



THE CITY COUNCIL OF THE CITY OF HENDERSON, TEXAS, WILL MEET ON TUESDAY, THE 19TH DAY OF MARCH 2024, AT 6:00 P.M. FOR A REGULAR COUNCIL MEETING, AT MUNICIPAL SERVICES COMPLEX, 300 W. MAIN STREET, FOR THE FOLLOWING PURPOSES:

Mayor:

J.W. (Buzz) Fullen

Council Members:

Stephen Strong
Reginald Weatherton
Melissa Morton
Gina Juarez

City Manager:

Jay Abercrombie

Mayor Pro Tem

Henry Pace

City Secretary

Cheryl Jimerson

CALL TO ORDER: *The Mayor will call the meeting to order, declare a quorum if present, and declare notices legally posted pursuant to Open Meetings Act.*

INVOCATION AND PLEDGE OF ALLEGIANCE:

CITIZENS COMMENTS

PRESENTATIONS/ANNOUNCEMENTS

1. Sexual Assault Awareness Month Proclamation.
2. Annual Audit Presentation by Gollob Morgan Peddy, PC
3. Re-accreditation of the Henderson's Police Department Educational Program to be presented by Chief Cliff Caruth of the Marshall Police Department.

CONSENT AGENDA

4. Consideration of possible action upon the Minutes of the City Council Meeting from February 20, 2024.(Jimerson)
5. Consideration and Possible Action upon HEDCO financials for the month of January 2024. (Clary)
6. Consideration and possible action upon the City's Discrimination Policy. (Faulkner)
7. Consideration and possible action upon the City's Antifraud Policy (Faulkner)
8. Consideration and possible action allowing MPA Fireworks to shoot fireworks for a private event at the Henderson Civic Center for a duration of two minutes on March 29th, 2024. (Kimbrell)
9. Consideration and Possible action on Resolution for a FY24 Grant Application to receive 12 Body Worn Cameras

COUNCIL BUSINESS – REGULAR SESSION

10. Open a first public hearing upon the application on the proposed annexation of Bradshaw State Jail Facility located on the corner of Loop 571 and Industrial Park Drive, also known as County Road 203 and/ or Morris Street. (Mayor/Jimerson)
11. Consideration and possible action upon closing the public hearing on the proposed annexation of the Bradshaw State Jail. (Mayor)
12. Consideration and possible action upon an agreement with MD Health Pathways (MDHP) allowing citizens to have access to low-cost healthcare for a small fee and allowing this fee to be billed through the Henderson Utility Billing system. (Abercrombie)

13. Consideration and possible action upon Resolution 2024-03-01 amending the 2024 Master Fee Schedule. (Abercrombie)
14. Consideration and possible action upon Resolution 2024-03-02 Body Camera Matching Grant for the Police Department. (Taylor)
15. Consideration and possible action upon the second reading of ordinance 2024-02-01 regarding a request to create a new zoning district for Town Homes. (Breitenberg/McElfresh)
16. Consideration and possible action upon the second reading of Ordinance 2024-02-02 rezoning a property from an R2 Zone to TH Zone. (Breitenberg/McElfresh)
17. Consideration and possible action upon the second reading of Ordinance 2024-02-03 rezoning a property from an R1 Zone to TH Zone. (Breitenberg/McElfresh)

DEPARTMENTAL REPORTS:

18. The City Council may deliberate and make inquiry into any item listed in the Departmental Reports.
 - A. City Manager
 - B. Fire Department
 - C. Police Department
 - D. Animal Center
 - E. Community Development
 - F. Public Services/Parks and Recreation Department
 - G. Public Utilities
 - H. Finance Department
 - I. City Secretary
 - J. Communications and Marketing
 - K. HEDCO Sales Tax Revenue January 2024
 - L. Director of Operations Departmental Reports below.
 - Civic Center
 - Main Street/Tourism
 - Municipal Court

BOARDS AND COMMISSIONS

Board of Adjustments Minutes
Planning and Zoning Minutes
Cemetery Board Meeting Minutes
Main Street Meeting Minutes
Preservation Minutes

EXECUTIVE SESSION:

REGULAR SESSION:

ADJOURNMENT

19. Adjourn

COUNCIL BUSINESS – REGULAR SESSION

The City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.087 (Economic Development).

ACCESSIBILITY STATEMENT

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's Office at (903) 657-6551.

CERTIFICATE

I certify the foregoing notice was posted on the notice board in front of the Municipal Services Complex, Henderson, Texas, on this 13th day of March 2024. .

Cheryl Jimerson, City Secretary

Sexual Assault Awareness Month Proclamation

Whereas, Sexual Assault Awareness Month calls attention to the fact that sexual harassment, assault, and abuse are widespread and impact every person in this community; and

Whereas, Rape, sexual assault, and sexual harassment harm our community, and statistics show one in five women and one in 20 men have been sexually assaulted at some point in their lives; and

Whereas, We must work together to educate our community about sexual assault prevention, supporting survivors, and speaking out against harmful attitudes and actions; and

Whereas, With leadership and dedication, we can be successful in preventing sexual assault in East Texas by increasing education, awareness, and community involvement; and

Whereas, The City of Henderson strongly supports the efforts of national, state, and local partners, and of every citizen, to actively engage in public and private efforts to prevent sexual assault. It's time for all of us to take appropriate action and support one another to create a safer environment for all.

Now therefore, The City of Henderson joins advocates and communities across the nation in playing an active role to end sexual assault. Along with the United States Government and State of Texas, I do hereby proclaim the month of April as Sexual Assault Awareness Month in Henderson, Texas.

SIGNED AND SEALED this the 19th day of March 2024.

Mayor John (Buzz) Fullen

To the Honorable Mayor and City Council
City of Henderson, Texas

We have audited the financial statements of the City of Henderson, Texas as of and for the year ended September 30, 2023, and have issued our report thereon dated March 12, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 5, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City of Henderson, Texas solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas:

Management override of controls – We incorporated unpredictability into audit procedures, emphasized professional skepticism and utilized an audit team with industry expertise, as well as testing of significant journal entries. Procedures identified provided sufficient evidence for our audit opinion.

Improper revenue recognition due to fraud - Validation of certain revenues supplemented with detailed analytics and substantive testing of related receivables. Procedures identified provided sufficient evidence for our audit opinion.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City of Henderson, Texas is included in Note 1 to the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is as follows:

Management's estimate of the collectability of the uncollected property taxes and fine revenue is based on management's current judgment and past history of collections. We evaluated the key factors and assumptions used to develop the accounting estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City of Henderson, Texas' financial statements relate to Note 5 – Defined Benefit Pension Plan and Note 6 – Postemployment Benefits Other than Pensions (OPEB).

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. All material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City of Henderson, Texas' financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the separate letter dated March 12, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City of Henderson, Texas, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Henderson, Texas' auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City of Henderson, Texas' audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have, with respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Mayor, City Council and management of the City of Henderson, Texas and is not intended to be and should not be used by anyone other than these specified parties.

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
March 12, 2024

Gollob Morgan Peddy PC
1001 ESE Loop 323, Suite 300, Tyler, TX 75701
Tel 903-534-0088 Fax 903-581-3915 www.gmpcpa.com
Members American Institute of Certified Public Accountants and Private Companies Practice Section

member of
CPAmerica International
Member  Crowe Global™

CITY OF HENDERSON, TEXAS

**BASIC FINANCIAL STATEMENTS and
REQUIRED SUPPLEMENTARY and OTHER
INFORMATION**

FISCAL YEAR ENDED SEPTEMBER 30, 2023

Gollob Morgan Peddy PC
CERTIFIED PUBLIC ACCOUNTANTS

1001 ESE Loop 323, Suite 300, Tyler, TX 75701
Tel 903-534-0088 Fax 903-581-3915 www.gmpcpa.com
Members American Institute of Certified Public Accountants and Private Companies Practice Section

**CITY OF HENDERSON, TEXAS
TABLE OF CONTENTS
SEPTEMBER 30, 2023**

	<u>EXHIBIT OR SCHEDULE</u>	<u>PAGE</u>
 FINANCIAL SECTION		
Independent Auditors' Report		1-3
Management's Discussion and Analysis		4-10
 Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	12
Statement of Activities	2	13
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	14-15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4	16-17
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	5	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund (Non-GAAP Budget Basis)	6	19
Statement of Net Position – Proprietary Funds	7	20-21
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	8	22
Statement of Cash Flows – Proprietary Funds	9	23-24
Statement of Fiduciary Net Position – Fiduciary Funds	10	25
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	11	26
Notes to the Financial Statements		27-68
 Required Supplementary Information:		
Schedule of Changes in Net Pension Liability and Related Ratios	1	70
Required Schedule of Contributions	2	71
Schedule of Changes in OPEB Liability and Related Ratios - Supplemental Death Benefits Plan	3	72
Schedule of Changes in OPEB Liability and Related Ratios – Health Plan	4	73

**CITY OF HENDERSON, TEXAS
TABLE OF CONTENTS
SEPTEMBER 30, 2023**

	<u>EXHIBIT OR SCHEDULE</u>	<u>PAGE</u>
Additional Supplementary Information:		
Combining Statements:		
Combining Financial Statements – Nonmajor Governmental Funds		
Combining Balance Sheet	5	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	6	76
Combining Financial Statements – Special Revenue Funds		
Combining Balance Sheet	7	77
Combining Statement of Revenues, Expenses and Changes in Fund Balances	8	78
Combining Financial Statements – Capital Projects Funds		
Combining Balance Sheet	9	79
Combining Statement of Revenues, Expenses and Changes in Fund Balances	10	80
Budget and Actual Schedules:		
Detailed Schedule of Revenues – Budget and Actual (Non-GAAP Budget Basis) – Water and Sewer Fund	11	81
Detailed Schedule of Expenditures – Budget and Actual (Non-GAAP Budget Basis) – Water and Sewer Fund	12	82
Single Audit Section:		
Independent Auditors’ Report on Internal Control Over Financial Reporting And on Compliance and Other Matter based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		84-85
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance		86-88
Schedule of Expenditures of Federal Awards and Notes		89-90
Schedule of Findings and Questioned Costs		91-92
Summary Schedule of Prior Audit Findings		93

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Henderson, Texas

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Henderson, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise City of Henderson, Texas' basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of 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 City of Henderson, Texas, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 City of Henderson, Texas 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

City of Henderson, Texas' 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 City of Henderson, Texas' 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 GAAS 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 GAAS, 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 City of Henderson, Texas' 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 City of Henderson, Texas' 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 on pages 4-10 and the schedules related to pension and OPEB activity on pages 64-67 will be presented to supplement the basic financial statements. Such information, 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 and other auditors 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 City of Henderson, Texas' basic financial statements. The combining and individual nonmajor fund financial statements and the Water & Sewer Fund budget and actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U. S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of Texas *Uniform Grant Management Standards* are also not a required part of the basic financial statements.

The additional supplementary information and the schedules of expenditures of federal and state awards 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. Such 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 additional supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2024, on our consideration of City of Henderson, Texas' 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 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 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, Texas' internal control over financial reporting and compliance.

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
March 12, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Henderson, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023.

FINANCIAL HIGHLIGHTS

- As of the end of the current fiscal year, the assets of the City exceeded its liabilities by \$48,257,407 (net position). Of this amount, \$(27,540) (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The total cost of the City's programs increased 12.36% from the prior year, primarily due to the increased payroll costs and costs incurred in water & sewer operations.
- The general fund reported a fund balance this year of \$3,475,762, of which \$65,500 was nonspendable, \$39,658 was restricted, and \$3,370,604 was unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The financial statements are prepared using Governmental Accounting Statements No. 34 *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments*.

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic 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 similar to a private sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, other nonfinancial factors must also be considered.

The *statement of activities* presents information showing how the City's net position changed during the 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 all of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the City of Henderson that are principally supported by taxes and other governmental revenue (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 include general government, public safety, sanitation, streets, culture and recreation, and debt service. The business-type activities include water and sewer services.

The government-wide financial statements include not only the City itself (known as the primary government) but also the legally separate economic development corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The fund financial statements are presented using fund designations. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. These funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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 evaluating the City'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 City'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 maintains fourteen individual governmental funds. Information is presented separately in the government fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. A budgetary comparison schedule has been provided for the general fund on page 19 to demonstrate compliance with the annual appropriated budget. Data from the other eleven governmental funds are combined into a single, aggregates presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the additional supplemental information section.

The basic governmental fund financial statements can be found on pages 14-17 of the report.

Proprietary funds. Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information.

The City 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 uses an enterprise fund to account for its water and sewer utility. The City also maintains an Internal Service Fund, which is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses the Internal Service Fund to account for its self-insured health insurance activities (the collection of payments by the City and its employees for health insurance premiums and the payment of health insurance claims of City employees). Because this service predominately benefits the governmental rather than business-type functions of the City, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer.

The basic proprietary fund financial statements can be found on pages 20-24 of this report.

Fiduciary funds. The City is the trustee, or fiduciary, for certain funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The basic fiduciary fund financial statements can be found on pages 25-26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found at pages 27-68 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund financial statements for the non-major governmental funds. The combining and individual fund financial statements may be found on pages 75-80 of this report.

The report also presents the detailed budget and actual amounts for the Water and Sewer Fund at pages 81-82.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$48,257,407 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (98.37%) reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure, and its water and wastewater distribution system), less the related debt to acquire those assets that is still outstanding. This amount increased \$268,876 during the current year primarily due the improvements of the new city hall and the donation of old city hall to HEDCO. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The amount of net position that is unrestricted, \$(27,540), decreased by \$74,957 during the year.

City of Henderson's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 7,889,265	\$ 8,658,819	\$ 2,895,593	\$ 6,199,309	\$ 10,784,858	\$ 14,858,128
Capital assets	39,757,928	40,198,711	24,643,776	21,650,873	64,401,704	61,849,584
Total Assets	47,647,193	48,857,530	27,539,369	27,850,182	75,186,562	76,707,712
Deferred outflows of resources	4,620,831	1,514,771	1,199,406	456,329	5,820,237	1,971,100
Total Deferred Outflows of Resources	4,620,831	1,514,771	1,199,406	456,329	5,820,237	1,971,100
Current liabilities	2,311,373	1,558,805	1,540,329	777,190	3,851,702	2,335,995
Non current liabilities	12,712,882	9,997,506	12,853,736	13,164,038	25,566,618	23,161,544
Total Liabilities	15,024,255	11,556,311	14,394,065	13,941,228	29,418,320	25,497,539
Deferred outflows of resources	2,873,611	4,730,704	457,461	661,059	3,331,072	5,391,763
Total Deferred Outflows of Resources	2,873,611	4,730,704	457,461	661,059	3,331,072	5,391,763
Net investment in capital assets	33,546,616	33,341,084	13,922,358	13,859,014	47,468,974	47,200,098
Restricted	737,586	525,380	78,387	16,615	815,973	541,995
Unrestricted	85,956	218,822	(113,496)	(171,405)	(27,540)	47,417
Total Net Position	\$ 34,370,158	\$ 34,085,286	\$ 13,887,249	\$ 13,704,224	\$ 48,257,407	\$ 47,789,510

The City had a \$183,025 increase in net position for its business-type activities during the current year. This increase comes from an increase in service revenue due to decreased rainfall during the Summer 2023 that led to an increase in revenues during the more productive months of the year.

City of Henderson's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	\$ 3,525,877	\$ 3,156,649	\$ 6,117,201	\$ 6,064,710	\$ 9,643,078	\$ 9,221,359
General revenue:						
Property taxes	4,425,134	4,028,232	-	-	4,425,134	4,028,232
Sales taxes	6,878,185	6,064,105	-	-	6,878,185	6,064,105
Operating grants	1,248,537	2,123,314	-	-	1,248,537	2,123,314
Capital grants & donations	-	108,000	-	-	-	108,000
Franchise and other taxes	847,930	717,414	-	-	847,930	717,414
Interest income	142,063	48,077	52,932	12,983	194,995	61,060
Loss on sale of assets	(1,070,289)	(25,911)	-	-	(1,070,289)	(25,911)
Other	1,275,768	1,568,450	267,988	1,766	1,543,756	1,570,216
Total revenues	17,273,205	17,788,330	6,438,121	6,079,459	23,711,326	23,867,789
Expenses:						
General government	3,897,494	3,781,386	-	-	3,897,494	3,781,386
Public safety	6,777,489	5,316,481	-	-	6,777,489	5,316,481
Sanitation	1,743,726	1,577,129	-	-	1,743,726	1,577,129
Public services	4,342,393	3,699,342	-	-	4,342,393	3,699,342
Debt issuance costs	-	-	-	-	-	-
Interest	165,390	201,016	252,728	343,875	418,118	544,891
Water and sewer operations	-	-	6,020,194	5,728,100	6,020,194	5,728,100
Total expenses	16,926,492	14,575,354	6,272,922	6,071,975	23,199,414	20,647,329
Transfers	(17,826)	(710,864)	17,826	710,864	-	-
Change in net position	328,887	2,502,112	183,025	718,348	511,912	3,220,460
Net position beginning of year, as originally stated	34,041,271	31,991,755	13,704,224	12,985,876	47,745,495	44,977,631
Prior period adjustment	-	(452,596)	-	-	-	(452,596)
Net position beginning of year, as originally stated	34,041,271	31,539,159	13,704,224	12,985,876	47,745,495	44,525,035
Net position end of year	\$ 34,370,158	\$ 34,041,271	\$ 13,887,249	\$ 13,704,224	\$ 48,257,407	\$ 47,745,495

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds. The focus of the City'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's financing requirements. In particular, unreserved fund balances may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,586,811, an increase of \$202,574 in comparison with the prior year. A significant reason for the increase was increased property taxes and sales tax revenues.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,370,604, while total fund balance was \$3,475,762. 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 fund expenditures. Unassigned fund balance represents 21.56% of total general fund expenditures, while total fund balance represents 22.24% of that same amount.

