For the fiscal year ended June 30, 2025, four industrial customers accounted for \$13,891,392 in sales and surcharges for approximately 48.6% 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, 2025, 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.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

12. LANDFILL CLOSURE AND POST CLOSURE COSTS, Continued

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 \$5,342,973 at June 30, 2025, consists of \$3,588,373 in closure costs and \$1,754,600 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.

The estimated liability consists of the following at June 30, 2025:

	Estimated Closure Liability	Estimated Post- Closure Liability	Total
June 30, 2024	\$ 3,464,543	\$ 1,703,495	\$ 5,168,038
Costs applied	-	-	-
Revision to estimate	123,830	51,105	174,935
June 30, 2025	<u>\$ 3,588,373</u>	<u>\$ 1,754,600</u>	<u>\$ 5,342,973</u>

13. 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.

14. 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.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

15. 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 \$1,001,000 and \$946,000, respectively, from HMPL and HWU for such services for the fiscal year ended June 30, 2025. The City, as sole owner of both utilities, received distributions of \$1,841,228 and \$1,150,312 respectively, from HMPL and HWU for the fiscal year ended June 30, 2025. The City owns certain real estate used by HMPL. At no cost, HMPL provided at an estimated value \$873,868 in power and \$132,120 in communications services to the City.

16. 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, 2025:

	Beginning of Fiscal Year Liability	Current Year Claims & Changes in Estimates	Claim Payments	End of Fiscal Year Liability
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
2024 - 2025	\$ 388,310	\$ 7,643,993	\$ (7,403,379)	\$ 628,924

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

CITY OF HENDERSON, KENTUCKY NOTES TO FINANCIAL STATEMENTS

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, 2025, the HRA Plan has an unfunded obligation of \$483,854, of which \$473,476 pertains to the City, and which will be funded in future fiscal periods.

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, 2025, the plan had three members, one of whom is an active City employee, with the other two being inactive participants receiving benefits.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

17. CITY FUNDED RETIREMENT PLANS, Continued,

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, 2025, the plan had ten 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 \$70,953 for the fiscal year ended June 30, 2025.

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 \$311,600 for the fiscal year ended June 30, 2025.

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, 2025.

The CSPP had a net pension liability of \$977,467 as of June 30, 2025, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2025.

The PFPP had a net pension liability was \$2,991,118 as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2025.

Actuarial Assumptions:

The total pension liabilities were determined by actuarial valuations performed as of June 30, 2025, 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	PUB-2016 General Retirees Amount-Weighted Mortality Table generationally projected with Scale MP-2021

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 5.20% for CSPP, which was a change in assumption from the prior 4.00% 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. The discount rate is based on the Bond Buyer 20-Bond GO Index as of June 30, 2025.

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

17. CITY FUNDED RETIREMENT PLANS, Continued,

The discount rate used to measure the total pension liability was 5.20% 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. The discount rate is based on the Bond Buyer 20-Bond GO Index as of June 30, 2025.

Changes in Net Pension Liability:

	CSPP	PFPP
Total Pension Liability		
Service cost	\$ 9,989	\$ -
Interest	154,184	403,736
Changes in benefit terms	-	-
Differences between expected and actual experience	258,616	126,511
Changes in assumptions	(88,692)	226,647
Benefit payments	(73,849)	(310,254)
Net change in total pension liability (asset)	260,248	446,640
Total Pension Liability - Beginning	718,113	2,541,498
Total Pension Liability - Ending (a)	<u>\$ 978,361</u>	<u>\$ 2,988,138</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 70,953	\$ 311,600
Contributions - employee	3,153	-
Net investment income	-	-
Benefit payments	(73,849)	(310,254)
Administrative expense	-	-
Other	12	13
Net change in plan fiduciary net position	269	1,359
Plan Fiduciary Net Position - Beginning	625	(4,339)
Plan Fiduciary Net Position - Ending (b)	<u>\$ 894</u>	<u>\$ (2,980)</u>
Net Pension Liability (Asset) (a) - (b)	<u>\$ 977,467</u>	<u>\$ 2,991,118</u>

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

17. CITY FUNDED RETIREMENT PLANS, Continued,

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

Sensitivity of the net pension liability was calculated using 5.20% for the CSPP, and 5.20% for the PFRPP. 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 (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
City of Henderson Civil Service Pension Plan net pension liability as of June 30, 2024	<u>\$ 1,064,534</u>	<u>\$ 977,467</u>	<u>\$ 902,456</u>
	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
City of Henderson Police and Fire Pension Plan net pension liability as of June 30, 2024	<u>\$ 3,280,865</u>	<u>\$ 2,991,118</u>	<u>\$ 2,746,031</u>

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

For the year ended June 30, 2025, the City recognized pension expense of \$157,131, which consisted of \$43,472 for CSPP and \$113,659 for PFRF. At June 30, 2025, 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	\$ 259,345	\$ 74,535
PFPP	376,743	180,415
Changes in assumptions:		
CSPP	-	79,823
PFPP	203,982	-
Totals		
CSPP	259,345	154,358
PFPP	580,725	180,415
	<u>\$ 840,070</u>	<u>\$ 334,773</u>

CITY OF HENDERSON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS

17. CITY FUNDED RETIREMENT PLANS, Continued,

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>	<u>CSPP</u>	<u>PFPP</u>
2026	\$ 17,027	\$ 26,747
2027	17,023	26,747
2028	4,991	26,747
2029	4,991	60,204
2030	4,991	78,601
Thereafter	55,964	181,264

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, 2025.

	<u>Civil Service Pension Fund</u>	<u>Police & Fire Pension Fund</u>	<u>HRA Fund</u>	<u>Total</u>
<u>Assets</u>				
Cash	\$ 894	\$ 891	\$ 8,747	\$ 10,532
Total assets	<u>894</u>	<u>891</u>	<u>8,747</u>	<u>10,532</u>
<u>Liabilities</u>				
Accounts Payable	-	(3,872)	-	(3,872)
Total Liabilities	<u>-</u>	<u>(3,872)</u>	<u>-</u>	<u>(3,872)</u>
<u>Net Position</u>				
Net Position restricted for pensions	<u>\$ 894</u>	<u>\$ (2,981)</u>	<u>\$ 8,747</u>	<u>\$ 6,660</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	\$ 70,953	\$ 311,600	\$ 60,000	\$ 442,553
Employee	3,153	-	-	3,153
Total Contributions	74,106	311,600	60,000	445,706
Interest Income	13	13	353	379
Total Additions	74,119	311,613	60,353	446,085
<u>Deductions</u>				
Benefits paid	73,850	310,254	74,964	459,068
Total deductions	73,850	310,254	74,964	459,068
Net increase (decrease) in net position	269	1,359	(14,611)	(12,983)
Net position, beginning of year	624	(4,339)	23,358	19,643
Net position, end of year	\$ 893	\$ (2,980)	\$ 8,747	\$ 6,660

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, 2025, the City's required contribution rate was 19.71% (non-hazardous) and 36.49% (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 \$2,008,075 for non-hazardous employees and \$3,085,446 for hazardous employees, for total contributions of \$5,093,521 for the year ended June 30, 2025.

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

At June 30, 2025, the City reported a liability of \$42,949,393 for its proportionate share of the collective net pension liabilities, with \$16,667,919 for non-hazardous pensions and \$26,281,474 for hazardous pensions. The collective net pension liabilities were measured as of June 30, 2024, and the total pension liabilities used to calculate the collective net pension liabilities were determined by actuarial valuations as of June 30, 2023 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, 2024, the City's proportion was 0.278708% for non-hazardous pensions, a decrease of 0.006455% from its proportion measured as of June 30, 2023, and 1.021828% for hazardous pensions, a decrease of 0.015882% from its proportion measured as of June 30, 2023.

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	\$ 16,667,919
Hazardous	26,281,474
Total City of Henderson	<u>\$ 42,949,393</u>
Component Units:	
Henderson Municipal Light & Power	<u>\$ 8,844,688</u>
Henderson Water Authority	<u>\$ 8,616,834</u>

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

For the year ended June 30, 2025, the City recognized pension expense of \$2,517,503, which consists of \$768,066 for non-hazardous pensions and \$1,749,437 for hazardous pensions. The net pension expense in aggregate for all plans was \$2,674,634 for the year ended June 30, 2025.

At June 30, 2025, 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	\$ 2,514,459	\$ -
Changes in assumptions	-	2,236,342
Net difference between projected and actual investment earnings on pension plan investments	-	2,474,365
Changes in proportion and differences between City contributions and proportional share contributions	580,803	1,222,842
City contributions subsequent to the measurement date	<u>5,093,521</u>	<u>n/a</u>
Total	<u>\$ 8,188,783</u>	<u>\$ 5,933,549</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, 2026. 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:

2026	\$ (1,678,463)
2027	217,928
2028	(837,351)
2029	(540,401)
2030	-
Thereafter	-

Actuarial assumptions: The total pension liability as of June 30, 2024, 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-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 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%	4.15%
Private Equity	10.00%	9.10%
Fixed Income	20.00%	
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected	20.00%	
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Return	100.00%	4.69%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

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, 2024	1.00% Decrease (5.50%)	Current Discount Rate (6.50%)	1.00% Increase (7.50%)
Non-Hazardous	\$ 21,487,672	\$ 16,667,919	\$ 12,668,795
Hazardous	\$ 33,834,652	\$ 26,281,474	\$ 20,114,718

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, 2024 (the date of the latest available information), insurance premiums withheld from benefit payments for members of CERS were \$18.9 million and \$4.3 million for non-hazardous and hazardous employees, respectively. For the fiscal year ended June 30, 2023, 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. 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, 2025, the City's required contribution rate was 0.00% and 2.12% 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 \$130,814) for non-hazardous employees and \$179,259 (not including implicit subsidies reported in the amount of (\$17,502)) for hazardous employees, for total contributions of \$179,259 (not including implicit subsidies reported in the amount of \$113,762) for the year ended June 30, 2025. As described 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, 2025, the City reported an asset of \$482,578 for its proportionate share of the collective net OPEB liabilities for non-hazardous OPEB and a liability of \$1,239,795 for hazardous OPEB.

