

PUBLIC NOTICES

The City of Henderson

P.O. Box 116
Henderson, Kentucky 42419-0116

Finance Department

In compliance with Kentucky Revised Statutes Chapter 91A.040(9), the City of Henderson is publishing certain information contained in its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025, which includes the Independent Auditors' Report and all financial statements and supplemental information.

A copy of the ACFR is on file at the Municipal Center and is available for public inspection during normal business hours; any citizen may obtain a complete copy of the ACFR for one's personal use, and any citizen requesting a personal copy of the ACFR will be charged for duplication costs at a rate that shall not exceed twenty-five cents (\$0.25) per page.

However, a complete copy of the ACFR is available without charge on the website of the City of Henderson located at hendersonky.gov or <https://hendersonky.gov/>.

Phone: 270-831-1200
FAX: 270-831-1246
E-mail: Finance@hendersonky.govATA-KY, PSC
300 First Street Henderson, KY 42420
P 270.827.1577 F 270.826.4309

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.

Your Long-Term Business Advisor

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

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund
For the Fiscal Year Ended June 30, 2025

Budget					
	Original	Final	Actual	Variance with Final Budget	
REVENUES					
Taxes:					
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	38,182,000	39,797,000	41,722,492	1,925,492	

Budget					
	Original	Final	Actual	Variance with Final Budget	
EXPENDITURES					
Current:					
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	36,909,000	39,989,000	34,458,769	5,530,231	
Excess (deficiency) of revenues over expenditures	1,273,000	(192,000)	7,263,723	7,455,723	
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)	(5,647,000)	(6,845,000)	(6,397,657)	447,343	
Net change in fund balance	(4,374,000)	(7,037,000)	866,066	7,903,066	
Fund balance, beginning of year	24,401,037	24,401,037	24,401,037	-	
Fund balance, end of year	\$ 20,027,037	\$ 17,364,037	\$ 25,267,103	\$ 7,903,066	

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

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

Budget					
	Original	Final	Actual	Variance with Final Budget	
REVENUES					
Intergovernmental	\$ 2,159,700	2,159,700	\$ 2,159,428	(272)	
Investment income	300	300	4,391	4,091	
Total revenues	2,160,000	2,160,000	2,163,819	3,819	
EXPENDITURES					
Debt service:					
Principal	6,245,300	6,245,300			