	Governmental Activities	
	2023	2022
Nonspendable:		
Cemetery endowment	\$ 65,500	\$ 65,500
Restricted:		
Municipal court	17,279	33,768
Debt service	402,892	266,483
Fire department	19,599	-
Police department	2,780	1,272
Law enforcement	100,690	74,056
Tourism	234,004	149,719
Civic center	83	82
Committed:		
Main street	13,321	23,211
Cemetery	71,204	57,989
Street and drainage	17,431	332,577
Street renovation	-	-
Animal shelter	46,214	34,022
General construction	225,210	394,951
2012 Series Certificates of Obligation	-	-
Unassigned:		
General fund	3,370,604	2,950,607
Total Fund Balances	<u>\$ 4,586,811</u>	<u>\$ 4,384,237</u>

Proprietary Funds. The City'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 water & sewer enterprise fund at the end of the year amounted to (\$113,496). Overall, net position for the fund increased \$183,025. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities above.

The City's other proprietary fund is the self-insurance internal service fund. Unrestricted net position at the end of the current year amounted to (\$25,001).

General Fund Budgetary Highlights

The City budgets on a departmental basis, without regard to whether expenditures are current, capital, debt service, or a transfer to another fund. Additionally, transfers from other funds and carryovers from prior years are budgeted as revenue.

Over the course of the year, the City revised its budget. Differences between the original budget and the final amended budget were a net increase in budgeted revenues of \$1,392,948 and appropriations of \$2,582,952. The significant portion of the increase in budgeted revenues is due to the receipt of the American Rescue Act Funds in the amount of \$1,843,451. The significant increases to the overall budgeted expenditures are as follows:

- \$1,760,274 for property improvements for City Hall and other capital projects to be paid for with grant funds listed above.

Differences between the final amended budget and actual general fund expenditures were a net favorable variance of \$1,343,244.

Overall, the City budgeted for a net decrease to fund balance of \$1,781,591, and its actual increase on a budgetary basis came to be \$808,347.

Capital Assets and Debt Administration

Capital Assets. The City of Henderson's investment in capital assets for the governmental and business-type activities as of September 30, 2023, amounts to \$64,401,704 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, water and wastewater distribution system, infrastructure, and construction in progress. The biggest changes during the current year came from funds spent on water system projects and property acquisitions, including the acquisition and improvements to the new city hall along with the donation of the old city hall buildings to HEDCO. The total net decrease in the City's investments in fixed assets for the current year was \$268,876.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 2,578,679	\$ 2,578,679	\$ 410,131	\$ 410,131	\$ 2,988,810	\$ 2,988,810
Buildings and improvements	8,916,133	10,203,956	-	-	8,916,133	10,203,956
Machinery and equipment	2,767,742	2,445,539	(143,725)	68,568	2,624,017	2,514,107
Improvements other than buildings	1,682,020	2,087,408	-	-	1,682,020	2,087,408
Water and wastewater distribution	-	-	16,442,892	15,970,259	16,442,892	15,970,259
Infrastructure	22,244,317	22,276,392	-	-	22,244,317	22,276,392
Right-of-use asset	33,817	43,481	-	-	33,817	43,481
Construction in progress	1,535,220	563,256	7,934,478	5,201,915	9,469,698	5,765,171
Total	\$ 39,757,928	\$ 40,198,711	\$ 24,643,776	\$ 21,650,873	\$ 64,401,704	\$ 61,849,584

Additional information on the City's capital assets can be found in the footnotes to this financial report.

Long-Term Debt. At year-end, the City had \$26,851,899 in bonds, certificates of obligation, and other long-term liabilities outstanding after principal payments of \$1,168,470 were made against debt during the year and additions, largely related to the City's pension liability, were \$5,109,307. The significant change in long-term debt during the year came from an increase in the City's net pension liability.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ -	\$ -	\$ 205,000	\$ 310,000	\$ 205,000	\$ 310,000
Certificates of obligation payable	5,356,370	5,779,825	7,088,940	7,355,175	12,445,310	13,135,000
Notes payable	685,333	875,797	4,237,854	4,488,335	4,923,187	5,364,132
Lease liability	31,914	40,516	-	-	31,914	40,516
Add: Premium on issue	137,695	161,489	21,635	25,959	159,330	187,448
Net OPEB liability	551,120	669,336	147,652	176,033	698,772	845,369
Compensated absences	357,940	357,411	72,555	72,555	430,495	429,966
Net pension liability	6,232,760	2,113,132	1,725,131	735,981	7,957,891	2,849,113
Total	\$ 13,353,132	\$ 9,997,506	\$ 13,498,767	\$ 13,164,038	\$ 26,851,899	\$ 23,161,544

Additional information on the City's long-term debt can be found in the footnotes to this financial report.

Economic Factors and Next Year's Budgets and Rates

After the budget was prepared for 2023, the following tax rate was approved:

- \$.05417 per \$100 valuation Total Tax Rate

The City budgeted less for capital outlay costs due to the less needs in the current fiscal year.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances. In addition, it provides evidence of accountability for funds the City receives.

Complete financial statements for HEDCO, the City's component unit may be obtained at HEDCO's administrative offices at 400 W. Main, Henderson, Texas 75652.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department, at City of Henderson, Texas, 404 West Main Street, Henderson, Texas 75652.

BASIC FINANCIAL STATEMENTS

CITY OF HENDERSON, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	HEDCO
ASSETS				
Cash and cash equivalents	\$ 1,230,067	\$ 434,420	\$ 1,664,487	\$ 2,814,436
Investments	3,078,755	673,894	3,752,649	-
Receivables (net of allowance for doubtful accounts)				
Taxes	2,113,180	-	2,113,180	382,280
Accounts	381,709	674,926	1,056,635	-
Leases	586,138	-	586,138	-
Special assessments	28,006	-	28,006	-
Other	154,537	-	154,537	3,171
Internal balances	184,328	(184,328)	-	-
Note receivable	121,074	-	121,074	699,000
Restricted Assets:				
Temporarily restricted				
Cash and cash equivalents	11,471	767,080	778,551	3,498,530
Investments	-	529,601	529,601	-
Capital Assets (net of accumulated depreciation):				
Land	2,578,679	410,131	2,988,810	3,992,962
Buildings and improvements	8,916,133	-	8,916,133	-
Machinery and equipment	2,767,742	659,858	3,427,600	-
Improvements other than buildings	1,682,020	-	1,682,020	-
Water and sewer system	-	15,639,309	15,639,309	-
Infrastructure	22,244,317	-	22,244,317	-
Right-of-use asset	33,817	-	33,817	2,295
Construction in progress	1,535,220	7,934,478	9,469,698	5,623,534
Total Assets	47,647,193	27,539,369	75,186,562	17,016,208
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding (net of amortization)	-	3,465	3,465	-
Deferred outflows on OPEB	156,078	39,359	195,437	-
Deferred charge on TMRS pension	4,464,753	1,156,582	5,621,335	-
Total Deferred Outflows of Resources	4,620,831	1,199,406	5,820,237	-
LIABILITIES				
Accounts payable and accrued liabilities	1,173,836	348,010	1,521,846	614,967
Accrued interest	35,743	47,617	83,360	-
Due to component unit	382,280	-	382,280	-
Due to other governments	10,923	-	10,923	-
Unearned revenue	68,341	-	68,341	-
Customer deposits	-	499,671	499,671	-
Non-current liabilities:				
Due within one year	640,250	645,031	1,285,281	961
Due in more than one year	5,929,002	10,980,953	16,909,955	1,441
Net OPEB liability	551,120	147,652	698,772	-
Net pension liability	6,232,760	1,725,131	7,957,891	-
Total Liabilities	15,024,255	14,394,065	29,418,320	617,369
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - grants	596,733	-	596,733	-
Deferred revenue - leases	454,321	-	454,321	-
Deferred charge on OPEB	255,951	60,063	316,014	-
Deferred charge on TMRS pension	1,566,606	397,398	1,964,004	-
Total Deferred Inflows of Resources	2,873,611	457,461	3,331,072	-
NET POSITION				
Net investment in capital assets	33,546,616	13,922,358	47,468,974	9,616,389
Restricted for:				
Debt service	402,892	78,387	481,279	-
Construction	334,694	-	334,694	-
Unrestricted	85,956	(113,496)	(27,540)	6,782,450
Total Net Position	\$ 34,370,158	\$ 13,887,249	\$ 48,257,407	\$ 16,398,839

CITY OF HENDERSON, TEXAS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2023

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
					PRIMARY GOVERNMENT		COMPONENT UNIT	
PROGRAM ACTIVITIES	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	HEDCO
PRIMARY GOVERNMENT:								
Governmental activities:								
General government	\$ 3,897,494	\$ 1,128,121	\$ 826,032	\$ -	\$ (1,943,341)	\$ -	\$ (1,943,341)	
Public safety	6,777,489	137,506	422,505	-	(6,217,478)	-	(6,217,478)	
Sanitation	4,342,393	2,061,520	-	-	(2,280,873)	-	(2,280,873)	
Public services	1,743,726	198,730	-	-	(1,544,996)	-	(1,544,996)	
Interest on debt	165,390	-	-	-	(165,390)	-	(165,390)	
Total governmental activities	16,926,492	3,525,877	1,248,537	-	(12,152,078)	-	(12,152,078)	
Business-type activities:								
Water and sewer	6,020,194	6,117,201	-	-	-	97,007	97,007	
Interest on debt	252,728	-	-	-	-	(252,728)	(252,728)	
Total business-type activities	6,272,922	6,117,201	-	-	-	(155,721)	(155,721)	
Total primary government	23,199,414	9,643,078	1,248,537	-	(12,152,078)	(155,721)	(12,307,799)	
Component units:								
Economic development	\$ 682,573	\$ 12,747	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 474,838
General revenues:								
Taxes:								
Property taxes					4,425,134	-	4,425,134	-
Franchise taxes					847,930	-	847,930	-
Sales and use taxes					6,878,185	-	6,878,185	2,285,203
Other taxes					323,922	-	323,922	-
Investment earnings					142,063	52,932	194,995	188,271
Gain (Loss) on sale of assets					(1,070,289)	-	(1,070,289)	32,459
Gain on lease termination					-	-	-	1,566
Miscellaneous					951,846	267,988	1,219,834	115,464
Transfers					(17,826)	17,826	-	-
Total general revenues and transfers					12,480,965	338,746	12,819,711	2,622,963
Change in net position					328,887	183,025	511,912	3,097,801
Net position - beginning of year					34,041,271	13,704,224	47,745,495	13,301,038
Net position - end of year					\$ 34,370,158	\$ 13,887,249	\$ 48,257,407	\$ 16,398,839

CITY OF HENDERSON, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 494,418	\$ 735,649	\$ 1,230,067
Investments	2,840,633	238,122	3,078,755
Receivables:			
Taxes:			
Sales	1,529,118	-	1,529,118
Property	363,239	-	363,239
Franchise	131,089	64,977	196,066
Lease receivable	586,138	-	586,138
Hotel/Motel	-	24,757	24,757
Accounts:			
Warrants	156,982	-	156,982
Sanitation	79,444	-	79,444
Other	-	145,283	145,283
Special Assessments	-	28,006	28,006
Other	154,537	-	154,537
Due from other funds	175,041	9,287	184,328
Total Assets	<u>6,510,639</u>	<u>1,246,081</u>	<u>7,756,720</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued expenses	1,070,673	66,691	1,137,364
Due to component unit	382,280	-	382,280
Unearned revenue	-	68,341	68,341
Due to other governments	<u>10,923</u>	<u>-</u>	<u>10,923</u>
Total Liabilities	<u>1,463,876</u>	<u>135,032</u>	<u>1,598,908</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	362,965	-	362,965
Unavailable revenue - grants	476,741	-	476,741
Unavailable revenue - leases	574,313	-	574,313
Unavailable revenue - fines	<u>156,982</u>	<u>-</u>	<u>156,982</u>
Total Deferred Inflows of Resources	<u>1,571,001</u>	<u>-</u>	<u>1,571,001</u>
Fund Balances:			
Nonspendable	65,500	-	65,500
Restricted	39,658	737,669	777,327
Committed	-	373,380	373,380
Unassigned	<u>3,370,604</u>	<u>-</u>	<u>3,370,604</u>
Total Fund Balances	<u>3,475,762</u>	<u>1,111,049</u>	<u>4,586,811</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,510,639</u>	<u>\$ 1,246,081</u>	<u>\$ 7,756,720</u>

CITY OF HENDERSON, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit 1)

	TOTAL GOVERNMENTAL FUNDS
Total fund balances governmental funds (Exhibit 3 page 1)	\$ 4,586,811
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	39,757,928
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	641,021
An Internal Service Fund is used by management to charge the cost of claims to individual funds The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.	(25,001)
Long term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	(6,604,995)
Recognition of the City's net pension and OPEB liability and related deferred resource inflows and outflows occurs in the Statement of Net Position but is not reported in the funds.	(3,985,606)
Net position of governmental activities	\$ 34,370,158

CITY OF HENDERSON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes:			
Sales	\$ 6,878,185	\$ -	\$ 6,878,185
Property	3,681,510	742,193	4,423,703
Franchise	654,430	193,500	847,930
Hotel/Motel	-	323,922	323,922
Permits and fees	197,877	-	197,877
Charges for services	2,260,250	528,244	2,788,494
Fines and forfeitures	163,087	-	163,087
Intergovernmental revenues	402,000	-	402,000
Interest	123,498	18,565	142,063
Grant income	1,248,537	-	1,248,537
Miscellaneous	851,697	100,097	951,794
Total Revenues	16,461,071	1,906,521	18,367,592
EXPENDITURES			
Current:			
General government:			
Administration	1,025,040	-	1,025,040
Finance	406,111	-	406,111
Municipal court	250,816	-	250,816
Nondepartmental	1,992,614.00	-	1,992,614
Public safety:			
Police	4,098,214	10,997	4,109,211
Fire	2,031,411	-	2,031,411
Sanitation	1,743,726	-	1,743,726
Public services:			
Tourism	-	169,234	169,234
Civic center	-	201,639	201,639
Main street	-	27,724	27,724
Streets	1,387,523	193,671	1,581,194
Parks	473,591	56,711	530,302
Activity center	8,180	-	8,180
Cemeteries	11,571	70	11,641
Community development	439,786	40,753	480,539
Animal Shelter	393,053	4,294	397,347
Capital outlay	1,170,061	1,253,110	2,423,171
Debt service:			
Bond principal	-	423,455	423,455
Lease payments	8,602	-	8,602
Note principal	190,464	-	190,464
Interest and fees	-	193,276	193,276
Total Expenditures	15,630,763	2,574,934	18,205,697
Revenues Over (Under) Expenditures	830,308	(668,413)	161,895

CITY OF HENDERSON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 145,929	\$ 451,145	\$ 597,074
Transfers out	(610,127)	(4,773)	(614,900)
Proceeds from sale of assets	58,505	-	58,505
	<u>(405,693)</u>	<u>446,372</u>	<u>40,679</u>
Total Other Financing Sources (Uses)			
	(405,693)	446,372	40,679
Net Change in Fund Balances	424,615	(222,041)	202,574
Fund Balance, October 1, 2022	3,051,147	1,333,090	4,384,237
	<u>3,051,147</u>	<u>1,333,090</u>	<u>4,384,237</u>
Fund Balance, September 30, 2023	\$ 3,475,762	\$ 1,111,049	\$ 4,586,811
	<u><u>3,475,762</u></u>	<u><u>1,111,049</u></u>	<u><u>4,586,811</u></u>

CITY OF HENDERSON, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2023

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds	\$ 202,574
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(448,660)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the government wide statements.	(27,545)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	650,407
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds	(47,941)
Internal Service Funds are used by management to charge the costs of health insurance to individual funds.	52
Change in net position of governmental activities	<u>\$ 328,887</u>