The collective net OPEB liabilities were measured as of June 30, 2024, and the total OPEB liabilities used to calculate the collective net OPEB liabilities was determined by an actuarial valuation as of June 30, 2023 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, 2024, the City's proportion was 0.278979% for non-hazardous pensions, a decrease of 0.006170% from its proportion measured as of June 30, 2023, and 1.022068% for hazardous pensions, a decrease of 0.014955% from its proportion measured as of June 30, 2023.

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

	Net OPEB Liability (Asset)
City of Henderson:	
Non-Hazardous	\$ (482,578)
Hazardous	1,239,795
Total City of Henderson	<u>\$ 757,217</u>
Component Units:	
Henderson Municipal Light & Power	<u>\$ (256,078)</u>
Henderson Water Authority	<u>\$ (249,482)</u>

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

For the year ended June 30, 2025, the City recognized negative OPEB expense of \$2,528,187, which consists of \$1,360,784 for non-hazardous OPEB and \$1,167,403 for hazardous OPEB.

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

18. CERS RETIREMENT PLANS, Continued,

At June 30, 2025, 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	\$ 603,458	\$ 8,334,872
Changes in assumptions	1,278,215	1,431,609
Net difference between projected and actual investment earnings on pension plan investments	-	1,219,453
Changes in proportion and differences between City contributions and proportional share contributions	253,816	675,234
Implicit Subsidy	113,762	n/a
City contributions subsequent to the measurement date	179,259	n/a
Total	<u>\$ 2,428,510</u>	<u>\$ 11,661,168</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, 2026. 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:

2026	\$ (3,251,731)
2027	(2,483,573)
2028	(2,737,780)
2029	(1,111,665)
2030	59,070
Thereafter	-

CITY OF HENDERSON, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

18. CERS RETIREMENT PLANS, Continued,

Actuarial assumptions: The total OPEB liability as of June 30, 2024, 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 7.10% at January 1, 2026, and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years.
Post-65	Initial trend starting at 8.00% at January 1, 2026, and gradually decreasing to an ultimate trend rate of 4.25% over a period of 9 years.

The fully-insured premiums paid for the OPEB plan 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 employees. GASB No. 75 requires that the liability associated with this implicit subsidy be included in the calculation of Net OPEB Liability.

The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99% for the non-hazardous plan and from 5.97% to 6.02% for the hazardous plan. The assumed increase in future healthcare costs, or trend assumption, was reviewed during the June 30, 2023 valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare health costs.

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%	4.15%
Private Equity	10.00%	9.10%
Fixed Income	20.00%	
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected	20.00%	
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Return	100.00%	4.69%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

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 5.99% for non-hazardous and 6.02% for hazardous were used to measure the total OPEB liabilities as of June 30, 2024. The single discount rate determination used an expected rate of return of 6.50%, and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. 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 5.99% (non-hazardous) and 6.02% (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 (4.99% and 5.02%, respectively) or one percentage point higher (6.99% and 7.02%, respectively) than the current rates:

City's proportionate share of the collective net OPEB liability (asset) as of June 30, 2024	1.00% Decrease	Current Discount Rate	1.00% Increase
Non-Hazardous	\$ 652,500	\$ (482,578)	\$ (1,436,954)
Hazardous	\$ 3,426,213	\$ 1,239,795	\$ (587,382)

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, 2024	1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
Non-Hazardous	\$ (1,161,025)	\$ (482,578)	\$ 307,764
Hazardous	\$ (192,193)	\$ 1,239,795	\$ 2,913,477

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, 2025 for governmental activities.

Net Capital Assets	\$ 58,734,063
Debt Related to Capital Assets	(101,700,000)
Capital Projects AP	(2,937,665)
Unamortized debt premiums	(3,308,341)
Debt to be paid by HWU and HMPL	57,716,882
Unspent Bond Proceeds	24,276,267
	<u>\$ 32,781,206</u>

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, 2025:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable					
Inventories	\$ 45,338	\$ -	\$ -	\$ 21,677	\$ 67,015
Prepaid Expenditures	30,064	-	-	-	30,064
	<u>75,402</u>	<u>-</u>	<u>-</u>	<u>21,677</u>	<u>97,079</u>
Restricted					
Debt service	-	1,370	-	-	1,370
Capital projects	-	-	-	37,983	37,983
Tourism	-	-	-	20,239	20,239
Law enforcement	-	-	-	145,533	145,533
	<u>-</u>	<u>1,370</u>	<u>-</u>	<u>203,755</u>	<u>205,125</u>
Committed					
Major capital projects	1,355,227	-	81,925,854	-	83,281,081
Administration	-	-	-	434,851	434,851
Opioid Settlement	537,057	-	-	-	537,057
	<u>1,892,284</u>	<u>-</u>	<u>81,925,854</u>	<u>434,851</u>	<u>84,252,989</u>
Assigned					
2026 Budget deficit	7,718,000	-	-	-	7,718,000
Reserves for Operations	10,287,000	-	-	-	10,287,000
Economic Development	689,000	-	-	-	689,000
Newman Park Shelter	750,000	-	-	-	750,000
East End Projects	457,166	-	-	-	457,166
Vehicle and Equipment Replacement	1,287,000	-	-	-	1,287,000
Building Improvements	1,653,000	-	-	-	1,653,000
	<u>22,841,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,841,166</u>
Unassigned	<u>458,251</u>	<u>-</u>	<u>-</u>	<u>(221,452)</u>	<u>236,799</u>
Total fund balances	<u>\$ 25,267,103</u>	<u>\$ 1,370</u>	<u>\$ 81,925,854</u>	<u>\$ 438,831</u>	<u>\$ 107,633,158</u>

21. DEFICIT NET POSITION/FUND BALANCE

The Public Ways Improvement (PWI) had a deficit unassigned fund balance of \$(193,451), the Cemetery fund carried a deficit of \$(21,008) and the Sports Complex fund carried a deficit of \$(1,284). 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 2026.

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.

In December 2024, the City purchased an additional 5.68 acres of land for development on Barrett Blvd for \$251,302.

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

23. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 29, 2025.

a. Payroll Error Resolution

In December 2025, the City agreed to pay an amount not to exceed \$250,000 to twenty-five active and inactive police officers related to a compensation miscalculation.

24. NEW ACCOUNTING PRONOUNCEMENTS

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

Statement No. 101, "Compensated Absences" The requirements of this statement were implemented during fiscal year ending June 30, 2025 and had no material impact on the Financial Statements.

Statement No. 102, Certain Risk Disclosures, was implemented during fiscal year ending June 30, 2025, and had no material impact.

Statement No.103, Financial Reporting Model Improvements, effective for financial statements for the fiscal year ending June 30, 2026.

Statement No.104, Disclosure of Certain Capital Assets, effective for financial statements for the fiscal year ending June 30, 2026.

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										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the collective net pension liability	0.278708%	0.285163%	0.273880%	0.288905%	0.288385%	0.303302%	0.301681%	0.294516%	0.294810%	0.294070%
City's proportionate share of the collective net pension liability	\$16,667,919	\$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
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
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	182.63%	207.06%	246.78%	238.50%	290.34%	271.03%	235.26%	232.22%	203.62%	173.05%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%
Hazardous Employees										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the collective net pension liability	1.021828%	1.037710%	1.011400%	1.066409%	1.079280%	1.122767%	1.120206%	1.112915%	1.101950%	1.113580%
City's proportionate share of the collective net pension liability	\$26,281,474	\$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
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
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	323.06%	368.01%	456.53%	433.15%	504.74%	478.81%	409.40%	394.61%	312.08%	285.66%
Plan fiduciary net position as a percentage of the total pension liability	57.05%	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	49.78%	53.95%	57.52%

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

	2024	2023	2022	2021	2020	2019	2018
City's proportion of the collective net OPEB liability	0.278979%	0.285149%	0.273880%	0.288837%	0.288314%	0.303307%	0.301670%
City's proportionate share of the collective net OPEB liability	\$ (482,578)	\$ (393,695)	\$ 5,405,020	\$ 5,529,640	\$ 6,961,906	\$ 5,101,487	\$ 5,356,091
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
City's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	-5.29%	-4.46%	67.37%	71.60%	91.38%	64.82%	68.58%
Plan fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%