CITY OF HENDERSON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes:				
Sales	\$ 8,174,000	\$ 9,054,948	\$ 9,160,388	\$ 105,440
Property	3,840,000	3,840,000	3,681,510	(158,490)
Franchise	620,000	620,000	654,430	34,430
Licenses and permits	120,000	149,000	197,877	48,877
Charges for services	2,062,812	2,222,812	2,273,977	51,165
Fines and forfeitures	213,400	213,400	163,087	(50,313)
Intergovernmental	333,500	333,500	402,000	68,500
Interest income	13,000	13,000	105,133	92,133
Grant income	-	115,500	1,248,537	1,133,037
Miscellaneous income	781,000	988,500	920,146	(68,354)
Total Revenues	16,157,712	17,550,660	18,807,085	1,256,425
EXPENDITURES				
General administration	1,108,723	2,545,175	1,908,853	636,322
Treasury and financial	391,560	421,560	406,111	15,449
Municipal court	280,669	280,669	250,816	29,853
Nondepartmental	1,481,585	1,634,085	1,643,365	(9,280)
Police	4,200,292	4,788,292	4,477,528	310,764
Fire	1,988,216	2,127,216	2,052,886	74,330
Sanitation	1,680,000	1,680,000	1,589,850	90,150
Streets	1,283,655	1,403,655	1,387,523	16,132
Parks	544,014	616,014	548,829	67,185
Activity center	13,800	13,800	8,180	5,620
Cemeteries	14,000	14,000	11,571	2,429
Community development	396,928	441,928	440,170	1,758
Animal control	412,662	412,662	393,053	19,609
Equipment replacement	82,923	82,923	-	82,923
Total Expenditures	13,879,027	16,461,979	15,118,735	1,343,244
Revenues Over (Under) Expenditures	2,278,685	1,088,681	3,688,350	2,599,669
OTHER FINANCING SOURCES (USES)				
Transfers in	145,929	145,929	145,929	-
Transfers out	(110,518)	(544,663)	(544,663)	-
Sales tax payments to HEDCO	(2,037,500)	(2,271,948)	(2,282,203)	(10,255)
Note payments	(199,590)	(199,590)	(199,066)	524
Total Other Financing Sources (Uses)	(2,201,679)	(2,870,272)	(2,880,003)	(9,731)
Revenues and Other Sources Over (Under)				
Expenditures and Other Uses - Budget Basis	77,006	(1,781,591)	808,347	2,589,938
Budget Basis to GAAP Basis Adjustment (Note A)	-	-	(383,732)	(383,732)
Revenues and Other Sources Over (Under)				
Expenditures and Other Uses - GAAP Basis	77,006	(1,781,591)	424,615	2,206,206
Fund Balance, October 1, 2022	-	1,858,597	3,051,147	1,192,550
Fund Balance, September 30, 2023	\$ 77,006	\$ 77,006	\$ 3,475,762	\$ 5,257,353

Note A - Explanation of Differences Between Budget Basis Presentation and GAAP

Basis Presentation:

Uses/Outflows of Resources:

Differences - Budget to GAAP

 Adjust interfund accounts at year end

 Decrease in accrued expenses

 Capital outlay transferred into water and sewer fund

 Record transfers to other funds

(9,944)

(373,788)

65,464

(65,464)

Net Change in Budget Basis Presentation and GAAP Basis Presentation

\$ (383,732)

CITY OF HENDERSON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Water and Sewer Fund	Self-Insurance Fund
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 434,420	\$ -
Investments	673,894	-
Accounts receivable (net)	674,926	-
Total Current Assets	1,783,240	-
Restricted Current Assets:		
Temporarily Restricted		
Cash and cash equivalents	767,080	11,471
Investments	529,601	-
Total Restricted Current Assets	1,296,681	11,471
Capital Assets:		
Land	410,131	-
Construction in progress	7,934,478	-
Motor vehicles	446,977	-
Machinery and equipment	1,567,681	-
Water and sewer system	34,405,411	-
Less: Accumulated depreciation	(20,120,902)	-
Total Capital Assets Net of Accumulated Depreciation	24,643,776	-
Total Assets	27,723,697	11,471
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding (net of amortization)	3,465	-
Deferred outflows on OPEB	39,359	-
Deferred outflows on TMRS pension	1,156,582	-
Total Deferred Outflows of Resources	1,199,406	-
	(continued)	(continued)

CITY OF HENDERSON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Water and Sewer Fund	Self-Insurance Fund
LIABILITIES		
Current Liabilities:		
Unrestricted current liabilities:		
Accounts payable	\$ 338,886	\$ -
Claims payable	-	36,472
Accrued expenses	9,124	-
Current portion of compensated absences payable	4,133	-
Due to other funds	184,328	-
Total Unrestricted Current Liabilities	536,471	36,472
Current Liabilities Payable from Restricted Assets:		
Accrued interest	47,617	-
Customer deposits	499,671	-
Notes payable	256,718	-
Bonds payable	384,180	-
Total Current Liabilities Payable from Restricted Assets:	1,188,186	-
Total Current Liabilities	1,724,657	36,472
Noncurrent Liabilities:		
Bonds payable	6,931,395	-
Notes payable	3,981,136	-
Net OPEB liability	147,652	-
Compensated absences payable	68,422	-
Net pension liability	1,725,131	-
Total Noncurrent Liabilities	12,853,736	-
Total Liabilities	14,578,393	36,472
DEFERRED INFLOWS OF RESOURCES		
Deferred charge on OPEB	60,063	-
Deferred charge on TMRS pension	397,398	-
Total Deferred Inflows of Resources	457,461	-
NET POSITION		
Net investment in capital assets	13,922,358	-
Restricted for:		
Debt service	78,387	-
Unrestricted	(113,496)	(25,001)
Total Net Position	\$ 13,887,249	\$ (25,001)

CITY OF HENDERSON, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Water and Sewer Fund	Self-Insurance Fund
OPERATING REVENUES		
Water sales	\$ 3,458,605	\$ -
Sewer charges	2,531,304	-
Charges for other services	127,292	-
Total Operating Revenues	6,117,201	-
OPERATING EXPENSES		
Administration	760,830	-
Cost of sales and services	4,209,154	-
Depreciation and amortization	1,050,210	-
Total Operating Expenses	6,020,194	-
Operating Income (Loss)	97,007	-
NON-OPERATING REVENUES (EXPENSES)		
Interest and fiscal charge expense	(252,728)	-
Other income (expense)	267,988	-
Interest income	52,932	52
Total Non-Operating Revenue (Expenses)	68,192	52
INCOME BEFORE TRANSFERS	165,199	52
Transfers in	65,464	
Transfers out	(47,638)	-
Total Transfers	17,826	-
Change in Net Position	183,025	52
Net Position, October 1, 2022	13,704,224	(25,053)
Net Position, September 30, 2023	\$ 13,887,249	\$ (25,001)

The notes to the financial statements are an integral part of this statement.

CITY OF HENDERSON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Water and Sewer Fund	Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and users	\$ 6,157,481	\$ -
Cash paid to suppliers for goods and services	(3,011,948)	-
Cash paid to employees for services	(1,847,254)	-
Net cash provided by operating activities	1,298,279	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Amounts paid on interfund loans	(72,388)	-
Transfers in	65,464	-
Transfers out	(47,638)	-
Net cash used in non-capital financing activities	(54,562)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases or construction of capital assets	(4,044,406)	-
Purchase of investments	(50,077)	-
Interest paid	(236,218)	-
Principal paid on bonds	(371,545)	-
Net cash used in capital and related financing activities	(4,702,246)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest earned on investments	52,932	52
Net cash provided by investing activities	52,932	52
Net increase in cash	(3,405,597)	52
Cash, beginning of period	4,607,097	11,419
Cash, end of period	\$ 1,201,500	\$ 11,471
Reconciliation to Exh 7		
Cash and cash equivalents - current asset	\$ 434,420	\$ -
Cash and cash equivalents - temporarily restricted	767,080	11,471
Total cash, end of period	\$ 1,201,500	\$ 11,471

The notes to the financial statements are an integral part of this statement.

**CITY OF HENDERSON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	<u>Water and Sewer Fund</u>	<u>Self-Insurance Fund</u>
Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:		
Operating income (loss)	\$ 97,007	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	1,050,210	-
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	20,584	-
Decrease (increase) in deferred outflows of resources	(745,798)	-
Increase (decrease) in accounts payable	99,409	-
Increase (decrease) in net pension liabilities	989,150	-
Increase (decrease) in postemployment benefits liabilities	(28,381)	-
Increase (decrease) in customer deposits	19,696	-
Increase (decrease) in deferred inflows of resources	(203,598)	-
Total adjustments	<u>1,201,272</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,298,279</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF HENDERSON, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023**

	FIREMEN RETIREMENT PENSION TRUST
ASSETS	
Cash and cash equivalents	\$ 1,395
Total Assets	1,395
LIABILITIES	
Accounts payable	-
Total Liabilities	-
NET POSITION	
Held in trust for pension benefits	1,395
Total Net Position	\$ 1,395

The notes to the financial statements are an integral part of this statement.

CITY OF HENDERSON, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	FIREMEN RETIREMENT PENSION TRUST
ADDITIONS	
Contributions:	
Employer	\$ 2,000
Investment income:	
Interest and dividend income	7
Total Additions	2,007
DEDUCTIONS	
Benefits	2,209
Total Deductions	2,209
Change in net position	(202)
Net Position - beginning of year	1,597
Net Position - end of year	\$ 1,395

The notes to the financial statements are an integral part of this statement.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City, a home-rule municipal corporation organized and existing under the provisions of the Constitution of the State of Texas, adopted its first charter on April 1, 1947, and is operating under a charter amendment date of April 6, 1985. The City operates under a council-manager form of government and, as authorized by its charter, provides the following services: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City of Henderson, Texas ("City") have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the government's accounting policies are described below.

B. Reporting Entity

These financial statements present all of the funds of the City.

The financial statements of the City of Henderson, Texas include all funds and account groups and other organizations for which the City is financially accountable. Financial accountability is determined on the basis of appointment of a voting majority of the respective governing board, imposition of will, financial benefit or burden and financial accountability as a result of fiscal dependency. In determining the financial reporting entity, the City complies with the provisions of Government Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and Government Accounting Standards Board Statement No. 39, "Determining Whether a Certain Organizations are Component Units – an amendment of GASB No. 14," and includes all component units of which the City appointed a voting majority of the units' board and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

C. Discretely Presented Component Unit

Henderson Economic Development Corporation (HEDCO) is a nonprofit corporation organized to promote and develop new or expanding employment roles within the City of Henderson or adjacent areas of Rusk County. The economic benefits provided by the corporation will benefit the City by stimulating the need for housing, retail sales, entertainment, etc. within the City. The Directors of the corporation are appointed by the City Council. Its budget must also be approved by the City Council. The ½ percent sales tax that funds HEDCO is received by the City from the State and is passed to HEDCO. (Refer to Note 9 for more information.)

Complete financial statements for HEDCO may be obtained at the entity's administrative offices at 400 W. Main, Henderson, Texas 75652.

D. Blended Component Unit

Henderson Main Street Advisory Board, Inc. (Main Street) is a nonprofit corporation organized to create a program to revitalize the downtown business City into a regional marketplace, increase capital investment downtown, attract new business, and improve the business mix, restore downtown to its earlier social significance, and preserve the historic buildings on the square. Members of the Board are appointed by the City Council. Main Street's primary source of funding is from the City. Main Street is reported in the City's financial statements as a Special Revenue Fund "Main Street."

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

E. 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 of the non-fiduciary activities of the primary government and its component unit. For the most part, the effects of the interfund activity have been removed from these statements. 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 the legally separate component unit 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 revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various function activities. 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 revenue are reported instead as general revenue. Major individual government funds are reported as separate columns in the financial statements. Nonmajor governmental funds are reported in a single column in the basic financial statements. A combining statement is presented after the notes with detail information for each fund.

F. 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 fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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 fund 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 collected within 60 days of the end of the fiscal year. 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.

Property taxes, franchise taxes, sales taxes, hotel-motel taxes, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Street Renovation Fund accounts for the street and infrastructure improvements using the proceeds from the 2019 Series Bond.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of operating income, change in net position, financial position, and cash flow. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the statement of net position.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

F. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

The City reports the following major proprietary fund:

The Water and Sewer Fund is used to account for the operation of the City's water and sewer utility. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for bonds and certificates of obligation when due throughout the year. All costs are financed through user charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the Fund.

Additionally, the City reports the following fund types:

Special Revenue Funds are used to account for revenue sources that are restricted to expenditures for specific purposes.

The Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The Internal Service Fund accounted for health insurance services provided to other departments of the City on a cost-reimbursement basis.

The Firemen Retirement Pension Trust Fund accounts for the accumulation of resources for pension benefits payments to qualified volunteer firefighters.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided and (2) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Water and Sewer Fund are charges to customers for sales and services. Operating expenses for the Water and Sewer Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

G. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

Cash includes currency on hand and demand deposits with banks or other financial institutions. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. State statutes and the City's investment policy authorize the City to invest in U.S. Government obligations, certificates of deposit, money market mutual funds, and public funds investment pools. Accounting pronouncement GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, is applied to investments in external investment pools.

In accordance with GASB Statement No. 72, Fair Value Measurement and Application, investments are recorded at fair value. Consistent with GASB Statement No. 72, the City categorizes its fair value measurements within the fair value hierarchy. 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 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. A detail of the fair value hierarchy of investments held by the City is disclosed in Note 4 to the financial statements.

2. Restricted Assets

Proceeds from bonds and other financing arrangements, as well as resources set aside for bond repayment, are classified as restricted assets on the statement of net position when their use is limited by applicable covenants. Other restricted assets include funds restricted for construction from bond proceeds, contractual obligation debt service funds, and customer deposits. Assets restricted for a specific purpose are utilized before the use of unrestricted assets to pay related obligations when authorized to do so.

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balance between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectible. The City provides an allowance for doubtful accounts based upon the anticipated collectability of each specific account, as determined by experience.

4. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due on or before January 31 of the following year. All unpaid taxes become delinquent February 1 of the following year. The City bills and collects its own property taxes. In the government-wide financial statements, City property tax revenue is recognized when levied, and in the fund financial statements, City property tax revenue is recognized when collected.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

G. Assets, Liabilities, and Net Position or Equity - Continued

An allowance is established for delinquent taxes to the extent that their collectability is improbable. The City's property tax is levied each October 1 on the assessed value listed as of the previous January 1 for all real and personal property located in the City. The assessment ratio of the City is 100 percent of market value.

5. Due from Other Funds

Current portions of long-term interfund loans receivable (reported in "Due from" asset accounts) are considered "available spendable resources".

6. Capital Assets

Capital assets, which include property, plant, equipment, water and wastewater distribution systems, and infrastructure (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City, a Phase 3 government as defined by GASB Statement No. 34, chose not to report infrastructure retroactively but only prospectively.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital asset additions and improvements are capitalized as projects are constructed.

Property, plant, and equipment is depreciated using the straight line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Vehicles	5
Improvements	5-20
Equipment	3-5
Water & Wastewater System	40-60
Infrastructure	60

7. Construction in Progress

Expenditures on incomplete capital projects have been capitalized as construction in progress. The assets resulting from these projects will be transferred from the construction in progress accounts to the appropriate asset account as the projects are completed.

8. Bond Premiums and Issue Costs

Bond premiums in the Enterprise Fund are amortized over the term of the bonds using the effective interest amortization method. The City has implemented GASB Statement No. 65. Under GASB Statement No. 65, bond issue costs are expensed when incurred.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

G. Assets, Liabilities, and Net Position or Equity - Continued

9. Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned, but unused, vacation and sick leave. Upon separation from City employment, a regular employee who has completed at least one year of continuous employment will be paid for accrued and unused vacation leave up to the limit of his or her maximum allowable accumulation. No more than 160 hours for regular full-time employees and 240 hours for firefighters can be carried over to the next year. On the employee's anniversary date, any vacation leave balance in excess of the appropriate maximum is reduced to the maximum without compensation.

Compensatory time off (comp time) may be granted by the City in lieu of overtime pay to non-exempt employees. The maximum accrual of comp time that may be accumulated by regular full-time employees is 60 hours and by firefighters is 120. Upon termination of employment, any accrued comp time is paid to the terminated employee.

Accumulated unpaid vacation amounts and comp time are accrued as a current liability in the period they are earned in proprietary funds (using the accrual basis of accounting) and the government-wide financial statements. In governmental funds, the cost of vacation and comp time is recognized when payments are due. In the event of termination or retirement, sick pay is not paid. Therefore, no accrued liabilities for sick pay are recorded. The General Fund and the Water and Sewer Enterprise Fund are used to liquidate the accrued compensated absences liability.

10. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recorded as expenses in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. 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, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following three items that qualify for reporting in this category: unamortized deferred amount on refunding, deferred outflows of resources related to pensions, and deferred outflows of resources related other postemployment benefits.

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, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. Unavailable Deferred Revenue related to unavailable property taxes and unavailable citations receivable are reported only in the governmental fund balance sheet. Additionally, the City also reflects as unearned revenue, resources that have been received, but not earned, such as deposits and law enforcement seizure funds. In the statement of financial position the City reports deferred inflows of resources related to pensions/other postemployment benefits.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

G. Assets, Liabilities, and Net Position or Equity - Continued

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment employment benefits, and OPEB expense, have been determined on the same basis as they are reported by TMRS under the Supplemental Death Benefits Fund. These items are also recorded for the City's Health Plan. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

14. Fund Balances Classification

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned. Fund balances of the governmental funds are classified as follows:

Nonspendable - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed - represents amounts that can only be used for a specific purpose because of a formal action by the City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the City Council. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution or ordinance prior to the end of the fiscal year, commit fund balance. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned - represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the City Council or by an official or body to which the City Council delegates the authority. The City Council has authorized the City Manager or his/her designee to assign fund balance. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

Unassigned - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

G. Assets, Liabilities, and Net Position or Equity – Continued

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

15. Net Position

The City has adopted GASB Statement No. 63, which redefines how net assets are presented in the financial statements. The Statement of Net Assets is now the Statement of Net Position. Net position represents the difference between assets and liabilities, and is divided into three components.