Hazardous Employees

	2024	2023	2022	2021	2020	2019	2018
City's proportion of the collective net OPEB liability	1.022068%	1.037023%	1.010957%	1.066406%	1.079049%	1.120269%	1.120269%
City's proportionate share of the collective net OPEB liability	\$ 1,239,795	\$ 1,418,886	\$ 8,611,188	\$ 8,622,525	\$ 9,971,552	\$ 7,987,064	\$ 7,987,064
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
City's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	15.24%	18.66%	127.38%	131.56%	154.67%	123.31%	120.70%
Plan fiduciary net position as a percentage of the total OPEB liability	93.53%	92.27%	64.13%	66.81%	58.84%	64.44%	64.24%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>Total Pension Liability:</u>										
Service cost	\$ 9,989	\$ -	\$ -	\$ 40,860	\$ -	\$ -	\$ 7,059	n/a	n/a	\$ 4,596
Interest	154,184	-	-	126,157	-	-	49,315	n/a	n/a	69,926
Changes of benefit terms	-	-	-	-	-	-	-	n/a	n/a	-
Differences between expected and actual experience	258,616	(13,213)	(13,213)	(8,090)	(1,211)	(1,211)	(119,656)	n/a	n/a	15,113
Changes of assumptions	(88,692)	-	-	80,355	-	-	-	n/a	n/a	-
Benefit payments	(73,849)	(71,633)	(68,790)	(76,675)	(71,259)	(88,302)	(77,363)	n/a	n/a	(175,554)
Net Change in Total Pension Liability	260,248	(84,846)	(82,003)	162,607	(72,470)	(89,513)	(140,645)	n/a	n/a	(85,919)
Total Pension Liability (Asset) - Beginning	718,113	802,959	884,962	722,355	794,825	884,338	1,024,983	n/a	n/a	1,486,307
Total Pension Liability (Asset) - Ending	\$ 978,361	\$ 718,113	\$ 802,959	\$ 884,962	\$ 722,355	\$ 794,825	\$ 884,338	n/a	n/a	\$ 1,400,388
<u>Plan Fiduciary Net Position:</u>										
Contributions - employer	\$ 70,953	\$ 68,886	\$ 71,670	\$ 71,509	\$ 80,394	\$ 89,836	\$ 73,680	n/a	n/a	\$ 175,316
Contributions - member	3,153	2,886	2,670	2,509	2,394	2,836	2,680	n/a	n/a	2,316
Net investment income	-	-	-	-	-	-	-	n/a	n/a	3
Miscellaneous income	12	12	26	78	90	12	2,022	n/a	n/a	111
Benefit payments including refunds	(73,849)	(71,633)	(68,790)	(76,675)	(81,259)	(88,302)	(77,363)	n/a	n/a	(175,554)
Administrative expenses	-	-	(3,393)	-	-	(3,598)	-	n/a	n/a	(3,410)
Net Change in Plan Fiduciary Net Position	269	151	2,183	(2,579)	1,619	784	1,019	n/a	n/a	(1,218)
Plan Fiduciary Net Position - Beginning	625	474	(1,709)	870	(749)	(1,533)	(2,552)	n/a	n/a	(1,334)
Plan Fiduciary Net Position - Ending	\$ 894	\$ 625	\$ 474	\$ (1,709)	\$ 870	\$ (749)	\$ (1,533)	n/a	n/a	\$ (2,552)
City's Net Pension Liability	\$ 977,467	\$ 717,488	\$ 802,485	\$ 886,671	\$ 721,485	\$ 795,574	\$ 885,871	n/a	n/a	\$ 1,402,940
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.091%	0.087%	0.059%	-0.193%	0.120%	-0.094%	-0.173%	n/a	n/a	-0.182%
Covered Payroll	\$ 63,194	\$ 57,817	\$ 55,441	\$ 52,095	\$ 47,938	\$ 54,907	\$ 46,259	n/a	n/a	\$ 46,415
Net Pension Liability as a Percentage of Covered Payroll	1546.77%	1240.96%	1447.46%	1702.03%	1505.04%	1448.95%	1915.02%	n/a	n/a	3022.60%
Actuarial Valuation Date	June 30, 2025	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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>Total Pension Liability:</u>										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a	n/a	\$ (3,658)
Interest	403,736	-	-	179,220	-	-	175,064	n/a	n/a	183,171
Changes of benefit terms	-	-	-	-	-	-	-	n/a	n/a	-
Differences between expected and actual experience	126,511	(8,569)	(8,569)	(270,894)	(48,571)	(48,571)	(26,054)	n/a	n/a	(38,869)
Changes of assumptions	226,647	-	-	-	-	-	-	n/a	n/a	-
Benefit payments	(310,254)	(312,031)	(302,874)	(303,933)	(333,413)	(349,805)	(352,211)	n/a	n/a	(382,823)
Net Change in Total Pension Liability	446,640	(320,600)	(311,443)	(395,607)	(381,984)	(398,376)	(203,201)	n/a	n/a	(242,179)
Total Pension Liability (Asset) - Beginning	2,541,498	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
Total Pension Liability (Asset) - Ending	\$ 2,988,138	\$ 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
<u>Plan Fiduciary Net Position:</u>										
Contributions - employer	\$ 311,600	\$ 311,000	\$ 308,000	\$ 304,000	\$ 332,000	\$ 354,000	\$ 352,000	n/a	n/a	\$ 386,000
Contributions - member	-	-	-	-	-	-	-	n/a	n/a	-
Net investment income	-	-	-	-	-	-	-	n/a	n/a	2
Miscellaneous income	13	10	33	38	347	16	16	n/a	n/a	188
Benefit payments including refunds	(310,254)	(312,031)	(302,874)	(303,933)	(333,413)	(349,805)	(352,211)	n/a	n/a	(382,823)
Administrative expenses	-	-	(3,816)	-	-	(4,284)	-	n/a	n/a	(3,658)
Net Change in Plan Fiduciary Net Position	1,359	(1,021)	1,343	105	(1,066)	(73)	(195)	n/a	n/a	(291)
Plan Fiduciary Net Position - Beginning	(4,339)	(3,318)	(4,661)	(4,766)	(3,700)	(3,627)	(3,432)	n/a	n/a	(9,279)
Plan Fiduciary Net Position - Ending	\$ (2,980)	\$ (4,339)	\$ (3,318)	\$ (4,661)	\$ (4,766)	\$ (3,700)	\$ (3,627)	n/a	n/a	\$ (9,570)
City's Net Pension Liability	\$ 2,991,118	\$ 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
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	-0.100%	-0.171%	-0.116%	-0.147%	-0.134%	-0.094%	-0.083%	n/a	n/a	-0.211%
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, 2025	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

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

	<u>2025</u>	<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>
Statutorily required contribution	\$ 2,008,075	\$ 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
Contributions in relation to the statutorily required contribution	<u>(2,008,075)</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 10,188,102	\$ 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
Contributions as a percentage of covered payroll	19.71%	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%

Hazardous Employees

	<u>2025</u>	<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>
Statutorily required contribution	\$ 3,085,705	\$ 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
Contributions in relation to the statutorily required contribution	<u>(3,085,705)</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 8,456,303	\$ 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
Contributions as a percentage of covered payroll	36.49%	41.11%	42.81%	33.86%	30.06%	30.06%	24.86%	22.20%	21.71%	20.26%

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ -	\$ -	\$ 284,349	\$ 463,717	\$ 367,621	\$ 362,635	\$ 413,996
Contributions in relation to the statutorily required contribution	<u>-</u>	<u>-</u>	<u>(284,349)</u>	<u>(463,717)</u>	<u>(367,621)</u>	<u>(362,635)</u>	<u>(413,996)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 10,188,102	\$ 9,126,778	\$ 8,836,673	\$ 8,022,763	\$ 7,723,098	\$ 7,618,352	\$ 7,870,617
Contributions as a percentage of covered payroll	0.00%	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%

Hazardous Employees

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 179,259	\$ 209,885	\$ 492,794	\$ 707,800	\$ 623,964	\$ 613,758	\$ 678,821
Contributions in relation to the statutorily required contribution	<u>(179,259)</u>	<u>(209,885)</u>	<u>(492,794)</u>	<u>(707,800)</u>	<u>(623,964)</u>	<u>(613,758)</u>	<u>(678,821)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 8,456,303	\$ 8,135,094	\$ 7,602,038	\$ 6,760,278	\$ 6,554,243	\$ 6,447,033	\$ 6,477,309
Contributions as a percentage of covered payroll	2.12%	2.58%	6.78%	10.47%	9.52%	9.52%	10.47%

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

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

	<u>2025</u>	<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>
Actuarially determined contribution	\$ 102,823	\$ 72,791	\$ 72,791	\$ 72,791	\$ 76,464	\$ 76,464	\$ 76,464	\$ -	\$ -	\$ 105,328
Contributions in relation to the statutorily required contribution	<u>(70,953)</u>	<u>(68,886)</u>	<u>(71,670)</u>	<u>(71,509)</u>	<u>(80,394)</u>	<u>(92,672)</u>	<u>(76,360)</u>	-	-	<u>(175,316)</u>
Contribution deficiency (excess)	<u>\$ 31,870</u>	<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>
City's covered payroll	\$ 63,194	\$ 57,817	\$ 55,441	\$ 52,095	\$ 47,938	\$ 54,907	\$ 46,259	\$ -	\$ -	\$ 46,415
Contributions as a percentage of covered payroll	112.28%	119.14%	129.27%	137.27%	167.70%	168.78%	165.07%	N/A	N/A	377.71%

Notes to Schedule:

Valuation date	June 30, 2025
Actuarial cost method	Entry age
Asset valuation method	Market value
Withdrawal	None
Actuarial assumptions:	
Salary increases	2.00%
Investment rate of return	5.20%
Retirement age	62
Mortality	PUB-2016 General Retirees Amount-Weighted Mortality table generationally projected with Scale MP-2021, sex distinct.
Cost of living adjustment	2.00%

Change of Assumptions:

Mortality assumption updated in 2025, 2022, 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.

Investment rate of return was changed to 5.20% in 2025.

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

	<u>2025</u>	<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>
Actuarially determined contribution	\$ 292,080	\$ 285,851	\$ 285,851	\$ 285,851	\$ 337,473	\$ 337,473	\$ 337,473	\$ -	\$ -	\$ 355,293
Contributions in relation to the statutorily required contribution	<u>(311,600)</u>	<u>(311,000)</u>	<u>(308,000)</u>	<u>(304,000)</u>	<u>(332,000)</u>	<u>(354,000)</u>	<u>(352,000)</u>	<u>-</u>	<u>-</u>	<u>(386,000)</u>
Contribution deficiency (excess)	<u>\$ (19,520)</u>	<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>
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, 2025
Actuarial cost method	Entry age
Asset valuation method	Market value
Withdrawal	None
Actuarial assumptions:	
Salary increases	N/A
Investment rate of return	5.20%
Retirement age	20 years
Mortality	PUB-2016 General Retirees Amount-Weighted Mortality table generationally projected with Scale MP-2021, sex distinct.
Cost of living adjustment	2.00%

Change of Assumptions:

Mortality assumption updated in 2025, 2022, 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.
Investment rate of return was changed to 5.20% in 2025.

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, 2025	June 30, 2025
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	5.2%	5.2%
Inflation rate	None	None
Projected salary increases	2.0%	N/A
Cost of living adjustment	2.0%	N/A

3. Changes of assumptions:

CSPP – discount rate increased from 4.00% to 5.2% as of June 30, 2025.

PFPP – discount rate increased from 4.00% to 5.2% as of June 30, 2025.

4. Components of change in total pension liabilities:

- a. CSPP: service cost is \$9,989 for June 30, 2025. 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 eight 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
Sports Complex	The Sports Complex Fund accounts for funds that operate the City Sports Complex.