Net investment in capital assets - This component consists of the City's capital assets, net of accumulated depreciation, reduced by any outstanding debt used for the acquisition or construction of those assets and adjusted for any deferred outflows or inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt.

Restricted – This component consist of those amounts which have limitations imposed on their use either through legislation adopted by the City or through external restrictions imposed by creditors, grantors or other laws and regulations, reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component consist of the net amount of the assets, deferred outflows and inflows of resources, and liabilities not included in net investment in capital assets or restricted components of net position.

16. Tax Abatements

The City adopted GASB Statement No. 77, Tax Abatement Disclosures. The City has evaluated the total tax abatements issued for the year and has determined that the amount is not material to the financial statements.

17. 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 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.

18. Implementation of New Standards

In May 2019 GASB issued Statement No. 91 Conduit Debt Obligations which has the objectives of providing a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The City is evaluating the impact of this statement on its financial statements.

In May 2020, GASB issued Statement No. 96 *Subscription-Based Information Technology Arrangements* which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). SBITAs are defined as a non-cancellable right to use technology for a period of time. Under the new standard a government will recognize a right of use asset and a corresponding liability. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The City implemented this statement as applicable for the fiscal year ending September 30, 2023. The change did not have a material effect on the City's financial statements.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

G. Assets, Liabilities, and Net Position or Equity – Continued

In June 2020, GASB issued Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Which addresses multiple issues relating to pension and OPEB plans. The requirements are effective primarily for reporting periods beginning after June 15, 2021. The City does not expect this pronouncement to have a material impact of this statement on its financial statements. The City implemented this statement as applicable for the fiscal year ending September 30, 2023. The change did not have a material effect on the City’s financial statements.

19. Future Implementation of New Standards

In June 2022, GASB issued Statement No. 100 *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* which defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this statement are effective for reporting periods beginning after June 15, 2023. The City is evaluating the impact of this statement on its financial statements.

In June 2022, GASB issued Statement No. 101 *Compensated Absences* requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. The requirements of this statement are effective for reporting periods beginning after December 15, 2023. The City is evaluating the impact of this statement on its financial statements.

NOTE 2 — RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

Exhibit 3 on page 14 is a reconciliation between Total Fund Balances-Total Governmental Funds and Net Position-Governmental Activities. One element of that reconciliation explains that “Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.” The details of this \$641,021 difference are as follows:

Delinquent Property Taxes Receivable	\$ 362,965
Outstanding Warrants Receivable	156,982
Note Receivable	<u>121,074</u>
Net Adjustment to <i>Increase</i> Total Fund Balances-Total Governmental Funds	
to Arrive at Net Position-Governmental Activities	<u><u>\$ 641,021</u></u>

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position – Continued

Another element of the reconciliation states that “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(6,604,995) difference are as follows:

Certificates of Obligation Payable	\$ (5,356,370)
Accrued Interest	(35,743)
Unamortized Premium on Issue	(137,695)
Other Changes in Liabilities	-
Notes Payable	(685,333)
Lease Payable	(31,914)
Accrued Compensated Absences	<u>(357,940)</u>
Net Adjustment to <i>Decrease</i> Total Fund Balances-Total Governmental Funds to Arrive at Net Position-Governmental Activities	<u><u>\$ (6,604,995)</u></u>

The reconciliation states that “Recognition of the City’s net pension liability and OPEB liability and related deferred resource inflows and outflows occurs in the Statement of Net Position but is not reported in the funds.” The details of this \$(3,985,606) difference are as follows:

Net Pension Liability	\$ (6,232,760)
Net OPEB Liability	(551,120)
Deferred Resource Inflow	(1,822,557)
Deferred Resource Outflow	<u>4,620,831</u>
Net Adjustment to <i>Decrease</i> Total Fund Balances-Total Governmental Funds to Arrive at Net Position-Governmental Activities	<u><u>\$ (3,985,606)</u></u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

Exhibit 5 on page 18 is a reconciliation between Net Changes in Fund Balances-Total Governmental Funds and Changes in Net Position of Governmental Activities as reported in the Government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(448,660) difference are as follows:

Capital Outlay Expenditures, net of disposals	\$ 1,294,377
Depreciation Expense	<u>(1,743,037)</u>
Net Adjustment to <i>Increase</i> Net Changes in Fund Balances-Total Governmental Funds to Arrive at Changes in Net Position-Governmental Activities	<u><u>\$ (448,660)</u></u>

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities – Continued

Another element of the reconciliation states that “Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$(24,150) difference are as follows:

Current Year Increase/(Decrease) in Net Property Taxes Receivable	\$ 1,431
Current Year Increase/(Decrease) in Net Outstanding Warrants Receivable	<u>(25,581)</u>
Net Adjustment to <i>Decrease</i> Net Changes in Fund Balances-Total Governmental Funds	
to Arrive at Changes in Net Position-Governmental Activities	<u><u>\$ (24,150)</u></u>

Another element of the reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$650,407 difference are as follows:

Principal Payments on Certificates of Obligation	\$ 423,455
Principal Payments on Notes Payable	190,464
Principal Payments on Leases Payable	8,602
Reclassification of Capital Leases	
Reclassification of Capital Leases to Notes payable	
Current Year (Increase)/Decrease in Accrued Interest Payable	4,092
Proceeds from Leases	-
Amortization of Bond Premium	<u>23,794</u>
Net Adjustment to <i>Decrease</i> Net Changes in Fund Balances-Total Governmental Funds	
to Arrive at Changes in Net Position-Governmental Activities	<u><u>\$ 650,407</u></u>

Another element of the reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.” The details of this \$(47,941) difference are as follows:

Increase in Compensated Absences	\$ (529)
Net OPEB Liability Expenses	(2,790)
Net Pension Liability Expenses	<u>(44,622)</u>
Net Adjustment to <i>Decrease</i> Net Changes in Fund Balances-Total Governmental Funds	
to Arrive at Changes in Net Position-Governmental Activities	<u><u>\$ (47,941)</u></u>

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 3 — STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for all governmental funds except the Street Renovation Fund, Task Force Fund, Civic Center Fund, and 2012 Bond Fund. Additionally, the Water and Sewer Enterprise Fund is budgeted. Encumbrance accounting is employed in all funds. Encumbrances outstanding at year-end are cancelled. All annual appropriations lapse at fiscal year-end.

The City budgets on a departmental basis, without regard to whether expenditures are current, capital, debt service, or a transfer to another fund. Additionally, transfers from other funds and carryovers from prior years are budgeted as revenue. During the year ended September 30, 2023, the City revised its budget.

Total appropriations for all departments of the City may not exceed the reasonable and anticipated revenues of the City in excess of fixed charges for the year. Formal budgetary integration is employed as a management control device during the year for the General Fund, Debt Service Fund, and Special Revenue Funds, as well as the Water and Sewer Enterprise Fund. For the year ended September 30, 2023, actual expenditures were below budgeted amounts in every department except for the Sanitation department and Nondepartmental expenditures.

NOTE 4 — DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash and investments as of September 30, 2023 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Primary Government	
Cash and cash equivalents	\$ 1,664,487
Restricted cash and cash equivalents	778,551
Investments	3,752,649
Restricted investments	529,601
Fiduciary Funds	
Cash and cash equivalent	1,395
Restricted cash and cash equivalents	-
Total Cash and Investments	<u>\$ 6,726,683</u>
Cash on hand	\$ 3,710
Cash and cash equivalents held in investment account	716,043
External Investment pools	3,566,207
Savings and checking accounts	<u>2,440,723</u>
Total Cash and Investments	<u>\$ 6,726,683</u>

At September 30, 2023, the carrying amount of the City's deposits with financial institutions, including time deposits and certificates of deposits, was \$6,726,683 and the bank balance was \$9,974,467. The bank balance was fully covered by federal depository insurance or collateral held by the pledging financial institution's agent in the City's name.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

A. Deposits and Investments – Continued

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

During the year ended September 30, 2023, the City invested in certificates of deposit with its depository bank and a public funds investment pool. The City's investment in the public funds investment pool as of September 30, 2023, is shown below.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Risk</u>
Certificates of Deposit	\$ 716,043	0.53	N/A
TexSTAR	3,566,207	0.04384	AAAm
	<u>\$ 4,282,250</u>		

GASB Statement No. 77, Fair Value Measurement and Application, establishes a fair value hierarchy for inputs used in the measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available, of how the market would price the asset or liability. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs for the asset or liability (supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk.)

The asset's or liability's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

A. Deposits and Investments – Continued

A summary of the City's investments under the requirements of the fair value hierarchy as of September 30, 2023 are as follows:

	Assets at Fair Value as of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Primary Government:				
Certificates of Deposit	\$ -	\$ 716,043	\$ -	\$ 716,043
Texas Government Investment Pool	-	3,566,207	-	3,566,207
Total Primary Government	<u>\$ -</u>	<u>\$ 4,282,250</u>	<u>\$ -</u>	<u>\$ 4,282,250</u>

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The City's investment policy limits its investments to U.S. government securities, investment pools, certificates of deposit, and money market funds. The City was not significantly exposed to credit risk.

At September 30, 2023, the City's investments, other than those which are obligations of or guaranteed by the U.S. Government, are rated as to credit quality as follows:

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. The City was not exposed to custodial credit risk.

Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy limits the concentration of its investments by investment type. The City was not exposed to concentration of credit risk.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The City was not exposed to interest rate risk.

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. The City does not engage in foreign currency transactions. The City was not exposed to foreign currency risk.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

A. Deposits and Investments – Continued

In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The City's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

TexSTAR – The City invests in the Texas Short Term Asset Reserve Program (TexSTAR), which has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. TexSTAR is managed by a five-member board of directors (Board). In accordance with the Public Funds Investment Act, TexSTAR maintains an advisory board composed of participants in TexSTAR and other persons who do not have a business relationship with TexSTAR. Advisory board members are appointed and serve at the will of the Board of Directors. J.P. Morgan Investment Management, Inc. (JPMIM) and First Southwest Company (FSC) serve as co-administrators for TexSTAR under an agreement with the Board JPMIM provides investment management services, and FSC provides participant services and marketing. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investor Services Co. Transfer Agency Services are provided by Boston Financial Data Services, Inc. The business affairs managed by the Board in accordance with its bylaws. The bylaws set forth procedures governing the selection procedures governing the selection of, and action taken by, the Board. Board oversight of TexSTAR is maintained through various reporting requirements. TexSTAR is rated AAAM by Standard and Poor's and is not operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which generally approximates the market value of the securities. The stated objective of TexSTAR is to maintain a stable \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured.

B. Receivables

Receivables as of year-end for the City's individual major funds and non-major, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water & Sewer Enterprise	Other Governmental Funds	Total
Receivables:				
Accounts	\$ 582,127	\$ 697,920	\$ 145,283	\$ 1,425,330
Taxes	2,075,220	-	89,734	2,164,954
Assessments	-	-	28,006	28,006
Lease Receivable	586,138	-	-	586,138
Miscellaneous	154,449	4	-	154,453
Gross receivables	3,397,934	697,924	263,023	4,358,881
Less: Allowance for Uncollectables	(397,387)	(22,998)	-	(420,385)
Net Receivables	<u>\$ 3,000,547</u>	<u>\$ 674,926</u>	<u>\$ 263,023</u>	<u>\$ 3,938,496</u>

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

B. Receivables – Continued

The only receivables not expected to be collected within one year are \$28,006 of Special Assessment receivables in the Street and Drainage Special Revenue Fund. During the year, the City had a note receivable in the amount of \$121,071 to Henderson Village, LTD, which will be collected in full in January 2034. The original amount of the receivable is \$140,000 with an interest rate of 3.00%.

Governmental funds report deferred revenue (deferred inflows of resources) in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

C. Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

PRIMARY GOVERNMENT	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,578,679	\$ -	\$ -	\$ 2,578,679
Construction in progress	563,256	971,964	-	1,535,220
Total Capital Assets, Not Being Depreciated	<u>3,141,935</u>	<u>971,964</u>	<u>-</u>	<u>4,113,899</u>
Capital Assets, Being Depreciated				
Buildings	12,566,601	25,800	1,208,130	11,384,271
Improvements other than buildings	5,238,071	80,972	103,812	5,215,231
Motor Vehicles	2,458,009	248,144	312,213	2,393,940
Equipment	5,232,313	719,096	8,624	5,942,785
Infrastructure	26,182,979	377,195	-	26,560,174
Right-of-use Asset	49,118	-	-	49,118
Total Capital Assets, Being Depreciated	<u>51,727,091</u>	<u>1,451,207</u>	<u>1,632,779</u>	<u>51,545,519</u>
Less Accumulated Depreciation For:				
Buildings	2,362,645	264,060	158,567	2,468,138
Improvements other than buildings	3,150,663	415,006	32,458	3,533,211
Motor Vehicles	1,546,922	222,992	312,213	1,457,701
Equipment	3,697,861	422,045	8,624	4,111,282
Infrastructure	3,906,587	409,270	-	4,315,857
Right-of-use Asset	5,637	9,664	-	15,301
Total Accumulated Depreciation	<u>14,670,315</u>	<u>1,743,037</u>	<u>511,862</u>	<u>15,901,490</u>
Net Total Assets Being Depreciated	<u>37,056,776</u>	<u>(317,630)</u>	<u>1,120,917</u>	<u>35,644,029</u>
Governmental Activities Capital Assets, Net	<u>\$ 40,198,711</u>	<u>\$ 680,134</u>	<u>\$ 1,120,917</u>	<u>\$ 39,757,928</u>

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

C. Capital Assets – Continued

PRIMARY GOVERNMENT	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 410,131	\$ -	\$ -	\$ 410,131
Construction in Progress	5,201,915	3,091,068	358,505	7,934,478
Total Capital Assets, Not Being Depreciated	<u>5,612,046</u>	<u>3,091,068</u>	<u>358,505</u>	<u>8,344,609</u>
Capital Assets, Being Depreciated				
Water and Sewer System	33,199,129	1,206,282	-	34,405,411
Machinery and Equipment	1,909,097	105,561	-	2,014,658
Total Capital Assets, Being Depreciated	<u>35,108,226</u>	<u>1,311,843</u>	<u>-</u>	<u>36,420,069</u>
Less Accumulated Depreciation For:				
Water and Sewer System	18,032,453	733,649	-	18,766,102
Machinery and Equipment	1,036,946	317,854	-	1,354,800
Total Accumulated Depreciation	<u>19,069,399</u>	<u>1,051,503</u>	<u>-</u>	<u>20,120,902</u>
Net Total Assets Being Depreciated	<u>16,038,827</u>	<u>260,340</u>	<u>-</u>	<u>16,299,167</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 21,650,873</u></u>	<u><u>\$ 3,351,408</u></u>	<u><u>\$ 358,505</u></u>	<u><u>\$ 24,643,776</u></u>

Right-of-Use Assets

A lease is defined as a contract that conveys control of the right of use of another entity's nonfinancial asset as specified in a contract for a period of time in an exchange or exchange-like transaction. The City is party to a variety of lease contracts as lessee for which this right-of-use (ROU) has been recognized as an asset on the balance sheet.

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

Governmental Activities:	
General Government	\$ 213,094
Public Safety	611,116
Public Services	918,827
Total depreciation expense, governmental activities	<u><u>\$ 1,743,037</u></u>
Business-Type Activities:	
Water and Sewer Operations	<u><u>\$ 1,051,503</u></u>

As of September 30, 2023, the City has various active construction projects. The projects are for street and water and sewer construction. At year-end the City's commitment with contractors are as follows:

Project	Spent To-Date	Estimated Remaining Construction
Fire Station Repair and Improvements	223,888	125,333
300 West Main St. Remodel	1,311,332	137,339
Water meter upgrades	4,024,748	371,108
East Side Sewer Main Phase II & III	3,909,731	773,799

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2023, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Tourism Fund	\$ 9,220
General Fund	Water and Sewer	184,243
Forfeiture Fund	General Fund	4,267
General Fund	Cemetery Fund	11
Total		<u>\$ 197,741</u>

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.

The composition of interfund transfers as of September 30, 2023, is as follows:

		Transfers In				
		General	Street & Drainage	General Construction	Main Street	Water & Sewer
Transfers Out:						Total
General	\$ -	\$ 334,145	\$ 100,000	\$ 17,000	\$ 65,464	\$ 516,609
Main Street	4,773	-	-	-	-	4,773
General Construction	-	-	-	-	-	-
Water and Sewer	47,638	-	-	-	-	47,638
Total transfers out/in	<u>\$ 52,411</u>	<u>\$ 334,145</u>	<u>\$ 100,000</u>	<u>\$ 17,000</u>	<u>\$ 65,464</u>	<u>\$ 569,020</u>

E. Long-Term Debt

The following is a summary of bond and certificates of obligation transactions of the City for the year ended September 30, 2023:

	GENERAL OBLIGATION	REVENUE	TOTAL
Bonds payable - October 1, 2022	\$ 310,000	\$ 13,135,000	\$ 13,445,000
Additions	-	-	-
Retirements	(105,000)	(689,690)	(794,690)
Bonds payable - September 30, 2023	<u>\$ 205,000</u>	<u>\$ 12,445,310</u>	<u>\$ 12,650,310</u>

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

E. Long-Term Debt- Continued

Original issue amounts currently outstanding are as follows:

Purpose	Interest Rates	Original Issue Amount
Governmental Activities:		
2011 Tax & Waterworks and Sewer System Limited Pledge Revenue Certificates of Obligation	2.25% - 4.0%	\$ 340,000
2012 Tax & Waterworks and Sewer System Limited Pledge Revenue Certificates of Obligation	0.88% - 3.16%	484,825
2019 Tax & Waterworks and Sewer System Limited Pledge Revenue Certificates of Obligation	3.25% - 4.50%	4,955,000
Business-Type Activities:		
2012 Tax & Waterworks and Sewer System Limited Pledge Revenue Certificates of Obligation	0.88% - 3.16%	540,175
2014 General Obligation Refunding Bonds	2.00% - 2.50%	310,000
2018 Tax & Waterworks and Sewer System Limited Pledge Revenue Certificates of Obligation	3.125% - 4.0%	6,815,000
Total General Obligation Bonds and Certificates of Obligation		<u>\$ 13,445,000</u>

Annual debt service requirements to maturity for the City for general obligation bonds, certificates of obligation, and revenue bonds are as follows:

Year Ending September 30	GOVERNMENTAL		BUSINESS-TYPE		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2024	440,820	175,105	384,180	239,699	\$ 1,239,805
2025	455,550	157,878	394,450	227,446	1,235,324
2026	470,000	142,638	405,000	217,631	1,235,269
2027	495,000	121,938	425,000	201,431	1,243,369
2028	510,000	107,088	440,000	184,431	1,241,519
2029-2033	2,555,000	300,838	2,415,000	713,169	5,984,007
2034-2038	430,000	13,975	2,830,000	297,631	3,571,606
Total	<u>\$ 5,356,370</u>	<u>\$ 1,019,459</u>	<u>\$ 7,293,630</u>	<u>\$ 2,081,439</u>	<u>\$ 15,750,898</u>

Defeased Bonds Outstanding

GASB Statement No. 7 "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of September 30, 2023, outstanding balances of debt issues have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments.

The balance of all defeased bonds outstanding as of September 30, 2023 are as follows:

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

E. Long-Term Debt- Continued

Debt Issue	Outstanding Balance as of September 30, 2023
City of Henderson 2004 Waterworks and Sewer System Limited Pledge Revenue	250,000
Certificates of Obligations	\$ 250,000

Changes in Long-Term Liabilities

Long term liability activity for the year ended September 30, 2023 was as follows:

	Beginning Balance 10/01/22	Additions	Reductions	Ending Balance 09/30/23	Due Within One Year
Governmental Activities:					
Certificates of Obligation	5,779,825	-	423,455	5,356,370	423,455
Add: Premium on Issue	161,489	-	23,794	137,695	-
Total Bonds Payable	5,941,314	-	447,249	5,494,065	423,455
 Capital Lease	-	-	-	-	-
Lease liability	40,516	-	8,602	31,914	7,721
Notes Payable	875,797	-	190,464	685,333	173,280
OPEB Liability	669,336		118,216	551,120	-
Compensated Absences	357,411	529	-	357,940	35,794
Net Pension Liability	2,113,132	4,119,628	-	6,232,760	-
 Governmental Activity					
Long-Term Liabilities	\$ 9,997,506	\$ 4,120,157	\$ 764,531	\$ 13,353,132	\$ 640,250
 Business-Type Activities:					
General Obligation Bonds	310,000	-	105,000	205,000	105,000
Add: Premium on Issue	4,869	-	2,414	2,455	
Certificates of Obligation	7,355,175	-	266,235	7,088,940	279,180
Add: Premium on Issue	21,090	-	1,910	19,180	-
Total Bonds Payable	7,691,134	-	375,559	7,315,575	384,180
 Notes Payable	4,488,335	-	250,481	4,237,854	256,718
OPEB Liability	176,033	-	28,381	147,652	-
Compensated Absences	72,555	-	-	72,555	4,133
Net Pension Liability	735,981	989,150	-	1,725,131	-
 Business-Type Activity					
Long-Term Liabilities	\$ 13,164,038	\$ 989,150	\$ 403,940	\$ 13,498,767	\$ 645,031

The liabilities listed above for compensated absences are liquidated by the General Fund or the Water & Sewer Enterprise Fund, depending upon which fund records the employee's salary.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

F. Leases

The City has various copiers and public safety radios under lease, along with leases to third parties for property and equipment. With the implementation of GASB Statement No. 87 Leases, effective for the fiscal year ended September 30, 2022, all leases were analyzed and classified as either qualified or non-qualified leases, for both lessor and lessee positions. With this implementation, a respective receivable or payable is recognized.

Lessor Leases Receivable

During the current year, the City has entered into a new lease agreement for land with Sparklight. Lease receivables additions for the year ended September 30, 2023, were \$158,619 and lease revenue for the year then ended was \$50,955. Annual payments range from \$11,000 to \$24,000 at an interest rate of 4.06%. Future annual lease receivables as of September 30, 2023, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Receipts</u>
2024	\$ 38,720	\$ 23,156	\$ 61,876
2025	39,451	21,608	61,059
2026	41,512	19,979	61,491
2027	43,676	18,265	61,941
2028	33,451	16,699	50,150
2029-2033	159,347	62,022	221,369
2034-2038	139,063	34,979	174,042
2039-2043	90,918	9,365	100,283
2043-2047	-	-	-
Total Future Receipts	<u>\$ 586,138</u>	<u>\$ 206,073</u>	<u>\$ 792,211</u>

Lessee Leases Payable

In March of 2022, the City entered into a lease with UT Health for radios for the police and fire departments. Lease payable payments were \$7,721. Annual payments for the lease are based on the number of radios in use at the beginning of each year. For the year ended September 30, 2022, the City had 87 radios in use at a rate of \$100 per radio. The City expects this number to remain constant for the foreseeable future. Annual payments for the radios are \$8,700 at an interest rate of 2.39%. The future annual lease payables as of September 30, 2023, were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2024	\$ 7,721	\$ 792	\$ 8,513
2025	8,099	601	8,700
2026	8,294	406	8,700
2027	7,800	205	8,005
2028	-	-	-
Total Future payments	<u>\$ 31,914</u>	<u>\$ 2,004</u>	<u>\$ 33,918</u>

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 5 — DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2022</u>	<u>Plan Year 2021</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5,0/20	60/5,0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

C. Employees Covered by Benefit Terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2022</u>	<u>12/31/2021</u>
Inactive employees or beneficiaries currently receiving benefits	85	77
Inactive employees entitled to but not yet receiving benefits	77	77
Active employees	132	138
	<u>294</u>	<u>292</u>

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

D. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Henderson were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.31% for calendar year 2023. The contribution rate for the 2022 calendar year was 16.35%. The City's contributions to TMRS for the year ended September 30, 2023, were \$1,377,690 and exceeded the required contributions by \$7,362.

E. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

F. Actuarial Assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall Payroll Growth	3.50% to 11.50% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rate for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019, actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

F. Actuarial Assumptions - Continued

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other Public and Private Markets	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	10.00%	11.80%
Total	100.00%	

G. Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

H. Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 40,415,716	\$ 37,566,603	\$ 2,849,113
Changes for the year:			
Service Cost	1,189,689	-	1,189,689
Interest	2,701,418	-	2,701,418
Change in benefit terms	-	-	-
Difference between expected/actual experience	106,570	-	106,570
Changes in assumptions	-	-	-
Contributions - employer	-	1,139,707	(1,139,707)
Contributions - employee	-	487,007	(487,007)
Net investment income	-	(2,742,401)	2,742,401
Benefits payments, including refunds of employee contributions	(1,979,109)	(1,979,109)	-
Administrative expenses	-	(23,730)	23,730
Other charges	-	28,316	(28,316)
Net changes	2,018,568	(3,090,210)	5,108,778
Balance at 12/31/2022	\$ 42,434,284	\$ 34,476,393	\$ 7,957,891

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

I. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 14,644,070	\$ 7,957,891	\$ 2,571,079

J. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmrs.com.

K. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the city recognized pension expense in the amount of \$1,433,507.

At September 30, 2023, 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 economic experience	\$ 295,856	\$ 149,621
Changes in actuarial assumptions	27,485	-
Differences between projected and actual investment earnings	4,222,517	1,814,383
Contributions subsequent to the measurement date	1,075,477	-
Total	<u>\$ 5,621,335</u>	<u>\$ 1,964,004</u>

The City had \$1,075,477 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended December 31
2023	\$ 155,459
2024	633,077
2025	722,786
2026	1,070,521
2027	-
Thereafter	-
	<u>\$ 2,581,843</u>

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 6 — POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

1. Health Plan

A. Plan Description

In addition to the pension benefits previously described, the City makes available health care benefits to eligible employees, and their spouses and children, who retire from the City. The plan is a single-employer defined benefit healthcare plan that is self-funded by the City.

The plan does not issue a stand-alone report.

B. Benefits Provided

In addition to providing pension benefits, the City allows eligible retirees and dependents the option to continue participation in the same health plans available to active employees until they become eligible for Medicare coverage.

To be eligible for retiree health benefits, employees must meet the following criteria:

- An employee must be eligible to retire under the standards of retirement as established by TMRS to qualify for benefits.
- An employee and their dependents covered under the City's health plan at the effective date of the employee's retirement and not eligible for Medicare.
- An employee must have completed 15 years of consecutive service prior to retirement with the City.

Dental and vision benefits may be continued with the retiree paying 100% of the full active employee cost.

C. Employees Covered by Benefit Terms

At the September 30, 2023 measurement date (September 30, 2022 valuation), the following employees were covered by the benefit terms:

	<u>9/30/2023</u>
Inactive employees currently receiving benefits	5
Active employees	<u>125</u>
	130

D. Contributions

The City contributions consists of monthly premium contributions. Effective October 1, 2013, the City provides a monthly subsidy to retirees with 15 or more years of service with the City at retirement. The monthly subsidy ranges from \$150 with 15-19 years of City service at retirement to \$350 years with 35 or more years of City service.

Medical benefits are available with four coverage tiers depending on dependent status. The dental and vision benefits, and dependent coverage do not have a subsidy by the City, so are not included by the actuaries in the valuation.

	<u>Employee</u>	<u>Emp/Child(ren)</u>	<u>Emp/Spouse</u>	<u>Emp/Family</u>
<u>Medical</u>				
Total Premium	\$ 568.60	\$ 966.40	\$ 1,107.70	\$ 1,589.22
City Pays	568.60	798.22	879.77	1,157.71

The City's contributions for the year ended September 30, 2023, were \$38,240 (includes \$14,400 in subsidy contributions made by the employer).

**CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

E. Total OPEB Liability

The City's total OPEB liability was measured as of September 30, 2023 and was determined by an actuarial valuation as of September 30, 2022 and rolled forward to September 30, 2023.

F. Actuarial Assumptions

The total OPEB liability in the September 30, 2022, rolled forward to September 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	3.50%
Discount rate	4.77% (2.27% real rate of return plus 2.50% inflation)
Healthcare cost trend rates	Level 4.50%

The actuarial cost method being used is known as the Entry Age Normal Method assuming Service Cost is determined as a level percent of pay that would fully fund the benefit promise by the time of retirement. Service cost is determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination. Termination and retirement rates were developed from assumptions used in the 2017 actuarial valuation report for the Texas Municipal Retirement System ("TMRS").

Salary increases were based on a service-related table. Mortality rate for active members, retirees, and beneficiaries were based on the RPH-2014 Total Table with Projection MP-2021. The trend assumption is used to project the growth of the expected claims over the lifetime of the healthcare recipients.

The discount rate used to determine the plan liabilities for retiree healthcare benefits is based on the earnings rate of the plan assets if the projected assets are sufficient to cover the projected benefit payments. If the projected assets are not sufficient then a municipal bond index rate must be used for discounting benefits not covered by the projected assets. Since there are no plan assets held in trust, the Bond Buyer GO Bond 20 Index is used for determining the discount rate of 4.77%.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

F. Changes in the Total OPEB Liability

	Total OPEB Liability
Balances as of December 31, 2021	\$ 394,440
Changes for the year:	
Service cost	8,906
Interest	18,328
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments	(38,240)
Employer contributions	-
Net investment income	-
Administrative expenses	-
Other	
Net Changes	<u>(11,006)</u>
Balances as of December 31, 2022	<u>\$ 383,434</u>

H. Sensitivity of the Total OPEB Liability to Changes in the Discount and Healthcare Trend Rates

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.77%, would be if it were calculated using a discount rate that is 1-percentage-point lower (3.77%) or 1-percentage-point higher (5.77%) than the current rate:

	1% Decrease in Discount Rate (3.77%)	Discount Rate (4.77%)	1% Increase in Discount Rate (5.77%)
Total OPEB Liability	\$ 418,394	\$ 383,434	\$ 352,729

The following presents the total OPEB liability of the City, calculated using the assumed healthcare trend rate of 4.50%, would be if it were calculated using a trend rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

	1% Decrease in Trend Rate (3.50%)	Current Trend Rate (4.50%)	1% Increase in Trend Rate (5.50%)
Total OPEB Liability	\$ 348,030	\$ 383,434	\$ 418,394

I. OPEB Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of \$32,381.

Components of OPEB Expense	
Service cost	\$ 8,906
Interest on total OPEB liability	18,328
Differences between expected and actual experience	1,185
Changes in assumptions	3,962
Projected earnings on OPEB plan investments	-
Differences between projected and actual earnings on plan investments	-
OPEB plan administrative expenses	-
Total OPEB expense	<u>\$ 32,381</u>

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

J. Deferred Outflows of Resources and Deferred Inflows of Resources to Be Recognized in OPEB Expense in Future Years

At the September 30, 2023, 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 economic experience	\$ 16,091	\$ 16,475
Changes in actuarial assumptions	67,310	75,028
Total	<u>\$ 83,401</u>	<u>\$ 91,503</u>

At the September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Year Ended September 30
2024	\$ 5,147
2025	5,147
2026	5,147
2027	5,147
2028	(11,697)
Thereafter	(16,993)
	<u>\$ (8,102)</u>

2. Supplemental Death Benefits Plan

A. Plan Description

The City also participates in the single-employer defined benefit group-term life insurance plan. Texas Municipal Retirement System (TMRS) administers this defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). Like the Defined Benefit Pension Plan, the OPEB plan is under the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas.

This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

B. Benefits Provided

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an "other postemployment benefit" (OPEB) and is a fixed amount of \$7,500.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

C. Employees Covered by Benefit Terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2022</u>
Inactive employees currently receiving benefits	59
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>132</u>
	205

D. Contributions

The member cities contribute to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to prefund retiree life insurance during the employee's entire careers.

As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

For calendar year 2023, the total SDB contributions rate for the City was 0.32%, while the retiree portion of the SDB contribution was 0.13%. The City's contributions for the year ended September 30, 2023, were \$10,916 for the retiree portion, and \$24,839 for the total SDB rate. Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

E. Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

F. Actuarial Assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	3.50% to 11.50% including inflation
Discount rate *	4.05%
Retiree's share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

The actuarial cost method being used is known as the Entry Age Normal Method. This method develops the annual cost of the Plan in two parts: that attributable to benefits accruing in the current year, known as the normal cost, and that due

F. Actuarial Assumptions (continued)

to service earned prior to the current year, known as the amortization of the unfunded actuarial accrued liability. The normal cost and the actuarial accrued liability are calculated individually for each member. The normal cost rate for an employee is the contribution rate which, if applied to a member's compensation through their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The normal cost is calculated using an entry age based on benefit service with the City. If a member has additional time-only vesting service through service with other TMRS cities or other public agencies, they retain this for determination of benefit eligibility and decrement rates. The salary-weighted average of these rates is the total normal cost rate. The unfunded actuarial accrued liability reflects the difference between the portion of projected benefits attributable to service credited prior to the valuation date and assets already accumulated.

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

G. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2021	\$ 450,929
Changes for the year:	
Service cost	24,350
Interest	8,444
Change of benefit terms	-
Difference between expected and actual experience	(1,161)
Changes of assumptions or other inputs	(158,875)
Benefit payments	(8,349)
Net changes	(135,591)
Balance at 12/31/2022	\$ 315,338

H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.05%, would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (4.05%) than the current rate:

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB Liability	\$ 376,484	\$ 315,338	\$ 267,622

I. OPEB Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of \$17,989.

Components of OPEB Expense	
Service cost	\$ 24,350
Interest on total OPEB liability	8,444
Effect of plan changes	-
Employer administration costs	-
Recognition of deferred outflows/inflows of resources:	
Recognition of economic/demographic gains or losses	(10,260)
Recognition of assumption changes or inputs	(4,545)
Total OPEB expense	\$ 17,989

At the September 30, 2023, 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 economic experience	\$ 18,534	\$ 63,781
Changes in actuarial assumptions	68,218	140,827
Contributions made subsequent to the measurement date	8,513	-
Total	\$ 95,265	\$ 204,608

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

I. OPEB Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEB - Continued

The City had \$8,513 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31		
2023	\$	(15,377)
2024		(19,457)
2025		(23,972)
2026		(20,612)
2027		(23,890)
Thereafter		(14,548)
	\$	<u>(117,856)</u>

NOTE 7 — DEFICIT NET POSITION OR FUND BALANCE

At September 30, 2023, the City's Internal Service Fund has a deficit net position in the amount of \$25,001.