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, 2025**

	Cemetery	PWI	HART	911	Tourist Commission	Sports Complex	CDBG	Police Investigation	Totals
ASSETS									
Cash	\$ 2,731	\$ 649	\$ 170,534	\$ 62,901	\$ 2	\$ 23,163	\$ 37,891	\$ -	\$ 297,871
Receivables	-	115,672	235,053	71,134	20,237	15,944	77,602	-	535,642
Prepaid Expenditures	326	2,349	1,946	130	-	-	-	-	4,751
Due from other funds	-	-	-	21,121	-	-	-	-	21,121
Inventories	-	-	13,892	-	-	3,032	-	-	16,924
Restricted assets:									-
Cash	-	-	-	-	-	-	-	260,719	260,719
Total assets	\$ 3,057	\$ 118,670	\$ 421,425	\$ 155,286	\$ 20,239	\$ 42,139	\$ 115,493	\$ 260,719	\$ 1,137,028
LIABILITIES									
Accounts payable	\$ 21,430	\$ 290,916	\$ 15,390	\$ 67,258	\$ -	\$ 37,720	\$ 10,000	\$ 115,186	\$ 557,900
Deposits payable	-	-	-	1,605	-	-	-	-	1,605
Accrued wages	2,103	14,013	15,790	23,950	-	5,644	-	-	61,500
Due to other funds	532	7,192	1,840	59	-	59	67,510	-	77,192
Total liabilities	24,065	312,121	33,020	92,872	-	43,423	77,510	115,186	698,197
FUND BALANCES									
Nonspendable	326	2,349	15,838	130	-	3,034	-	-	21,677
Restricted	-	-	-	-	20,239	-	37,983	145,533	203,755
Committed	-	-	372,567	62,284	-	-	-	-	434,851
Unassigned	(21,334)	(195,800)	-	-	-	(4,318)	-	-	(221,452)
Total fund balances (deficits)	(21,008)	(193,451)	388,405	62,414	20,239	(1,284)	37,983	145,533	438,831
Total liabilities and fund balances	\$ 3,057	\$ 118,670	\$ 421,425	\$ 155,286	\$ 20,239	\$ 42,139	\$ 115,493	\$ 260,719	\$ 1,137,028

City of Henderson, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Special Revenue Funds
For the Fiscal Year Ended June 30, 2025

	Cemetery	PWI	HART	911	Tourist Commission	Sports Complex	CDBG	Police Investigation	Totals
<u>REVENUES</u>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 215,290	\$ -	\$ -	\$ -	\$ 215,290
Intergovernmental	-	705,441	1,213,184	208,678	-	-	121,893	84,371	2,333,567
Service charges and fees	217,316	142,502	23,627	1,004,088	-	100,010	-	-	1,487,543
Investment income	118	801	1,176	926	75	6	-	5,308	8,410
Miscellaneous	-	-	1,108	343	-	-	-	10,393	11,844
Total revenues	217,434	848,744	1,239,095	1,214,035	215,365	100,016	121,893	100,072	4,056,654
<u>EXPENDITURES</u>									
Administration	-	-	1,411,047	-	226,120	-	83,910	-	1,721,077
Parks, recreation and cemeteries	489,587	-	-	-	-	490,167	-	-	979,754
Police	-	-	-	1,916,856	-	-	-	28,090	1,944,946
Public works	-	2,421,635	-	-	-	-	-	-	2,421,635
Capital outlays	-	-	384,045	51,161	-	58,788	-	-	493,994
Total expenditures	489,587	2,421,635	1,795,092	1,968,017	226,120	548,955	83,910	28,090	7,561,406
Excess (deficiency) of revenues over expenditures	(272,153)	(1,572,891)	(555,997)	(753,982)	(10,755)	(448,939)	37,983	71,982	(3,504,752)
<u>OTHER FINANCING SOURCES</u>									
Transfers in from General Fund	265,600	1,704,000	558,000	731,000	-	447,655	-	-	3,706,255
Total other financing sources	265,600	1,704,000	558,000	731,000	-	447,655	-	-	3,706,255
Net change in fund balances	(6,553)	131,109	2,003	(22,982)	(10,755)	(1,284)	37,983	71,982	201,503
Fund balances, beginning of year	(14,455)	(324,560)	386,402	85,396	30,994	-	-	73,551	237,328
Fund balances (deficits), end of year	\$ (21,008)	\$ (193,451)	\$ 388,405	\$ 62,414	\$ 20,239	\$ (1,284)	\$ 37,983	\$ 145,533	\$ 438,831

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, 2025

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>REVENUES</u>				
Service charges and fees	\$ 293,000	\$ 293,000	\$ 217,316	\$ (75,684)
Investment income	-	-	118	118
Total revenues	293,000	293,000	217,434	(75,566)
<u>EXPENDITURES</u>				
Parks and recreation	604,000	604,000	489,587	114,413
Capital outlay	-	-	-	-
Total expenditures	604,000	604,000	489,587	114,413
Excess (deficiency) of revenues over expenditures	(311,000)	(311,000)	(272,153)	38,847
<u>OTHER FINANCING SOURCES</u>				
Transfers in from General Fund	311,000	311,000	265,600	(45,400)
Total other financing sources	311,000	311,000	265,600	(45,400)
Net change in fund balance	-	-	(6,553)	(6,553)
Fund balance, beginning of year	(14,455)	(14,455)	(14,455)	-
Fund balance (deficit) , end of year	\$ (14,455)	\$ (14,455)	\$ (21,008)	\$ (6,553)

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, 2025

	<u>Budget</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<u>REVENUES</u>				
Intergovernmental	\$ 635,000	635,000	\$ 705,441	\$ 70,441
Service charges and fees	117,000	117,000	142,502	25,502
Investment income	-	-	801	801
Total revenues	<u>752,000</u>	<u>752,000</u>	<u>848,744</u>	<u>96,744</u>
<u>EXPENDITURES</u>				
Public works	<u>2,203,000</u>	<u>2,603,000</u>	<u>2,421,635</u>	<u>181,365</u>
Total expenditures	<u>2,203,000</u>	<u>2,603,000</u>	<u>2,421,635</u>	<u>181,365</u>
Excess (deficiency) of revenues over expenditures	<u>(1,451,000)</u>	<u>(1,851,000)</u>	<u>(1,572,891)</u>	<u>278,109</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in from General Fund	<u>1,451,000</u>	<u>1,851,000</u>	<u>1,704,000</u>	<u>(147,000)</u>
Total other financing sources	<u>1,451,000</u>	<u>1,851,000</u>	<u>1,704,000</u>	<u>(147,000)</u>
Net change in fund balance	-	-	131,109	131,109
Fund balance, beginning of year	<u>(324,560)</u>	<u>(324,560)</u>	<u>(324,560)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (324,560)</u>	<u>\$ (324,560)</u>	<u>\$ (193,451)</u>	<u>\$ 131,109</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, 2025

	<u>Budget</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<u>REVENUES</u>				
Intergovernmental	\$ 1,407,000	1,407,000	\$ 1,213,184	\$ (193,816)
Service charges and fees	21,000	21,000	23,627	2,627
Investment income	-	-	1,176	1,176
Miscellaneous	-	-	1,108	1,108
Total revenues	<u>1,428,000</u>	<u>1,428,000</u>	<u>1,239,095</u>	<u>(188,905)</u>
<u>EXPENDITURES</u>				
Administration	1,661,000	1,661,000	1,411,047	249,953
Capital outlays	<u>375,000</u>	<u>385,000</u>	<u>384,045</u>	<u>955</u>
Total expenditures	<u>2,036,000</u>	<u>2,046,000</u>	<u>1,795,092</u>	<u>250,908</u>
Excess (deficiency) of revenues over expenditures	<u>(608,000)</u>	<u>(618,000)</u>	<u>(555,997)</u>	<u>62,003</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in from General Fund	<u>608,000</u>	<u>618,000</u>	<u>558,000</u>	<u>(60,000)</u>
Total other financing sources	<u>608,000</u>	<u>618,000</u>	<u>558,000</u>	<u>(60,000)</u>
Net change in fund balance	-	-	2,003	2,003
Fund balance, beginning of year	<u>386,402</u>	<u>386,402</u>	<u>386,402</u>	<u>-</u>
Fund balance, end of year	<u>\$ 386,402</u>	<u>\$ 386,402</u>	<u>\$ 388,405</u>	<u>\$ 2,003</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, 2025

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>REVENUES</u>				
Intergovernmental	\$ 601,000	601,000	\$ 208,678	\$ (392,322)
Service charges and fees	952,000	952,000	1,004,431	52,431
Investment income	-	-	926	926
Total revenues	<u>1,553,000</u>	<u>1,553,000</u>	<u>1,214,035</u>	<u>(338,965)</u>
<u>EXPENDITURES</u>				
Police	1,931,000	1,931,000	1,916,856	14,144
Capital outlays	<u>501,000</u>	<u>501,000</u>	<u>51,161</u>	<u>449,839</u>
Total expenditures	<u>2,432,000</u>	<u>2,432,000</u>	<u>1,968,017</u>	<u>463,983</u>
Excess (deficiency) of revenues over expenditures	<u>(879,000)</u>	<u>(879,000)</u>	<u>(753,982)</u>	<u>125,018</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in from General Fund	<u>879,000</u>	<u>879,000</u>	<u>731,000</u>	<u>(148,000)</u>
Total other financing sources	<u>879,000</u>	<u>879,000</u>	<u>731,000</u>	<u>(148,000)</u>
Net change in fund balance	-	-	(22,982)	(22,982)
Fund balance, beginning of year	<u>85,396</u>	<u>85,396</u>	<u>85,396</u>	<u>-</u>
Fund balance, end of year	<u>\$ 85,396</u>	<u>\$ 85,396</u>	<u>\$ 62,414</u>	<u>\$ (22,982)</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, 2025

	<u>Budget</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES				
Taxes	\$ 350,000	350,000	\$ 215,290	\$ (134,710)
Investment income	-	-	75	75
Total revenues	<u>350,000</u>	<u>350,000</u>	<u>215,365</u>	<u>(134,635)</u>
EXPENDITURES				
Administration	<u>350,000</u>	<u>350,000</u>	<u>226,120</u>	<u>123,880</u>
Total expenditures	<u>350,000</u>	<u>350,000</u>	<u>226,120</u>	<u>123,880</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(10,755)</u>	<u>(10,755)</u>
OTHER FINANCING SOURCES				
Transfers in from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(10,755)	(10,755)
Fund balance, beginning of year	<u>30,994</u>	<u>30,994</u>	<u>30,994</u>	<u>-</u>
Fund balance, end of year	<u>\$ 30,994</u>	<u>\$ 30,994</u>	<u>\$ 20,239</u>	<u>\$ (10,755)</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, 2025

	<u>Budget</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<u>REVENUES</u>				
Intergovernmental	\$ 823,000	823,000	\$ 121,893	\$ (701,107)
Total revenues	<u>823,000</u>	<u>823,000</u>	<u>121,893</u>	<u>(701,107)</u>
<u>EXPENDITURES</u>				
Administration	<u>823,000</u>	<u>823,000</u>	<u>83,910</u>	<u>739,090</u>
Total expenditures	<u>823,000</u>	<u>823,000</u>	<u>83,910</u>	<u>739,090</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>37,983</u>	<u>37,983</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	37,983	37,983
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,983</u>	<u>\$ 37,983</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, 2025

	<u>Budget</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<u>REVENUES</u>				
Intergovernmental	\$ 93,000	\$ 93,000	\$ 84,371	\$ (8,629)
Investment income	-	-	5,308	5,308
Miscellaneous	-	-	10,393	10,393
Total revenues	<u>93,000</u>	<u>93,000</u>	<u>100,072</u>	<u>7,072</u>
<u>EXPENDITURES</u>				
Police	93,000	93,000	28,090	64,910
Capital outlays	-	-	-	-
Total expenditures	<u>93,000</u>	<u>93,000</u>	<u>28,090</u>	<u>64,910</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>71,982</u>	<u>71,982</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in from General Fund	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	71,982	71,982
Fund balance, beginning of year	<u>73,551</u>	<u>73,551</u>	<u>73,551</u>	<u>-</u>
Fund balance, end of year	<u>\$ 73,551</u>	<u>\$ 73,551</u>	<u>\$ 145,533</u>	<u>\$ 71,982</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, 2025

	<u>Budget</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<u>REVENUES</u>				
Intergovernmental	\$ 2,159,700	2,159,700	\$ 2,159,428	\$ (272)
Investment income	300	300	4,391	4,091
Total revenues	<u>2,160,000</u>	<u>2,160,000</u>	<u>2,163,819</u>	<u>3,819</u>
<u>EXPENDITURES</u>				
Debt service:				
Principal	6,245,300	6,245,300	6,245,000	300
Interest	3,181,700	3,480,700	3,480,490	210
Total expenditures	<u>9,427,000</u>	<u>9,726,000</u>	<u>9,725,490</u>	<u>510</u>
Excess (deficiency) of revenues over expenditures	<u>(7,267,000)</u>	<u>(7,566,000)</u>	<u>(7,561,671)</u>	<u>4,329</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	<u>7,267,000</u>	<u>7,566,000</u>	<u>7,561,044</u>	<u>(4,956)</u>
Total other financing sources	<u>7,267,000</u>	<u>7,566,000</u>	<u>7,561,044</u>	<u>(4,956)</u>
Net change in fund balance	-	-	(627)	(627)
Fund balance, beginning of year	<u>1,997</u>	<u>1,997</u>	<u>1,997</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,997</u>	<u>\$ 1,997</u>	<u>\$ 1,370</u>	<u>\$ (627)</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, 2025

	<u>Budget</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<u>REVENUES</u>				
Intergovernmental	\$ 3,524,000	\$ 3,524,000	\$ 2,395,065	\$ (1,128,935)
Investment income	-	-	1,174,252	1,174,252
Total revenues	<u>3,524,000</u>	<u>3,524,000</u>	<u>3,569,317</u>	<u>45,317</u>
<u>EXPENDITURES</u>				
Bond issuance costs	300,000	575,000	-	575,000
Distribution to component unit	-	-	-	-
Nondepartmental	-	-	521,763	(521,763)
Capital outlays	<u>14,919,000</u>	<u>14,644,000</u>	<u>7,205,646</u>	<u>7,438,354</u>
Total expenditures	<u>15,219,000</u>	<u>15,219,000</u>	<u>7,727,409</u>	<u>7,491,591</u>
Excess (deficiency) of revenues over expenditures	<u>(11,695,000)</u>	<u>(11,695,000)</u>	<u>(4,158,092)</u>	<u>7,536,908</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,212,000	1,212,000	1,092,219	(119,781)
Transfers out	(4,840,000)	(4,840,000)	(4,840,000)	-
Gain on sale of land held for resale	-	-	1,917,279	1,917,279
Bond premium	-	-	575,458	575,458
Bond issuance	<u>10,483,000</u>	<u>10,483,000</u>	<u>12,165,000</u>	<u>1,682,000</u>
Total other financing sources (uses)	<u>6,855,000</u>	<u>6,855,000</u>	<u>10,909,956</u>	<u>4,054,956</u>
Net change in fund balance	(4,840,000)	(4,840,000)	6,751,864	11,591,864
Fund balance, beginning of year	<u>75,173,990</u>	<u>75,173,990</u>	<u>75,173,990</u>	<u>-</u>
Fund balance, end of year	<u>\$ 70,333,990</u>	<u>\$ 70,333,990</u>	<u>\$ 81,925,854</u>	<u>\$ 11,591,864</u>

City of Henderson, Kentucky
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Sports Complex Fund
For the Fiscal Year Ended June 30, 2025

	<u>Budget</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<u>REVENUES</u>				
Service charges	\$ -	\$ -	\$ 100,010	\$ 100,010
Investment income	-	-	6	6
Total revenues	-	-	100,016	100,016
<u>EXPENDITURES</u>				
Administration	384,000	421,000	490,167	(69,167)
Capital outlays	105,000	68,000	58,788	9,212
Total expenditures	489,000	489,000	548,955	(59,955)
Excess (deficiency) of revenues over expenditures	(489,000)	(489,000)	(448,939)	40,061
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in from General Fund	-	489,000	447,655	(41,345)
Transfers out	-	-	-	-
Total other financing sources (uses)	-	489,000	447,655	(41,345)
Net change in fund balance	(489,000)	-	(1,284)	(1,284)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	(489,000)	\$ -	\$ (1,284)	\$ (1,284)

(a) Sports complex fund was a division of the General fund at the beginning of fiscal year. Switched to Special Revenue fund during year and budget was amended appropriately

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, including the City of Henderson, Kentucky Utility Commission (Henderson Municipal Power & Light) for the fiscal year ended May 31 2025, each major fund, and the aggregate remaining fund information of the City of Henderson, Kentucky, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 29, 2025. Our report includes references to other auditors who have audited the financial statements of the City of Henderson, Kentucky Water and Sewer Commission, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Henderson, Kentucky's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Henderson, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Henderson, Kentucky's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Henderson, Kentucky's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ATA-KY, PSC

Henderson, Kentucky
December 29, 2025

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>
Community Information	116
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.	120
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	125
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.	136
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.	140
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.	142
Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.	

City of Henderson, Kentucky

Community Information

The City's History

Henderson, originally known as “Red Banks” for the distinctive soil along the Ohio River, was first settled in 1797. By the early 1800s, the community had grown to nearly 1,000 residents. Henderson was incorporated as a town in 1810 and later as a city in 1867. A commission form of government was adopted in 1922, and in 1966 the city transitioned to the city manager form of government it operates under today.

Henderson has grown steadily over the years and is known for its friendly people and strong sense of community. It is currently Kentucky's 15th largest city by population and has been home to four governors and two lieutenant governors.

Location

Henderson serves as the county seat of Henderson County, Kentucky. Nestled on the southern banks of the Ohio River in the western Kentucky coalfield region, Henderson enjoys both natural beauty and strategic proximity to nearby metropolitan areas.

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

The city sits on a bluff more than 70 feet above the Ohio River's low-water mark, inspiring the long-time local slogan: “On the Ohio, but never in it.” Henderson covers nearly 18 square miles and rests 400 feet above sea level.

Industry

Henderson is home to a diverse mix of industries, with major employers in aluminum, steel, plastics, paper, energy, agriculture, and advanced manufacturing. Local products include aluminum ingots, automotive components, truck axles and wheels, and poultry products. The city continues to attract new investment while supporting a strong agricultural base.

Churches & Schools

With more than 60 churches across many denominations, Henderson reflects a wide variety of faith traditions.

Henderson County Schools, along with private and parochial schools, provide a strong educational foundation. The system maintains a favorable student-to-teacher ratio of about 14:1 and includes:

- 8 elementary schools
- 2 middle schools
- 1 high school
- 1 alternative school
- 1 early learning (preschool) center

Henderson Community College, part of the Kentucky Community & Technical College System, offers associate degrees, continuing education, and workforce development programs. A highlight is the FAME program, where students earn an industry-recognized degree while gaining real-world experience. Murray State University also operates a regional campus on the HCC grounds, further expanding higher education opportunities.

Medical Facilities

Deaconess Henderson Hospital, a 192-bed acute care facility and one of the county's largest employers, offers comprehensive services including surgery, obstetrics, and emergency care. It received an "A" safety rating from The Leapfrog Group, placing it among the nation's top hospitals for patient safety.

Additional healthcare resources include Owensboro Health's Henderson facility, the Henderson County Health Department, nursing homes, and a growing number of assisted- and independent-living communities. Local healthcare providers include more than 75 physicians and 15 dentists.

Culture & Recreation

Henderson blends natural beauty with vibrant cultural opportunities.

Audubon State Park & Museum: Celebrates naturalist and artist John James Audubon, who once lived in Henderson. The park includes trails, campgrounds, and the John James Audubon Museum, with international visitors drawn to its extensive collection. Recent expansions added 600 acres of wetland habitats, including accessible boardwalks and new trails.