NOTE 8 — CONTINGENCIES AND COMMITMENTS

On November 16, 2006, the City entered into an agreement with Angelina and Nacogdoches Counties Water Control and Improvement District No. 1 ("District") to acquire the option to purchase from the District up to four (4) million gallons of water per day. In consideration for the option granted by the District, the City shall pay \$150,000 annually for each year of the option. The option is for a term commencing as of the date executed and terminating on the earlier of (1) the date the parties enter into a water supply agreement, or (2) September 30, 2026, unless extended pursuant to a written agreement executed by the parties. The annual payment is reported by the City's Water and Sewer Fund as an operating expense.

On April 12, 2011, the City entered into an additional agreement with Angelina and Nacogdoches Water Control and Improvement District No. 1 ("District") to acquire the option to purchase from the District an additional three million four hundred thousand gallons of water per day. In consideration for the option granted by the District, the City shall pay \$127,500 annually for each year of the option. The option is for a term commencing as of the date executed and terminating on the earlier of (1) the date the parties enter into a water supply agreement, or (2) September 30, 2021, unless extended pursuant to a written agreement executed by the parties. The annual payment is reported by the City's Water and Sewer Fund as an operating expense.

On February 11, 1994, the City contracted with the Sabine River Authority ("Authority") to build and maintain a water collection facility. The Authority owns and operates all necessary equipment and devices of the water collection facility. The raw water collected from this facility is then sold and transported to the City. The City pays their proportionate part of the Annual Requirement to the Authority in monthly installments. In one year, the debt component will not be included in monthly installments. The water rights applicable to the City are not considered material as of September 30, 2023.

In May of 2019, the City signed a Memorandum of Understanding with the City of Kilgore, Texas ("Kilgore") for the rehabilitation of the pump station of the Authority. This agreement lasts for the duration of construction plus one year, as established by a Certificate of Final Completion. As part of this agreement, Henderson must fund 50% of the improvements, including engineering, construction, and any other contingencies associated with the improvements.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 8 — CONTINGENCIES AND COMMITMENTS - Continued

Effective September 9, 2003, the City signed a contract with Waste Connections for the collection and disposal of garbage within city limits. The service will be paid for in accordance with the rates set forth in the contract. As part of the contract, Waste Connections pays the City a monthly Street Rental Charge for the privilege of the use and occupancy of public streets and alleys of the City. Said Street Rental Charge shall be equal to 10% of the gross monthly revenues for refuse collection, hauling, and disposal collected under this contract. The most recent amendment of the contract was effective January 1, 2016. The term of the contract is for five years, ending December 31, 2020. This contract has been extended for an additional 5 years through December 31, 2025.

NOTE 9 — HENDERSON ECONOMIC DEVELOPMENT CORPORATION

Henderson Economic Development Corporation is a nonprofit corporation created and organized under the constitution and laws of the State of Texas, particularly the Development Corporation Act of 1979, Article 5190.6 (the “Act”), Vernon’s Annotated Texas Civil Statutes, as amended for the promotion and/or development of new and/or expanding employment rolls within the City of Henderson, and/or Rusk County, Texas, and/or adjacent areas that will provide economic benefits to the City, and/or creation of jobs within Rusk County and, in some instances, adjoining counties that will stimulate the need for housing, retail sales, entertainment, etc. with the City. HEDCO is governed by Section 4A of the Act and is a constituted authority and instrumentality of the City of Henderson, Texas (the “City”).

HEDCO was created in January 1992 with revenue generated from a ½ of 1% sales tax passed by vote of the citizens of the City of Henderson with the proceeds dedicated to economic development.

HEDCO is governed by a board of seven directors. All directors are appointed by the City Council of the City for a term of two (2) years. The City Council must also approve HEDCO’s budget and all amendments.

During the year ended September 30, 2022, citizens voted to change HEDCO from a Type A economic development corporation to a Type B. With this change, the Board increased to seven directors. All directors are appointed by the City Council for a term of two (2) years. As of September 30, 2023, the transition from a Type A to a Type B economic development corporation was complete. HEDCO will complete current projects authorized as Type A projects before beginning Type B projects.

HEDCO is exempt from federal income tax as an organization described in Section 501(c)(6) of the Internal Revenue Code.

As required by generally accepted accounting principles, these financial statements present HEDCO and do not include any component units, entities for which HEDCO is considered to be financially accountable. HEDCO did not have any entities which meet the component unit criteria. However, HEDCO is considered to be, and is reported as, a component unit of the City of Henderson, Texas.

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 of the activities of the government. Governmental activities are supported by sales taxes and investment revenue.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers, citizens, or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. HEDCO’s program revenues included charges for services for lease revenue for the year ended September 30, 2022. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the Fund Financial Statements.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows.

Governmental fund 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, HEDCO considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Taxes and interest income associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by HEDCO.

HEDCO reports the following major Governmental fund:

The *General Fund* is HEDCO's primary operating fund. It accounts for all financial resources of HEDCO. There are no other funds.

When both restricted and unrestricted resources are available for use, it is HEDCO's policy to use restricted resources first, then unrestricted resources, as they are needed.

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

HEDCO's cash is considered to be cash on hand, demand deposits, and money market accounts. State statutes and HEDCO's investment policy authorize HEDCO to invest in certificates of deposit.

2. Restricted Assets

During the year HEDCO finalized the conversion from a Type A Economic Development Corporation to a Type B. Restricted assets include the cash attributable to the Type A collections. Assets restricted for a specific purpose are utilized before the use of unrestricted assets to pay related obligations when authorized to do so.

3. Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by HEDCO as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost where records are available or at an estimated fair market value at the date of acquisition where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

4. Long-term Obligations

In the Government-wide financial statements, long-term debt and other long-term obligations of the governmental funds are reported as liabilities in the governmental activities Statement of Net Position. In the fund financial statements, governmental fund types report the face amount of debt issued as Other Financing Sources and debt payments as Expenditures.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

5. *Deferred Inflows of Resources*

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

6. *Net Position*

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by HEDCO or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

7. *Fund Balances – Governmental Funds*

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents an amount that can only be used for a specific purpose because of a formal action by HEDCO's Board of Directors. Committed amounts cannot be used for any other purpose unless the Board of Directors removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Directors. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the HEDCO intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Directors or by an official or body to which the Board of Directors delegates authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of HEDCO itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, HEDCO considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, HEDCO considers amounts to have been spent first out of committed funds, the assigned funds, and finally unassigned funds.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

8. *Implementation of New Standards*

In the current year, HEDCO implemented the following new standard. The applicable provisions of the new standard is summarized below.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

This Standard provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAS) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

HEDCO did not identify any SBITAs for the year ended September 30, 2023.

9. *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 at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

II. **Stewardship, Compliance and Accountability**

Budgetary Information

HEDCO's budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), except that HEDCO budgets a portion of its fund balance as "contingency funds" available for appropriation, and loans made to other entities are reported as expenditures.

The original budget is adopted by the Board of Directors prior to the beginning of the fiscal year. The legal level of control is the total approved budget for the General fund. All amendments to the budget must be approved by the Board. In addition, HEDCO's budget and any amendments must be approved by the City of Henderson. During the year ended September 30, 2023, HEDCO revised its budget as needed. Appropriations lapse at the end of the year.

III. **Detailed Notes on All Funds**

A. **Deposits and Investments**

HEDCO's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with HEDCO's agent bank approved pledged securities in an amount sufficient to protect HEDCO funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Deposits:

At September 30, 2023, the carrying amount of HEDCO's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$6,312,966 and the bank balance was \$6,320,386. HEDCO's cash deposits at September 30, 2023 and during the period ended September 30, 2023 were entirely covered by FDIC insurance or by pledged collateral held by HEDCO's agent bank in HEDCO's name.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

2. Investments:

HEDCO is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, HEDCO adhered to the requirements of the Act. Additionally, the investment practices of HEDCO were in accordance with local policies.

The Act determines the types of investments which are allowable for HEDCO. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

During the year ended September 30, 2023, HEDCO had no investments. All HEDCO's deposits were in a demand deposit account and a money market account.

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether HEDCO was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, HEDCO was not exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in HEDCO's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in HEDCO's name.

At year end, HEDCO was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, HEDCO was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, HEDCO was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, HEDCO was not exposed to foreign currency risk.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

B. Receivables

Receivables at September 30, 2023 are as follows:

Sales Taxes (from City of Henderson)	\$ 382,280
Notes Receivable - Local Business (Incentive)	\$ 19,000
Notes Receivable - Rail District 2009	\$ 680,000
Lease Receivable	<u>3,171</u>
Total	<u><u>\$ 1,084,451</u></u>

Notes Receivable:

On November 13, 2009, HEDCO loaned the Rusk County Rural Rail District ("Rail District") the sum of \$1,200,000 to assist the Rail District in securing the Henderson-Overton Railroad. The loan is interest free and was originally scheduled to be repaid to HEDCO over a fifteen (15) year period, beginning on the first day after the thirty-seventh (37th) month after the execution of the agreement, which was December 1, 2012. The monthly payment was originally \$6,667; in 2014 the Rail District requested that their monthly payments be reduced to \$3,333 for 12 months. The Rail District resumed their regular monthly payments on October 1, 2015.

On December 10, 2020, the HEDCO board approved the suspension of note payments from the Rail District for a period of one year, beginning January 2020. Payments resumed January 2021.

On January 13, 2022, the Board approved deferring the payments from the Rusk County Rural Rail District 2009 loan for 15 years.

On March 25, 2021, a note in the amount of \$30,000 was executed between HEDCO and a local business entity as an economic incentive. The agreement provides for five (5) \$6,000 annual payments beginning one year from the execution of this agreement. However, in the agreement HEDCO has agreed to forgive the repayment of the loan if the entity hires and retains six (6) full-time employees for a period of not less than five (5) years. In the event the entity fails to uphold the agreement, HEDCO reserves the right to demand repayment of the loan balance outstanding after its receipt of a notice of default and a thirty (30) day opportunity to cure. In no event will HEDCO forgive more than \$6,000 of the loan balance in any given year. As of the year ended September 30, 2023, \$11,000 has been forgiven by HEDCO, leaving the balance at \$19,000.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

C. Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land and investment property	\$ 2,764,385	\$ 1,402,636	\$ 174,059	\$ 3,992,962
Construction in Progress	2,009,255	3,614,278	-	5,623,533
Discretely Presented Component Unit Capital Assets, not being depreciated	<u>\$ 4,773,640</u>	<u>\$ 5,016,914</u>	<u>\$ 174,059</u>	<u>\$ 9,616,495</u>
Capital assets, being depreciated:				
Right-to-Use Asset	\$ 4,195	\$ -	\$ -	\$ 4,195
Total capital assets, being depreciated:	<u>4,195</u>	<u>-</u>	<u>-</u>	<u>4,195</u>
Less accumulated depreciation for:				
Right-to-Use Asset	(950)	(950)	-	(1,900)
Total accumulated depreciation	<u>(950)</u>	<u>(950)</u>	<u>-</u>	<u>(1,900)</u>
Total capital assets being depreciated, net	<u>3,245</u>	<u>(950)</u>	<u>-</u>	<u>2,295</u>
Discretely Presented Component Unit Capital Assets, net	<u>\$ 4,776,885</u>	<u>\$ 5,015,964</u>	<u>\$ 174,059</u>	<u>\$ 9,618,790</u>

Depreciation was charged to functions as follows:

General Government \$950

D. Long-Term Obligations

Long-term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Capital Financing Activities	\$ 3,319	\$ -	\$ 917	\$ 2,402	\$ 961

During the year ended September 30, 2022, HEDCO entered into a leasing agreement for a copy machine totaling \$4,195 payable in monthly installments of \$88 at an assumed interest rate of 4.68 percent through February 2026. Variable payments are not included in the measurement of the lease.

Future lease payment maturity schedule is as follows:

Year ended September 30,	Principal	Interest	Total
2024	961	92	1,053
2025	1,007	46	1,053
2026	434	5	439
	<u>\$ 2,402</u>	<u>\$ 143</u>	<u>\$ 2,545</u>

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

IV. Other Information

A. Risk Management

HEDCO is exposed to various risks of loss related to torts, injury to persons on HEDCO property, errors and omissions and injuries to employees. HEDCO carries commercial insurance for injuries to employees. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

HEDCO is covered by the City of Henderson through its coverage with the Texas Municipal League (TML) Intergovernmental Risk Pool, a public entity risk pool, participating in general liability and errors and omissions liability.

B. Contingencies and Commitments

1. HEDCO has entered into incentive agreements with various entities to encourage economic growth in the City of Henderson and the surrounding area. Generally, the agreements provide money and facilities to new and existing entities in the area for economic development and creating and maintaining jobs. In all of the agreements, the entities must maintain a certain level of employment in order to receive the incentives.

2. Construction Commitments

HEDCO has an active construction project as of September 30, 2023. The project is the East Texas Regional Business Park. At year-end, HEDCO's commitments related to the projects are as follows:

<u>Project</u>	<u>Total Contract Spent to Date</u>	<u>Remaining Contract</u>
East Texas Regional Business Park:		
Engineering	\$ 640,118	\$ 16,457
Construction	4,983,415	807,069
Total	<u>\$ 5,623,533</u>	<u>\$ 823,526</u>

C. Retirement Plan

HEDCO has adopted a defined contribution pension plan administered by the Kansas City Life Insurance Company. Employees are eligible to participate at age 21 with one (1) year of eligible service. Benefits fully vest upon reaching one (1) year of service. HEDCO contributes 7% of each participant's eligible compensation. The payroll for employees covered by the plan and HEDCO's total payroll for the year ended September 30, 2023, was \$56,543. Employer contributions to the plan for the year ended September 30, 2023, were \$3,958.

D. Subsequent Events

Subsequent to year-end, HEDCO accepted a bid for the remodel of the Old City Hall Complex in the amount of \$415,000.

NOTE 10 — RISK MANAGEMENT

The City of Henderson, Texas 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 for which the City carries commercial insurance. There have been no significant reductions in insurance coverages during the year ended September 30, 2023. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Also, the City of Henderson, Texas is a member of the Texas Municipal League (TML) Intergovernmental Risk Pool, a public entity risk pool, participating in workers' compensation, general liability, law enforcement liability, errors and omissions liability, automobile liability, automobile physical damage and real and personal property coverages.

CITY OF HENDERSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 10 — RISK MANAGEMENT - Continued

During the year ended September 30, 2023, employees of the City were covered by a health insurance plan (the Plan). The City contributes 100% of the cost for employee coverage and 50% of the cost for dependent coverage to the Plan and, employees electing dependent coverage authorize payroll withholding to pay the balance of contributions for their dependents.

NOTE 11 — SUBSEQUENT EVENTS

In October 2023, Subsequent to year end, the City issued \$2,055,000 in Tax notes, Series 2023. The tax notes mature after 7 years in August 2030, with a 4.44% interest rate.

Subsequent events were evaluated through March 12, 2024, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HENDERSON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Measurement Year 2022	Measurement Year 2021	Measurement Year 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
Total Pension Liability									
Service Cost	\$ 1,189,689	\$ 1,159,324	\$ 1,126,479	\$ 1,063,363	\$ 1,011,452	\$ 934,893	\$ 897,939	\$ 870,520	\$ 747,767
Interest (on the Total Pension Liability)	2,701,418	2,537,296	2,412,081	2,291,080	2,217,636	2,123,017	1,995,617	1,956,707	1,860,288
Changes in benefit terms	-	-	-	-	577,038	-	-	-	-
Difference between expected and actual results	106,570	365,425	(310,723)	(73,290)	(563,934)	(886,715)	291,787	(24,907)	(29,800)
Change of assumptions	-	-	-	132,130	-	-	-	76,020	-
Benefit payments, including refunds of employee contributions	(1,979,109)	(1,312,473)	(1,465,963)	(1,838,517)	(1,367,586)	(1,401,900)	(1,230,942)	(1,329,666)	(1,194,775)
Net Change in Total Pension Liability	2,018,568	2,749,572	1,761,874	1,574,766	1,874,606	769,295	1,954,401	1,548,674	1,383,480
Total Pension Liability - Beginning	40,415,716	37,666,144	35,904,270	34,329,504	32,454,898	31,685,603	29,731,202	28,182,528	26,799,048
Total Pension Liability - Ending (a)	<u>\$ 42,434,284</u>	<u>\$ 40,415,716</u>	<u>\$ 37,666,144</u>	<u>\$ 35,904,270</u>	<u>\$ 34,329,504</u>	<u>\$ 32,454,898</u>	<u>\$ 31,685,603</u>	<u>\$ 29,731,202</u>	<u>\$ 28,182,528</u>
Plan Fiduciary Net Position									
Contributions - Employer	\$ 1,139,707	\$ 1,132,268	\$ 1,062,570	\$ 1,059,111	\$ 1,031,851	\$ 943,858	\$ 883,082	\$ 881,591	\$ 834,375
Contributions - Employee	487,007	473,470	462,032	452,088	435,188	418,430	402,971	407,874	374,069
Net Investment Income	(2,742,401)	4,300,737	2,324,026	4,147,962	(825,940)	3,363,955	1,534,069	33,532	1,229,656
Benefit payments, including refunds of employee contributions	(1,979,109)	(1,312,473)	(1,465,963)	(1,838,517)	(1,367,586)	(1,401,900)	(1,230,942)	(1,329,666)	(1,194,775)
Administrative Expense	(23,730)	(19,900)	(15,042)	(23,436)	(15,962)	(17,430)	(17,322)	(20,423)	(12,837)
Other	28,316	136	(587)	(704)	(834)	(883)	(933)	(1,009)	(1,055)
Net Change in Plan Fiduciary Net Position	(3,090,210)	4,574,238	2,367,036	3,796,504	(743,283)	3,306,030	1,570,925	(28,101)	1,229,433
Plan Fiduciary Net Position - Beginning	37,566,603	32,992,365	30,625,329	26,828,825	27,572,108	24,266,078	22,695,153	22,723,254	21,493,821
Plan Fiduciary Net Position - Ending (b)	<u>\$ 34,476,393</u>	<u>\$ 37,566,603</u>	<u>\$ 32,992,365</u>	<u>\$ 30,625,329</u>	<u>\$ 26,828,825</u>	<u>\$ 27,572,108</u>	<u>\$ 24,266,078</u>	<u>\$ 22,695,153</u>	<u>\$ 22,723,254</u>
Net Pension Liability - Ending (a)-(b)	7,957,891	2,849,113	4,673,779	5,278,941	7,500,679	4,882,790	7,419,525	7,036,049	5,459,274
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.25%	92.95%	87.59%	85.30%	78.15%	84.96%	76.58%	76.33%	80.63%
Covered Payroll	\$ 6,957,243	\$ 6,763,853	\$ 6,595,311	\$ 6,448,533	\$ 6,209,037	\$ 5,977,575	\$ 5,748,651	\$ 5,826,773	\$ 5,341,732
Net Pension Liability as a Percentage of Covered Payroll	114.38%	42.12%	70.87%	81.86%	120.80%	81.69%	129.07%	120.75%	102.20%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF HENDERSON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,370,328	\$ 1,122,677	\$ 1,137,481	\$ 1,073,635	\$ 1,065,616	\$ 984,706	\$ 933,672	\$ 876,745	\$ 851,005
Contributions in relation to the actuarially determined contributions	<u>(1,377,690)</u>	<u>(1,124,397)</u>	<u>(1,137,481)</u>	<u>(1,073,635)</u>	<u>(1,065,616)</u>	<u>(984,658)</u>	<u>(933,672)</u>	<u>(876,745)</u>	<u>(851,005)</u>
Contribution deficiency (excess)	\$ (7,362)	\$ (1,720)	\$ -	\$ -	\$ -	\$ 48	\$ -	\$ -	\$ -
Covered payroll	\$ 8,397,233	\$ 6,825,578	\$ 6,863,337	\$ 6,631,071	\$ 6,386,222	\$ 6,095,122	\$ 5,960,397	\$ 5,670,442	\$ 5,518,780
Contributions as a percentage of covered payroll	16.41%	16.47%	16.57%	16.19%	16.69%	16.15%	15.66%	15.46%	15.42%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 Years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study for the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information: There were no benefit changes during the year.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF HENDERSON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
SUPPLEMENTAL DEATH BENEFITS PLAN
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Measurement Year 2022	Measurement Year 2021	Measurement Year 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017
Total OPEB Liability						
Service Cost	\$ 24,350	\$ 20,968	\$ 15,169	\$ 10,963	\$ 10,555	\$ 8,369
Interest	8,444	8,666	10,478	14,754	11,028	11,036
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(1,161)	(10,090)	(26,793)	(99,500)	68,894	-
Change of assumptions and other inputs	(158,875)	13,646	57,256	58,599	(22,376)	24,369
Benefit payments	(8,349)	(10,146)	(3,298)	(3,869)	(3,725)	(3,587)
Net Change in Total OPEB Liability	(135,591)	23,044	52,812	(19,053)	64,376	40,187
Total OPEB Liability - Beginning	450,929	427,885	375,073	394,126	329,750	289,563
Total OPEB Liability - Ending (a)	<u>\$ 315,338</u>	<u>\$ 450,929</u>	<u>\$ 427,885</u>	<u>\$ 375,073</u>	<u>\$ 394,126</u>	<u>\$ 329,750</u>
Covered Payroll	\$ 6,957,243	\$ 6,763,853	\$ 6,595,311	\$ 6,448,533	\$ 6,209,037	\$ 5,977,575
Total OPEB Liability as a Percentage of Covered Payroll	4.53%	6.67%	6.49%	5.82%	6.35%	5.52%

NOTES TO SCHEDULE

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Rates:

Actuarial Cost Method

Entry Age Normal

Supplemental Death Benefit

Contribution rate is equal to the expected benefit payments during the upcoming year divided by the annualized pay of current active members and is calculated separately for actives and retirees.

Retiree's share of benefit-related costs

\$0.00

Inflation

2.50%

Salary Increases

3.50% to 11.50% including inflation

Discount Rate

4.05%

Administrative Expenses

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality Rates - Service Retirees

2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Mortality Rates - Disabled Retirees

2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Other Information:

The Supplemental Death Benefits Fund is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF HENDERSON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
HEALTH PLAN
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 8,906	\$ 15,497	\$ 15,497	\$ 11,859	\$ 11,859	\$ 11,395
Interest	18,328	11,770	12,082	15,708	15,682	16,317
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	(21,841)	-	31,563	-	-
Change of assumptions and other inputs	-	(99,466)	-	132,034	-	-
Benefit payments	(38,240)	(38,240)	(44,709)	(44,709)	(32,825)	(31,070)
Net Change in Total OPEB Liability	(11,006)	(132,280)	(17,130)	146,455	(5,284)	(3,358)
Total OPEB Liability - Beginning	394,440	526,720	543,850	397,395	402,679	406,037
Total OPEB Liability - Ending (a)	<u>\$ 383,434</u>	<u>\$ 394,440</u>	<u>\$ 526,720</u>	<u>\$ 543,850</u>	<u>\$ 397,395</u>	<u>\$ 402,679</u>
Covered Payroll	\$ 6,851,654	\$ 6,851,654	\$ 6,335,820	\$ 5,400,705	\$ 5,137,898	\$ 5,175,802
Total OPEB Liability as a Percentage of Covered Payroll	5.60%	5.76%	8.31%	10.07%	7.73%	7.78%

NOTES TO SCHEDULE

Valuation Date: September 30, 2022

Methods and Assumptions Used to Determine Rates:

Actuarial Cost Method	Individual Entry Age Normal - Level Percentage of Projected Salary
Inflation	2.50%
Salary Increases	3.50%
Discount Rate	4.77% (2.27% real rate of return plus 2.50% inflation)
Health Care Cost Trend	Level 4.50%
Eligibility	25 years of service without regard to age
Postretirement Contributions	The retiree pays the full active employee contribution rate. Effective October 1, 2013 the City provides a monthly subsidy to retirees with 15 or more years of service with the City at retirement. The monthly subsidy ranges from \$150 with 15-19 years of City service at retirement to \$350 years with 35 or more years of City service.
Mortality	RPH-2014 Total Table with Projection MP-2018
Turnover	Rates varying based on gender, age and select and ultimate at 9 years. Rates based on the TMRS actuarial assumptions from the 2017 retirement plan valuation report.
Disability	None assumed.
Retiree Contributions	Retiree pays 100% of the active employee contribution rates. Retirees with 15 or more years of active service with the City may receive a monthly subsidy based on years of service with the City.
Coverage	100% of all retirees who currently have healthcare coverage will continue with the same coverage. 25% of all actives who currently have healthcare coverage will continue coverage at eligible retirement.
Other Benefits	Dental and vision benefits may be continued with the retiree paying 100% of the full active employee cost.

Other Information: There are no plan asset held in trust.
There were no benefit changes during the year.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ADDITIONAL SUPPLEMENTARY INFORMATION

**CITY OF HENDERSON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 475,448	\$ 189,461	\$ 70,740	\$ 735,649
Investments	6,679	213,431	18,012	238,122
Receivables:				
Taxes:				
Franchise	-	-	64,977	64,977
Hotel/Motel	24,757	-	-	24,757
Accounts	-	-	145,283	145,283
Special assessments	-	-	28,006	28,006
Due from Other Funds	9,287	-	-	9,287
Total Assets	<u>\$ 516,171</u>	<u>\$ 402,892</u>	<u>\$ 327,018</u>	<u>\$ 1,246,081</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 11,193	\$ -	\$ 55,498	\$ 66,691
Unearned revenue	39,545	-	28,796	68,341
Total Liabilities	<u>50,738</u>	<u>-</u>	<u>84,294</u>	<u>135,032</u>
Fund Balances:				
Restricted	334,694	402,892	83	737,669
Committed	130,739	-	242,641	373,380
Total Fund Balances	<u>465,433</u>	<u>402,892</u>	<u>242,724</u>	<u>1,111,049</u>
Total Liabilities and Fund Balances	<u>\$ 516,171</u>	<u>\$ 402,892</u>	<u>\$ 327,018</u>	<u>\$ 1,246,081</u>

CITY OF HENDERSON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes:				
Property	\$ -	\$ 742,193	\$ -	\$ 742,193
Franchise	-	-	193,500	193,500
Hotel/Motel	323,922	-	-	323,922
Charges for services	131,312	-	396,932	528,244
Intergovernmental revenues	-	-	-	-
Interest	2,031	10,947	5,587	18,565
Miscellaneous	96,702	-	3,395	100,097
Total Revenues	553,967	753,140	599,414	1,906,521
EXPENDITURES				
Public safety	10,997	-	-	10,997
Sanitation	-	-	-	-
Public services:				
Tourism	169,234	-	-	169,234
Civic Center	201,639	-	-	201,639
Main Street	27,724	-	-	27,724
Streets	-	-	193,671	193,671
Parks	-	-	56,711	56,711
Cemeteries	70	-	-	70
Animal Shelter	4,294	-	-	4,294
Community Development	-	-	40,753	40,753
Capital outlay	25,800	-	1,227,310	1,253,110
Debt service:				
Principal	-	423,455	-	423,455
Interest and fees	-	193,276	-	193,276
Total Expenditures	439,758	616,731	1,518,445	2,574,934
Excess (deficiency) of revenues over (under) expenditures	114,209	136,409	(919,031)	(668,413)
OTHER FINANCING SOURCES (USES):				
Transfers in	17,000	-	434,145	451,145
Transfers out	(4,773)	-	-	(4,773)
Total Other Financing Sources (Uses)	12,227	-	434,145	446,372
Net change in fund balances	126,436	136,409	(484,886)	(222,041)
Fund Balance - October 1, 2022	338,997	266,483	727,610	1,333,090
Fund Balance - September 30, 2023	\$ 465,433	\$ 402,892	\$ 242,724	\$ 1,111,049

**CITY OF HENDERSON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2023**

	DRUG SEIZURE	TASK FORCE	TOURISM	MAIN STREET	CEMETERY	ANIMAL SHELTER	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS							
Cash and cash equivalents	\$ 100,280	\$ 13,498	\$ 236,101	\$ 13,516	\$ 66,285	\$ 45,768	\$ 475,448
Investments	521	-	782	-	4,930	446	6,679
Receivables:							
Hotel/Motel Taxes	-	-	24,757	-	-	-	24,757
Due from other funds	4,267	-	5,031	-	(11)	-	9,287
Total Assets	<u>\$ 105,068</u>	<u>\$ 13,498</u>	<u>\$ 266,671</u>	<u>\$ 13,516</u>	<u>\$ 71,204</u>	<u>\$ 46,214</u>	<u>\$ 516,171</u>
LIABILITIES							
Accounts payable	-	-	2,474	195	-	-	2,669
Accrued salaries	-	-	8,524	-	-	-	8,524
Unearned revenue	9,071	8,805	21,669	-	-	-	39,545
Total Liabilities	<u>9,071</u>	<u>8,805</u>	<u>32,667</u>	<u>195</u>	<u>-</u>	<u>-</u>	<u>50,738</u>
FUND BALANCES							
Restricted	95,997	4,693	234,004	-	-	-	334,694
Committed	-	-	-	13,321	71,204	46,214	130,739
Total Fund Balances	<u>95,997</u>	<u>4,693</u>	<u>234,004</u>	<u>13,321</u>	<u>71,204</u>	<u>46,214</u>	<u>465,433</u>
Total Liabilities and Fund Balances	<u>\$ 105,068</u>	<u>\$ 13,498</u>	<u>\$ 266,671</u>	<u>\$ 13,516</u>	<u>\$ 71,204</u>	<u>\$ 46,214</u>	<u>\$ 516,171</u>

CITY OF HENDERSON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	DRUG SEIZURE	TASK FORCE	TOURISM	MAIN STREET	CEMETERY	ANIMAL SHELTER	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES							
Hotel/Motel occupancy tax	\$ -	\$ -	\$ 323,922	\$ -	\$ -	\$ -	\$ 323,922
Charges for services	-	-	131,312	-	-	-	131,312
Interest	381	-	867	110	485	188	2,031
Miscellaneous	37,250	-	24,857	5,497	12,800	16,298	96,702
Total Revenues	37,631	-	480,958	5,607	13,285	16,486	553,967
EXPENDITURES							
Public Safety	10,997	-	-	-	-	-	10,997
Public Services:							
Tourism	-	-	169,234	-	-	-	169,234
Civic Center	-	-	201,639	-	-	-	201,639
Main Street	-	-	-	27,724	-	-	27,724
Cemeteries	-	-	-	-	70	-	70
Animal Shelter	-	-	-	-	-	4,294	4,294
Capital Outlay	-	-	25,800	-	-	-	25,800
Total Expenditures	10,997	-	396,673	27,724	70	4,294	439,758
Excess (deficiency) of revenues over (under) expenditures	26,634	-	84,285	(22,117)	13,215	12,192	114,209
OTHER FINANCING SOURCES/(USES):							
Transfers in	-	-	-	17,000	-	-	17,000
Transfers out	-	-	-	(4,773)	-	-	(4,773)
Total Other Financing Sources (Uses)	-	-	-	12,227	-	-	12,227
Net change in fund balances	26,634	-	84,285	(9,890)	13,215	12,192	126,436
Fund Balance - October 1, 2022	69,363	4,693	149,719	23,211	57,989	34,022	338,997
Fund Balance - September 30, 2023	\$ 95,997	\$ 4,693	\$ 234,004	\$ 13,321	\$ 71,204	\$ 46,214	\$ 465,433

SCHEDULE 9

**CITY OF HENDERSON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
SEPTEMBER 30, 2023**

	GENERAL CONSTRUCTION	STREET AND DRAINAGE	CIVIC CENTER	TOTAL NONMAJOR CAPITAL PROJECT FUNDS
ASSETS				
Cash and cash equivalents	\$ 65,043	\$ 5,614	\$ 83	\$ 70,740
Investments	17,184	828	-	18,012
Receivables:				
Franchise taxes	-	64,977	-	64,977
Accounts	142,983	2,300	-	145,283
Special assessments	-	28,006	-	28,006
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 225,210</u>	<u>\$ 101,725</u>	<u>\$ 83</u>	<u>\$ 327,018</u>
LIABILITIES				
Accounts payable	-	55,498	-	55,498
Unearned revenue	-	28,796	-	28,796
Total Liabilities	<u>-</u>	<u>84,294</u>	<u>-</u>	<u>84,294</u>
FUND BALANCES				
Restricted	-	-	83	83
Committed	225,210	17,431	-	242,641
Total Fund Balances	<u>225,210</u>	<u>17,431</u>	<u>83</u>	<u>242,724</u>
Total Liabilities and Fund Balances	<u>\$ 225,210</u>	<u>\$ 101,725</u>	<u>\$ 83</u>	<u>\$ 327,018</u>

CITY OF HENDERSON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	GENERAL CONSTRUCTION	STREET AND DRAINAGE	CIVIC CENTER	TOTAL NONMAJOR CAPITAL PROJECT FUNDS
REVENUES				
Franchise taxes	\$ -	\$ 193,500	\$ -	\$ 193,500
Charges for services	327,524	69,408	-	396,932
Interest	5,018	568	1	5,587
Miscellaneous	3,395	-	-	3,395
Total Revenues	335,937	263,476	1	599,414
EXPENDITURES				
Public Services:				
Streets	-	367,110	-	367,110
Parks	23,154	-	-	23,154
Community Development	39,413	-	-	39,413
Capital Outlay	543,111	545,657	-	1,088,768
Total Expenditures	605,678	912,767	-	1,518,445
Excess (deficiency) of revenues over (under) expenditures	(269,741)	(649,291)	1	(919,031)
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	334,145	-	434,145
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	100,000	334,145	-	434,145
Net change in fund balances	(169,741)	(315,146)	1	(484,886)
Fund Balance - October 1, 2022	394,951	332,577	82	727,610
Fund Balance - September 30, 2023	\$ 225,210	\$ 17,431	\$ 83	\$ 242,724