Green River National Wildlife Refuge: Established in 2019, this refuge continues to grow, protecting critical habitats and offering recreation and education opportunities.

Municipal Parks: Henderson's parks provide spaces for soccer, baseball, golf, tennis, disc golf, volleyball, fishing, and more. The city has also pioneered creative amenities such as The Perch, a downtown pocket park, which has earned statewide and national recognition. A major Sports

Complex is currently under development to support youth sports.

Festivals & Events: Henderson hosts the nationally recognized W.C. Handy Blues & Barbecue Festival, one of the largest free blues festivals in the U.S. Other annual highlights include SummerFest, PorchFest, the Sandy Lee Watkins Songwriters Festival, the Bluegrass in the Park Folklife Festival, and a growing Día de los Muertos celebration.

Henderson County High School excels in both athletics and academics, with recent championships in culinary arts, including state and national titles.

The Henderson Public Library, founded with a Carnegie grant, underwent a \$6 million expansion in 2021, adding modern amenities and community meeting spaces.

Ellis Park, located just north of Henderson, offers live summer horse racing and year-round simulcasting. It was reacquired by Churchill Downs Incorporated in 2022, ensuring its continued prominence in Kentucky racing.

Government

Henderson operates under the city manager form of government. The Board of Commissioners consists of a mayor (four-year term) and four commissioners (two-year terms), all elected on a nonpartisan ballot with equal voting power. The Commission sets policy, while the city manager oversees daily operations with support from department heads.

Henderson has been recognized for its forward-looking planning:

2017: Community of the Year Award (Green River Area Development District) for the Vision Plan

2023: Community of the Year Award (GRADD) for the Inner-City Improvement Plan

2024: National Civic League All-America City Finalist

Demographics (U.S. Census Bureau)

Estimated population: 27,750

Gender: 48% Male, 52% Female

Race: 81.6% White, 10.4% Black or African American, 8.0% Other

Owner-occupied housing: 53.6%

Median home value: \$151,400

Households: 12,335 (avg. 2.19 per household)

Education: 88% high school graduate or higher, 18.2% bachelor's degree or higher

Civilian labor force: 54.8%

Total retail sales: \$709,132 million

Median household income: \$47,176

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

	2016	2017	2018 (b)	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 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	\$ 32,781,206
Restricted	53,122	45,938	42,777	75,258	95,361	81,561	53,198,119	138,120	424,485	556,973
Unrestricted	(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)	(24,307,583)
Total governmental activities net position	\$ 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)	\$ 9,030,596
Business-type activities										
Net investment in capital assets	\$ 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	\$ 9,623,580
Restricted	-	-	-	-	-	-	-	-	75,753	92,747
Unrestricted	4,293,248	5,173,958	5,083,166	5,082,773	752,956	1,151,989	(2,567,494)	(729,949)	(518,050)	719,588
Total business-type activities net position	\$ 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	\$ 10,435,915
Primary government										
Net investment in capital assets	\$ 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	\$ 42,404,786
Restricted	53,122	45,938	42,777	75,258	95,361	81,561	53,198,119	138,120	500,238	649,720
Unrestricted	(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)	(23,587,995)
Total primary government net position	\$ 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	\$ 19,466,511

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

Expenses	2016 (b)	2017	2018 (c)	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Administration	\$ 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	\$ 4,376,978
Finance (b)	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	3,002,317
Information technology (b)	770,940	992,304	959,900	1,069,526	820,300	893,873	843,589	922,209	936,195	1,133,233
Parks and recreation	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	2,741,411
Police	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	8,939,339
Fire	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	7,222,510
Public works (b)	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	7,618,200
Nondepartmental	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	4,436,122
Interest on long-term debt	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	3,315,055
Total governmental activities expenses	\$ 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	\$ 42,785,165
Business-type activities:										
Gas	\$ 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	\$ 14,297,999
Sanitation	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	5,407,959
Total business-type activities expenses	\$ 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	\$ 19,705,958
Total primary government expenses	\$ 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	\$ 62,491,123
Program Revenues										
Governmental activities:										
Charges for services										
Administration	\$ 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	\$ 924,395
Finance (b)	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	4,000,976
Information technology (b)	-	-	-	-	-	-	-	-	-	-
Parks and recreation	337,411	384,802	348,970	293,799	279,915	361,204	392,189	392,941	371,025	283,791
Public safety	846,035	860,380	851,850	724,944	936,785	1,309,076	1,268,879	1,343,524	1,045,604	1,123,351
Public works (b)	178,372	320,075	237,018	234,674	232,200	196,720	247,736	239,915	178,981	243,085
Operating grants and contributions	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	7,868,711
Capital grants and contributions	1,468,973	1,115,868	30,680	1,168,087	482,700	320,227	7,796,662	5,338,343	-	-
Total governmental activities program revenues	\$ 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	\$ 14,444,309

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

	2016 (b)	2017	2018 (c)	2019	2020	2021	2022	2023	2024	2025
Business-type activities:										
Charges for services										
Gas	\$ 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	\$ 15,939,332
Sanitation	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	5,432,641
Operating grants and contributions	-	-	-	-	-	-	-	120,048	-	-
Capital grants and contributions	101,016	103,536	106,116	158,640	111,480	114,264	117,120	4,190,632	309,367	50,323
Total business-type activities									-	-
program revenues	\$ 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	\$ 21,422,296
Total primary government										
program revenues	\$ 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	\$ 35,866,605
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property	\$ 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	\$ 9,070,595
Payroll and net profits	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	13,309,005
Insurance	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	7,895,276
Other	810,732	772,546	984,873	965,270	958,683	1,036,473	1,022,608	1,138,314	(164,561)	1,403,040
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	2,991,540
Investment income	337,155	50,222	102,067	463,726	445,642	150,410	(489,236)	1,454,515	3,118,545	2,640,520
Transfers	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	1,119,861
Total governmental activities	\$ 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	\$ 38,429,837
Business-type activities:										
Investment earnings	\$ 132,733	\$ 14,608	\$ 39,067	\$ 283,475	\$ 298,386	\$ 103,149	\$ (213,197)	\$ 173,506	\$ 381,525	\$ 407,491
Gain (loss) on sale of capital assets	-	-	-	-	48,650	5,000	12,272	7,773	52	19,600
Transfers	(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)	(1,119,861)
Total business-type activities	\$ (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)	\$ (692,770)
Total primary government	\$ 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	\$ 37,737,067
Change in Net Position										
Governmental activities:	\$ (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	\$ 10,088,981
Business-type activities:	(404)	697,443	47,863	(98,301)	(502,335)	836,520	(724,945)	5,227,261	1,038,531	1,023,568
Total primary government	\$ (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	\$ 11,112,549

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

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2016	2017	2018 (b)	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 26,845	\$ 59,912	\$ 38,787	\$ 88,774	\$ 336,180	\$ 334,342	\$ 437,298	\$ 90,644	\$ 77,944	\$ 75,402
Committed	2,393,464	1,613,986	250,597	-	1,246,488	1,068,603	1,379,495	1,129,068	1,381,539	1,892,284
Assigned	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	22,841,166
Unassigned	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	458,251
Total General Fund	\$ 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	\$ 25,267,103
All Other Governmental Funds										
Nonspendable										
Special revenue funds	\$ 16,500	\$ 17,200	\$ 32,000	\$ 26,393	\$ 77,359	\$ 85,800	\$ 80,735	\$ 22,366	\$ 19,933	\$ 21,677
Restricted										
Debt service fund	472	988	871	467	1,000	982	177	537	1,997	1,370
Special revenue funds	52,650	44,950	41,906	74,791	94,361	80,579	65,221	137,583	104,545	203,755
Committed										
Special revenue funds	125,332	393,182	250,016	217,051	615,628	615,484	190,460	339,864	454,830	434,852
Capital projects Fund	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	81,925,854
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned										
Capital projects fund	(995,659)	(185,457)	(75,369)	93,482	-	-	-	-	-	-
Special revenue funds	(287,758)	(5,275)	(166,068)	(380,430)	-	(302,523)	(567,911)	(425,421)	(341,980)	(221,453)
Total all other governmental funds	\$ 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	\$ 82,366,055

(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)

	2016 (b)	2017	2018 (c)	2019	2020	2021	2022 (d)	2023	2024	2025
Revenues										
Taxes	\$ 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	\$ 31,276,944
Charges for services	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	2,574,239
Investment income	335,075	46,035	93,654	454,503	437,758	147,773	(492,011)	1,437,077	2,737,092	2,640,520
Licenses and permits	102,971	77,553	60,556	88,147	74,549	70,041	112,140	140,743	143,264	191,803
Intergovernmental revenue	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	11,526,711
Distributions 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	2,991,540
Other	345,365	325,510	376,536	829,686	239,481	436,037	258,257	394,238	355,529	310,525
Total Revenues	\$ 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	\$ 51,512,282
Expenditures										
Administration	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	5,182,666
Finance (b)	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	2,965,755
Information technology (b)	741,710	867,454	854,707	832,620	820,300	893,873	843,589	922,209	1,078,157	1,177,306
Police	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	11,050,176
Fire	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	8,082,405
Public works (b)	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	5,321,202
Parks & recreation	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	2,919,817
Non-departmental	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	3,836,736
Capital outlay	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	9,211,521
Debt service:										
Principal	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	6,245,000
Interest	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	3,480,490
Other charges	82,156	59,573	-	-	-	162,767	302,854	531,664	-	-
Total expenditures	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	59,473,074
Excess of revenues over (under) expenditures	(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)	(7,960,792)
Other Financing Sources (Uses)										
Transfers in	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	13,199,335
Transfers out	(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)	(12,079,474)
Insurance recovery	-	155,390	-	-	381,751	-	-	-	-	-
Bond issuance	21,100,000	7,795,000	-	-	-	9,625,000	22,500,000	30,105,000	13,655,000	12,165,000
Bond premium	144,586	140,507	-	-	-	373,712	1,037,344	1,229,977	560,693	575,458
Bond refundings	(7,995,000)	(2,270,000)	-	-	-	-	-	-	-	-
Loss on Sale of land	700,144	-	-	-	105,000	-	-	-	(922,634)	1,919,279
Total other financing sources	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	15,779,598
Net change in fund balance	\$ 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	\$ 7,818,806
Debt service as a percentage of non-capital expenditures	11.6%	13.0%	14.0%	13.3%	14.2%	13.7%	25.8%	14.3%	18.7%	19.3%

(d)

- (a) 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.
(b) In fiscal year 2018, the City of Henderson fully implemented GASB 75.
(c) 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
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
2025	31,276,944	9,070,595	7,895,276	10,908,603	2,400,402	550,413	215,290	236,365

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
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
2025	1,483,472	190,643	964,757	2,638,872	127,521

*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	Other	Total Taxable Real Estate	Total Direct Real Estate Tax Rate Per \$100	Estimated Actual Tax Value
2016	\$ 808,757,469	\$ 3,805,200	\$ 409,692,048	\$ 6,599,470	\$ (89,315,951)	\$ -	\$ 1,139,538,236	\$ 0.591	\$ 6,734,671
2017	820,224,410	3,798,700	412,467,534	6,796,070	(89,898,825)	-	1,153,387,889	0.611	7,047,200
2018	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
2019	846,888,705	3,970,600	441,631,675	7,332,020	(92,632,916)	-	1,207,190,084	0.490	5,915,231
2020	866,113,076	4,055,700	446,143,312	7,107,100	(97,799,507)	-	1,225,619,681	0.490	6,005,536
2021	883,340,660	4,087,500	452,740,062	7,375,200	(97,935,886)	-	1,249,607,536	0.490	6,123,077
2022	897,268,057	4,254,500	471,447,952	7,587,700	(100,713,064)	-	1,279,845,145	0.490	6,271,241
2023	950,012,853	4,173,700	503,868,417	8,267,500	(102,815,262)	-	1,363,507,208	0.475	6,476,659
2024	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
2025	1,062,053,913	4,203,200	527,618,633	8,307,700	(118,711,355)	-	1,483,472,091	0.470	6,972,319

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
2016	\$ 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
2017	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
2018	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
2019	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
2020	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
2021	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
2022	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
2023	64,287,765	42,606,894	10,108,096	21,102,967	998	9,104,768	147,211,488	0.730	1,074,644
2024	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
2025	78,855,559	56,263,533	11,629,282	32,426,403	110,310	11,358,110	190,643,197	0.606	1,155,298

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			Overlapping							Total City Resident
Direct										
Year	General Fund Operations	City	County Schools	State	County	Library	Health	Extension		
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	
2025	0.470	0.470	0.674	0.109	0.128	0.111	0.050	0.03400	1.57600	

Personal property:			Overlapping							Total City Resident
Direct										
Year	General Fund Operations	City	County Schools	State	County	Library	Health	Extension		
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	
2025	0.606	0.606	0.674	0.45	0.184	0.1222	0.050	0.037800	2.12400	

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**

<u>Real property Direct</u>		<u>Overlapping</u>						<u>Total</u>
<u>Year</u>	<u>City</u>	<u>County Schools</u>	<u>State</u>	<u>County</u>	<u>Library</u>	<u>Health</u>	<u>Extension</u>	<u>City Resident</u>
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
2025	0.470	0.674	0.109	0.128	0.111	0.050	0.03400	1.57600

Personal property:

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
2025	0.606	0.674	0.45	0.184	0.1222	0.050	0.037800	2.124000

Source: Kentucky Department of Revenue

**CITY OF HENDERSON, KENTUCKY
TOP TEN TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS PRIOR**

Company	Type of Tax	2025		2016	
		Amount	Rank	Amount	Rank
Kentucky Farm Bureau Insurance	Insurance premium tax	\$ 1,048,743	1	\$ 564,029	1
State Farm Mutual Automobile Insurance	Insurance premium tax	594,225	2	350,240	2
State Farm Fire & Casualty Company	Insurance premium tax	421,022	3	276,513	4
Commonwealth of Kentucky - Telecom	Wireless 911 Revenue	348,916	4	307,845	3
Progressive Casualty Insurance Company	Insurance premium tax	241,524	5	-	
United Healthcare	Insurance premium tax	238,064	6	194,822	7
Progressive Direct Insurance Company	Insurance premium tax	233,313	7	-	
Erie Insurance Company	Insurance premium tax	232,430	8	-	
Factory Mutual Insurance Company	Insurance premium tax	231,014	9	-	
Cincinnati Insurance Company	Insurance premium tax	200,339	10	-	
Spectrum Advance Services	911 tax/Franchise fees	-		235,406	5
Anthem Insurance Companies	Insurance premium tax	-		214,939	6
Big Rivers Electric Corporation	Franchise tax	-		188,673	8
Wal-Mart Stores, Inc.	Occupational tax	-		168,380	9
Bellsouth Telecommunications / AT&T	911 tax/Franchise fees	-		155,924	10
Total		<u>\$ 3,789,590</u>		<u>\$ 2,656,771</u>	

**CITY OF HENDERSON, KENTUCKY
TOP TEN EMPLOYERS / OCCUPATIONAL TAX
CURRENT FISCAL YEAR AND NINE YEARS PRIOR**

Employer	Type of Business	2025 Rank	2016 Rank
Methodist Hospital	Medical	1	1
Henderson Co Board of Education	Public school system	2	2
Gibbs Die Casting Corp.	Aluminum die casting	3	3
City of Henderson	Government	4	4
Dana Holding Corp.	Truck axles & brake components	5	5
Pratt Paper (KY) LLC	Paper mill	6	
Deaconess Clinic Inc	Medical	7	
Wal-mart Associates Inc.	Retail	8	8
International Paper Company	Paper distributor	9	10
Deaconess Hospital Inc	Medical	10	
Big Rivers	Wholesale electric power		6
Redbanks	Nursing home		7
State of Kentucky	Government		9

Source: City of Henderson Occupational License Office

**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	
2016	\$ 7,760,008	\$ 7,676,994	98.9%	\$ 62,873	\$ 7,739,867	99.7%	\$ 20,141
2017	8,027,614	7,915,893	98.6%	90,156	8,006,049	99.7%	26,317
2018	6,809,383 (c)	6,742,413	99.0%	44,468	6,786,881	99.7%	26,028
2019	6,878,368	6,775,793	98.5%	77,282	6,853,075	99.6%	30,385
2020	7,003,380	6,906,448	98.6%	68,787	6,975,235	99.6%	34,354
2021	7,093,337	6,987,140	98.5%	73,994	7,061,134	99.5%	38,961
2022	7,273,014	7,151,436	98.3%	85,401	7,236,837	99.5%	49,537
2023	7,536,789	7,412,562	98.4%	81,987	7,494,549	99.4%	67,688
2024	7,646,503	7,542,486	98.6%	39,335	7,581,821	99.2%	64,682
2025	8,016,317	7,886,400	98.4%	-	7,886,400	98.4%	129,917

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

(b) Collections as of July 2, 2025

(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

Type of Customer	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Residential	540,243	498,785	554,269	545,812	523,097	488,847	506,156	508,285	434,072	437,223
Commercial	341,309	327,448	303,556	357,183	342,652	310,577	318,427	351,104	308,722	304,753
Industrial	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	2,089,371
Municipal	6,548	6,872	7,749	10,305	8,891	7,672	7,489	10,229	9,469	9,710
Total Sold	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	2,841,057
Pipeline distribution use (net of losses)	2,297	1,957	1,158	1,223	1,157	1,135	1,518	3,219	1,428	1,984
Total Disposition	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	2,843,041

Source: Gas Department

The information provided is based on the calendar year and crosses two fiscal years. The information for 2025 is not available until January 2026.

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

<u>Type of Customer</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>
Residential	\$ 4,800	\$ 4,400	\$ 5,565	\$ 4,971	\$ 4,783	\$ 4,187	\$ 5,185	\$ 5,905	\$ 4,916	\$ 4,887
Commercial	2,340	2,186	2,268	2,623	2,520	2,125	2,636	3,578	2,745	2,694
Industrial	<u>8,499</u>	<u>7,424</u>	<u>8,603</u>	<u>8,634</u>	<u>7,401</u>	<u>6,314</u>	<u>10,216</u>	<u>15,521</u>	<u>9,312</u>	<u>7,644</u>
Total Sold	<u>\$ 15,639</u>	<u>\$ 14,010</u>	<u>\$ 16,436</u>	<u>\$ 16,228</u>	<u>\$ 14,704</u>	<u>\$ 12,626</u>	<u>\$ 18,037</u>	<u>\$ 25,004</u>	<u>\$ 16,973</u>	<u>\$ 15,225</u>

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 2025 is not available until January 2026.

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

**NATURAL GAS RATES
RESIDENTIAL CUSTOMERS
LAST TEN FISCAL YEARS**

Fiscal Year	Monthly Base Rate	Rate per 1,000 cubic feet
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
2025	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)	\$ 65,835,000	60.00% (b)	\$ 39,501,000
Henderson County (d) Henderson County Public Properties Corp.	-	60.00% (b)	-
Subtotal, overlapping debt			\$ 39,501,000
City direct debt			<u>105,008,341</u>
Total direct and overlapping debt			<u><u>\$ 144,509,341</u></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	Less:	Net	Debt Service Requirements				Operating Revenues	Operating Expenses	Net Available Revenue	Debt Service Requirements				
	Operating Revenues	Operating Expenses	Available Revenue	Principal	Interest	Total	Coverage				Principal	Interest	Total	Coverage	
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	
2025	\$ 28,513	\$ 22,298	\$ 6,215	\$ 3,190	\$ 1,590	\$ 4,780	1.30	\$ 53,632	\$ 42,015	\$ 11,617	\$ 1,900	\$ 1,176	\$ 3,076	3.78	

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	Population	Per Capita	Other Governmental Activities Debt				Business-Type Activities		Total Primary Government a)	Per Capita	Per Household Income	Percentage of Household Income
	General Obligation Bonds	Actual Taxable Value of Property				Bond Anticipation Note	Leases	General Obligation Contracts	Leases						
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%		
2025	\$ 105,008,341	\$ 2,623,633,506	4.00%	27,750	\$ 3,784	\$ -	\$ -	\$ -	\$ -	\$ 105,008,341	\$ 3,784	\$ 47,176	8.02%		

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

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Bonded										
General bonded debt outstanding	\$ 52,230	\$ 54,745	\$ 51,365	\$ 47,920	\$ 44,390	\$ 50,765	\$ 63,829	\$ 90,239	\$ 98,707	\$ 105,008
Other bonded debt	-	-	-	-	-	-	-	-	-	-
Total bonded debt	52,230	54,745	51,365	47,920	44,390	50,765	63,829	90,239	98,707	105,008
Debt not bonded	-	-	315	241	163	83	-	-	-	-
Total Debt (b)	52,230	54,745	51,680	48,161	44,553	50,848	63,829	90,239	98,707	105,008
Estimated actual property value	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	2,623,634
Percentage of estimated actual property value	2.74%	2.83%	2.62%	2.44%	2.20%	2.37%	2.81%	3.79%	3.93%	4.00%
Population	28,890	28,841	29,108	28,432	28,757	27,981	27,716	27,697	27,734	27,750
Per capita	\$ 1,808	\$ 1,898	\$ 1,775	\$ 1,694	\$ 1,549	\$ 1,817	\$ 2,303	\$ 3,258	\$ 3,559	\$ 3,784
Less: Amounts set aside to repay general debt	2,024	1,244	251	-	552	1,069	1,380	1,380	1,380	283
Total net debt applicable to debt limit	50,206	53,501	51,429	48,161	44,001	49,779	62,449	88,859	97,327	104,725
Legal Debt Limit (a)	113,954	115,339	118,293	120,719	122,562	124,961	127,985	136,351	141,917	148,347
Remaining debt limit	63,748	61,838	66,864	72,558	78,561	75,182	65,536	47,492	44,590	43,622
Percentage of remaining net debt limit	55.9%	53.6%	56.5%	60.1%	64.1%	60.2%	51.2%	34.8%	31.4%	29.4%
Percentage of net debt exhausted	44.1%	46.4%	43.5%	39.9%	35.9%	39.8%	48.8%	65.2%	68.6%	70.6%

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
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%
2025	27,750	\$ 1,309,134	\$ 47,176	40.3	6,554	5.0%

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Administration	23.00	23.00	21.50	21.50	20.50	21.00	21.00	22.00	26.00	25.00
Finance	28.00	a)	28.00	27.00	27.00	26.00	26.00	28.00	28.00	26.00
Information Technology	6.00	a)	6.00	6.00	6.00	6.00	6.00	6.00	8.00	7.50
Police										
Officers	61.75	61.75	61.75	61.75	61.00	61.00	61.00	58.00	59.00	63.00
Civilians	8.00	8.00	8.00	9.00	9.00	10.00	10.75	10.75	10.00	9.00
Emergency Communications										
9-1-1 Communications	16.25	16.25	16.25	16.25	16.00	16.00	16.25	16.25	16.00	16.50
Fire										
Firefighters	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	61.00
Civilians	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
Parks and Recreation	14.00	14.00	14.00	14.00	12.00	12.00	12.00	12.00	13.00	13.00
Mass Transit	13.00	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	25.00	25.00	25.00	26.00	25.00	25.00	22.00
Sanitation	18.50	18.50	18.50	18.50	17.50	15.50	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	1.00
Public Way Improvement	36.50	36.50	37.00	37.00	34.00	33.50	33.50	33.50	33.50	36.50
TOTAL	317.00	317.00	315.00	315.00	306.00	305.00	309.00	306.00	311.00	310.00

Source: Applicable Departments

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>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>	<u>2025</u>
Public Way Improvement (in miles)										
Asphalt streets	120	99	99.20	99.20	99.20	99.20	99.20	99.20	108.26	108.26
Concrete streets	-	20	19.94	19.94	19.94	19.94	19.94	19.94	19.94	19.94
City sidewalks	73	92	92.32	92.32	92.32	92.32	92.37	92.37	93.81	94.44
State sidewalks	-	13	12.82	12.82	12.82	12.82	12.82	12.82	12.82	12.82
Private sidewalks	-	6	5.98	5.98	5.98	5.98	5.98	5.98	5.98	5.98
Walking trails	-	2	2.02	2.02	2.02	2.02	2.02	2.02	2.02	2.02
Bike path	-	1	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74
Cart path	-	1	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	2,720.92	2,994.27	4,770.13	3,166.56	5,055.18	9,073.04	7,943.42	6,051.27
CDD - City Residents	-	1,910	1,826.18	1,832.60	2,340.09	1,584.60	1,107.28	1,537.04	980.96	1,656.64
CDD - City Government	-	2,112	541.37	680.42	923.69	987.69	939.23	706.82	461.27	391.66
CDD - County Residents	-	1,882	1,014.93	900.91	1,228.47	2,213.56	668.50	856.97	740.01	554.51
CDD - County Government	-	277	44.11	631.92	1,276.24	8.80	39.23	13.31	24.89	9.16
CDD - Other	-	646	103.77	319.30	161.02	565.29	313.10	2,586.76	3,469.83	2,871.25
CDD - Total	13,535	14,089	6,251.28	7,359.42	10,699.64	8,526.50	8,122.52	14,773.94	13,620.38	11,534.49
Transfer Station Operations (in tons) (a)										
Solid Waste - Commercial	-	21,340	16,790.09	19,679.77	20,295.44	21,975.35	30,996.70	30,235.51	30,859.71	36,308.45
Solid Waste - City Residents	-	1,302	1,200.84	849.56	1,118.62	1,892.10	2,281.30	1,726.09	1,445.54	1,831.00
Solid Waste - City Government	-	11,344	11,300.38	11,588.96	11,880.04	12,659.38	11,797.24	11,658.34	11,442.38	11,738.83
Solid Waste - County Residents	-	1,240	1,278.31	1,355.75	1,507.65	2,101.70	1,610.08	1,123.99	1,479.30	1,302.60
Solid Waste - County Government	-	102	107.65	122.40	184.84	128.48	69.89	61.52	93.69	155.04
Solid Waste - Other	-	520	713.31	982.22	779.64	920.58	864.11	-	2,550.37	2,592.33
Solid Waste - Total	35,667	35,848	31,390.58	34,578.66	35,766.23	39,677.59	47,619.32	44,805.45	47,870.99	53,928.25
Electric System										
Miles of transmission and primary distribution	209	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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Gas System										
Miles of mains	255	255	255	256	259	258	259	259	264	266
Miles of service lines	139	139	139	139	139	139	142	140	141	141
Number of meters	9,367	9,378	9,347	9,346	9,417	9,341	9,504	9,318	9,300	9,305
Parks and Recreation										
Park acreage	232.0	232.0	232.0	232.0	320.0	320.0	320.0	402.0	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	10
Playgrounds	12	15	15	15	16	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	2	2	2	2	2	2
Rental Shelters	2	2	2	32	32	32	32	33	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	18	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	5
Interactive water features	1	2	2	2	2	2	2	2	2	2
Walking trails	3	3	3	3	3	4	4	4	4	4
Basketball courts	4	4	4	4	4	4	4	4	4	4
Skate parks	2	2	2	2	2	2	2	1	1	1
Dog runs	1	1	1	1	1	1	1	1	2	2
Disc golf holes	18	18	18	18	18	18	18	36	36	36
Pocket Parks	-	-	-	1	1	1	1	1	1	1
Pickleball Courts	-	-	-	-	3	7	7	10	10	10

Source: Applicable Departments

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

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

Function / Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Physical arrests	3,537	2,542	2,073	2,938	1,404	2,363	2,370	2,371	1,999	1,732
Traffic violations	3,203	1,629	1,169	1,289	1,631	2,984	3,838	3,207	3,560	5,114
Parking violations	2,517	4,551	4,426	4,454	2,343	2,315	1,755	(b)	(b)	(b)
Calls for service	18,080	21,540	26,012	31,106	27,404	30,923	28,444	26,878	25,133	23,547
911 Dispatch Center (a)										
911 Emergency calls	-	-	-	-	32,797	31,248	30,569	29,512	26,145	26,164
Administrative calls - inbound	-	-	-	-	34,194	34,989	33,316	35,228	33,057	32,417
Administrative calls - outbound	-	-	-	-	-	-	-	21,181	16,396	16,950
Text to 911	-	-	-	-	-	69	123	204	123	157
Total calls	-	-	-	-	66,991	66,306	64,008	86,125	75,721	75,688
Fire										
Fire	128	114	137	111	158	123	134	135	137	115
Overpressure Rupture, Explosion, Overheat	16	19	13	13	18	22	10	6	5	6
Rescue & Emergency Medical Service	1,741	1,950	1,882	2,210	2,058	2,438	2,901	2,743	2,745	2,743
Hazardous Condition (No Fire)	167	187	195	167	151	168	193	223	229	255
Service Call	79	94	88	148	302	168	163	172	155	187
Good Intent Call	176	158	185	207	277	274	241	243	227	253
False Alarm & False Call	273	272	291	261	263	296	368	338	401	356
Severe Weather & Natural Disaster	1	2	1	1	2	2	2	3	-	4
Special Incident Type	8	2	14	6	10	8	17	6	10	10
Number of inspections performed	738	632	550	330	75	250	557	339	168	179
Mass Transit										
Number of routes	5	5	5	5	5	5	5	5	6	6
Fixed Route Passengers	123,865	121,455	110,975	107,282	89,428	48,666	49,870	60,749	76,559	77,728
Para transit Passengers	12,302	11,439	11,018	11,976	8,446	7,602	8,449	8,083	8,709	7,763
Wheelchair Usage	6,109	9,022	6,733	4,184	3,474	3,135	2,813	6,072	6,780	6,026
Miles of Service	210,012	212,126	196,883	202,266	184,530	175,292	170,461	182,067	192,553	195,974

Source: Applicable Departments

- (a) The City added a new software system that provided more detail information.
(b) This activity was suspended. The City is considering eliminating this activity.