CITY OF HENDERSON, TEXAS
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
(NON-GAAP BUDGET BASIS)
WATER AND SEWER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		TOTAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
			WATER	SEWER		
REVENUES						
Water charges	\$ 3,750,000	\$ 3,750,000	\$ 3,562,770	\$ -	\$ 3,562,770	\$ (187,230)
Sewer charges	2,440,000	2,440,000	-	2,529,654	2,529,654	89,654
Water connections	3,000	3,000	5,160	-	5,160	2,160
Sewer connections	2,000	2,000	-	1,650	1,650	(350)
Water service charges	3,000	3,000	4,995	-	4,995	1,995
Water Reconnect charges	25,000	25,000	23,721	-	23,721	(1,279)
Penalty	70,000	70,000	83,624	-	83,624	13,624
Miscellaneous income	1,000	1,000	17,011	-	17,011	16,011
Other operating revenues	21,000	21,000	20,443	-	20,443	(557)
Interest income	4,100.00	4,100.00	27,917	-	27,917	23,817
TOTAL REVENUES - BUDGET BASIS	\$ 6,319,100	\$ 6,319,100	\$ 3,745,641	\$ 2,531,304	6,276,945	\$ (42,155)
Financial Statement Adjustments:						
Adjustment to revenue and accounts receivable					(114,320)	
Contributed capital for water meter note payments					250,481	
Transfers in from General Fund for capital expenditures made from grant funds					65,464	
Interest income on bond funds recorded in W&S Construction Fund					25,015	
TOTAL REVENUES - GAAP BASIS					\$ 6,503,585	

CITY OF HENDERSON, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
(NON-GAAP BUDGET BASIS)
WATER AND SEWER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>WATER & SEWER DEPARTMENT</u>				
Water & Sewer Operations:				
Personnel services - Water	\$ 1,331,642	\$ 1,331,642	\$ 1,394,515	\$ (62,873)
Personnel services - Sewer	303,243	303,243	274,063	29,180
Personnel services - Admin	190,591	190,591	190,049	542
Supplies and materials	515,900	893,900	1,234,102	(340,202)
Contractual	978,000	1,050,000	1,049,029	971
Maintenance	527,736	577,736	591,646	(13,910)
Capital outlay	338,500	338,500	135,407	203,093
Other administrative costs	916,600	931,100	676,030	255,070
Services	-	124,500	105,561	18,939
Total Water & Sewer Operations	<u>5,102,212</u>	<u>5,741,212</u>	<u>5,650,402</u>	<u>90,810</u>
Water & Sewer Construction	400,090	1,266,250	75,712	1,190,538
Other Expenses:				
Operating transfers out	47,638	47,638	47,638	-
Bond principal	371,545	371,545	371,545	-
Bond interest and charges	253,187	253,187	252,728	459
Total Other Expenses	<u>672,370</u>	<u>672,370</u>	<u>671,911</u>	<u>459</u>
Total Water & Sewer Department	<u>6,174,672</u>	<u>7,679,832</u>	<u>6,398,025</u>	<u>1,281,807</u>
TOTAL EXPENSES-BUDGET BASIS	<u>\$ 6,174,672</u>	<u>\$ 7,679,832</u>	<u>6,398,025</u>	<u>\$ 1,281,807</u>
Financial Statement Adjustments:				
Capital outlay capitalized			(766,885)	
Reclassify principal paid on bonds			(371,545)	
Depreciation expense			1,051,503	
Amortization of bond premiums/refundings			(1,911)	
OPEB expense adjustment under GASB 75			669	
Pension expense adjustment under GASB 68			<u>10,704</u>	
TOTAL EXPENSES-GAAP BASIS			<u>\$ 6,320,560</u>	

SINGLE AUDIT SECTION

**INDEPENDENT AUDITORS' 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**

The Honorable Mayor and City Council
City of Henderson, Texas

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Henderson, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise City of Henderson, Texas's basic financial statements, and have issued our report thereon dated March 12, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Henderson, Texas's internal control over financial reporting (internal control) to determine the 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 City of Henderson, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Henderson, Texas'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 over financial reporting 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Henderson, Texas'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 determination of financial statement amounts. 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
March 12, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

Independent Auditors' Report

The Honorable Mayor and City Council
City of Henderson, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Henderson, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Henderson, Texas' major federal programs for the year ended September 30, 2023. The City of Henderson, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Henderson, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Henderson and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Henderson's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Henderson's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Henderson's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

Auditors' Responsibilities for the Audit of Compliance (continued)

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Henderson's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Henderson's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Henderson's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Henderson's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
March 12, 2024

Gollob Morgan Peddy PC
1001 ESE Loop 323, Suite 300, Tyler, TX 75701
Tel 903-534-0088 Fax 903-581-3915 www.gmpcpa.com
Members American Institute of Certified Public Accountants and Private Companies Practice Section

member of
CPAmerica^{International}
Member  **Crowe Global**TM

CITY OF HENDERSON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures
U. S. DEPARTMENT OF TREASURY			
Passed Through the Texas Department of Emergency Management			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>826,032</u>
TOTAL U. S. DEPARTMENT OF TREASURY			<u>826,032</u>
U. S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Texas Office of the Governor			
FY23 Homeland Security Grant Program	97.067	4535401	<u>12,473</u>
TOTAL U. S. DEPARTMENT OF HOMELAND SECURITY			<u>12,473</u>
U. S. DEPARTMENT OF JUSTICE			
Passed Through the Texas Office of the Governor			
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	4539101	<u>25,000</u>
TOTAL U. S. DEPARTMENT OF JUSTICE			<u>25,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 863,505</u></u>

See Notes to Schedule on following page.

CITY OF HENDERSON, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Henderson, Texas under programs of the federal government for the year ended September 30, 2023 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of City of Henderson, Texas, it is not intended to and does not present the financial position, changes in net assets or cash flows of City of Henderson, Texas.

NOTE 2 – INDIRECT COST RATES

The City did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR § 200.414.

**CITY OF HENDERSON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: *Unmodified*

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X No

Type of auditors’ report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ Yes X No

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish
Between type A and type B federal programs: \$750,000

Auditee qualified as low-risk auditee: _____ Yes X No

**CITY OF HENDERSON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

**CITY OF HENDERSON, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2023**

None.



City Council

Agenda Item # 4.

SUBJECT: Consideration of possible action upon the Minutes of the City Council Meeting from February 20, 2024.(Jimerson)

MEETING DATE: March 19, 2024

DEPARTMENT:

CONTACT: Cheryl Jimerson

RECOMMENDED CITY COUNCIL ACTION: Approve minutes of the last meeting.

ITEM SUMMARY:

BACKGROUND INFORMATION:

SPECIAL CONSIDERATIONS:

SUPPORTING MATERIALS:

1. 02-20-2024 Minutes

MINUTES OF THE
HENDERSON CITY COUNCIL
Regular Scheduled Meeting

February 20, 2024

CALL TO ORDER: *The Mayor will call the meeting to order, declare a quorum if present, and declare notices legally posted pursuant to Open Meetings Act.*

Mayor Fullen called the meeting to order at 6 p.m.

Council members present were Stephen Strong, Reggie Weatherton, Henry Pace, and Gina Juarez. Melissa Morton was not able to attend.

Staff members present were City Manager Jay Abercrombie, City Secretary Cheryl Jimerson, City Attorney Russell Brown, Chief of Police Chad Taylor, Fire Chief Rusty Chote, Deputy Fire Chief Sonny Ybarra, Director of Operations Davis Brown, Director of Public Services Kirk Kimbrell, Director of Utilities Randy Boyd, Finance Director Karen Arnall, Animal Center Director Charissa Pool, Community Development Manager Cliff McElfresh, Zoning Coordinator Billy Hughes, Zoning Administrator/Building Official Dennis Williams, Civic Center Manager Stephanie Kimbrell, Executive Leadership Assistant/HR Specialist Hillary Faulkner, Communications and Marketing Coordinator Phedra Johnson, and HEDCO Director John Clary.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Council Member Reggie Weatherton gave the invocation, Council Member Stephen Strong led the Pledges.

CITIZENS COMMENTS

There were no citizens' comments.

PRESENTATIONS/ANNOUNCEMENTS

After over 32 years of service to the City of Henderson and the Fire Department within, Chief Rusty Chote is retiring. Chief Chote has been in his position as Chief for 15 years. Chief Chote has also served the City in the capacity of Interim City Manager twice. His service to the citizens, business owners, visitors etc. has been exemplary and always done with a gracious heart. Rusty will be missed by all the staff as he has been the solid rock for many during many changes over the years. Good luck in your retirement, Rusty Chote and don't be a stranger!

CONSENT AGENDA

1. Consideration of possible action upon the Minutes of the City Council Meeting from December 19th Council Meeting, the meeting that was to be held January 16th was canceled due to bad weather and was not rescheduled.
2. Consideration and Possible Action upon HEDCO financials for the month of November 2023
3. Consideration and Possible Action upon HEDCO financials for the month of December 2023

Council Member Reggie Weatherton made a motion to approve the consent agenda, duly seconded by Council Member Henry Pace. The vote was unanimous.

COUNCIL BUSINESS – REGULAR SESSION

4. Consideration and possible action on confirmation of the appointment of a Fire Chief for the City of Henderson. (Abercrombie)

City Manager Jay Abercrombie stated the news offered the difficult task of choosing the replacement as Fire Chief. Deputy Chief Sonny Ybarra will have served the City of Henderson's Fire Department for 20 years next month. He has served the last 4 and a half years as Deputy Chief. As we knew the retirement date for Chief Chote might be coming soon, Deputy Chief Ybarra stepped up and answered every question and challenge in front of him. I'm so encouraged that the most qualified candidate to fill the position as Fire Chief comes from within the department.

Council Member Stephen Strong made a motion approving the selection made for the new Fire Chief, seconded by Council Member Reggie Weatherston. Vote was unanimous.

5. Consideration and possible action authorizing the City Attorney and City Manager to enter into an agreement with MD Health Pathways (MDHP) presentation by the founder of MDHP Dr. Dirk Perritt. This will be allowing citizens to have access to low-cost healthcare for a small fee and allowing this fee to be billed through the Henderson Utility Billing system.

Dr. Dirk Perritt had a presentation ready for the Council Members on the MD Access for All and the impact it has on communities. This service has improved patients' lives by removing barriers to health, proactively addressing health concerns, and reducing unnecessary ambulance calls and visits to the ER. Granting residents unlimited access to high-quality healthcare, regardless of their insurance coverage, has simplified the healthcare experience. Implementing this program would have positive cascading effects, such as first response calls strain relief, reduced financial burden of uncompensated care on hospitals, strengthened healthcare system infrastructure and capacity through referrals, enhancing delivery of appropriate care.

Furthermore, this service has acted as a catalyst for economic growth, attracting businesses to operate in regions where the program is implemented. It's also led to a reduction in absenteeism in workplaces and schools, further increasing overall productivity. These factors have contributed to a healthier and more robust tax base, underscoring the extensive societal benefits of MD Access for All.

Council Member Henry Pace made a motion to approve the City Manager and the City Attorney to enter into a contract with MD Health Pathways, duly seconded by Council Member Gina Juarez. The vote was unanimous.

6. Consideration and possible action upon Resolution 2024-02-01 setting two public hearing dates for the application for the annexation of Bradshaw State Jail Facility located on the corner of Loop 571 and Industrial Park Drive, also known as County Road 203 and/ or Morris Street. (Jimerson)

Council Member Stephen Strong made a motion to approve Resolution 2024-02-01 setting two public hearing dates. One on March 19th and the second on April 2nd for the proposed annexation of the Texas Department of Criminal Justice (Bradshaw State Jail), duly seconded by Council Member Henry Pace. The vote was unanimous.

7. Consideration and possible action upon scheduling a Special Council Meeting on April 2nd, 2024. (Jimerson)

Council Member Gina Juarez made a motion scheduling a special called council meeting on April 2nd at 6:00 p.m. for the second public hearing on the proposed Bradshaw State Jail annexation, duly seconded by Council Member Reggie Weatherston. The vote was unanimous.

8. Consider and possible action upon Resolution 2024-02-02 for 2023-2024 Budget Amendment #1. (Arnall)

Council Member Gina Jurez made a motion to approve Resolution 2024-02-02 for budget amendment #1 to the 2023-2024 budget, duly seconded by Council Member Reggie Weatherston. The vote was unanimous.

9. Consideration and possible action upon the second reading of Ordinance 2023-12-01, regarding a request to re-zone a property from R1 to I1. (Hughes/McElfresh)

Council Member Stephen Strong made a motion approving Ordinance 2023-12-01 changing the zone from R1 to an I1 on a property located in the 500 Block of Millville Drive, duly seconded by Council Member Reggie Weatherston. The vote was unanimous.

10. Consideration and possible action upon the second reading of Ordinance 2023-12-02, regarding a request to re-zone a property from R3 to M2. (Hughes/McElfresh)

Council Member Henry Pace made a motion approving Ordinance 2023-12-02 changing the zone from R3 to M2 on a lot known as BIH Addition located on North Evenside, duly seconded by Council Member Stephen Strong. The vote was unanimous.

11. Consideration of a recommendation from the Planning and Zoning Commission upon the first reading of ordinance 2024-01-01 regarding a request to create a new zoning district for Town Homes. (Hughes/McElfresh)

Council had no questions or comments on the first reading of Ordinance 2024-01-01.

12. Consideration and possible action upon a recommendation from the Planning and Zoning Commission to rezone a property from R2 to TH upon the first reading of Ordinance #2024-02-02.

Council had no questions or comments on the first reading of Ordinance 2024-02-02.

13. Consideration and possible action upon a recommendation from the Planning and Zoning Commission to rezone a property from R1 to TH upon the first reading of Ordinance # 2024-02-02.

Planning and Zoning Coordinator Billy Hughes asked for a correction to the ordinance number from 2024-02-02 to 2024-02-03.

Council had no questions or comments on the first reading of Ordinance 2024-02-03.

DEPARTMENTAL REPORTS:

14. The City Council may deliberate and make inquiry into any item listed in the Departmental Reports.

- A. City Manager
- B. Fire Department
- C. Police Department including the 2023 Annual Racial Profiling Report.
- D. Animal Center
- E. Community Development
- F. Public Services/Parks and Recreation Department
- G. Public Utilities
- H. Finance Department
- I. City Secretary
- J. Communications and Marketing
- K. HEDCO Sales Tax Revenue November and December 2023
- L. Director of Operations Departmental Reports below.

Civic Center

Main Street/Tourism

Municipal Court

Council had no questions or comments on the monthly reports.

BOARDS AND COMMISSIONS

Board of Adjustments Minutes

Planning and Zoning Minutes from January Meeting

Cemetery Board Meeting Minutes

Main Street Meeting Minutes

Preservation Minutes

Council had no questions or comments on the Board meeting minutes.

EXECUTIVE SESSION:

REGULAR SESSION:

ADJOURNMENT

15. Adjourn

Council Member Reggie Weatherton made a motion to adjourn at 6:52 p.m., duly seconded by Council Member Stephen Strong. The vote was unanimous.

ATTEST:

APPROVED:

Cheryl Jimerson, City Secretary

John Fullen, Mayor



City Council

Agenda Item # 5.

SUBJECT: Consideration and Possible Action upon HEDCO financials for the month of January 2024. (Clary)

MEETING DATE: March 19, 2024

DEPARTMENT: HEDCO

CONTACT: Shelby Jacobs, HEDCO Admin Assistant

RECOMMENDED CITY COUNCIL ACTION:
ITEM SUMMARY:

BACKGROUND INFORMATION:

SPECIAL CONSIDERATIONS:

SUPPORTING MATERIALS:

1. HEDCO FINANCIALS 2023-2024 (Updated Thru 2024-01-31)

HEDCO - APPROVED BUDGET 2022-2023

	A	B	C	D	E	F	G	H	I	J	K
1	Last Edit Date:		February 16, 2024	TYPE A and B EDC			All expenditures expected to come from Type A bank account.				
2	Budget approved:		HEDCO - August 22, 2023	01/31/2024 Checking Acct. # 4911857 Balance				\$	1,216,555.04		
3	Budget approved:		City Council - August 22, 2023	01312024 Money Market Acct. # 4011759 Balance				\$	1,197,067.87		
4	Budget amended:			01312024 Type B Checking Acct. # 4271963 Balance				\$	3,620,332.72		
5				Total Account Balances				\$	6,033,955.63		
6				Approved	Final		APPROVED		Y-T-D		
7				Budget	Budget		BUDGET	1-Month Ended	2023-2024	% Of	
8	Acct.#		Description	2022-2023	2022-2023		2023-2024	3/12/2024	9/30/2024	Budget	Notes
9							12	4		33%	Percent of year completed
10	REVENUE										
11	3010		Sales Tax Revenues Type B	1,750,000.00	1,860,457.77		1,910,000.00	204,304.45	775,584.49	41%	
12	3025		Interest Income - Type A	165,500.00	158,463.05		130,000.00	6,141.67	27,809.62	21%	
13	3025		Interest Income - Type B				69,000.00	8,344.18	30,311.77	44%	
14	3030		Land Sales -Old Industrial Park	123,246.60	203,346.60						Previous Year - 7.6 acres to Tyler Pipe
15	3059		Lease Income - Texas Materials Group - 29.16 Ac.	12,800.00	12,800.00						Previous Year - Mo.Lease - Industrial Dr. (CR 203) was Texas Bit/Oldcastle - Complete 9/2023 (to receive \$1600.00 per month 2/2022 thru 9/2023) Lease Agreement ENDED JUNE, 2023
16	3090		Other (Misc) Revenue	115,463.13	115,463.13				5,000.00		Previous Year - Winly Foods reimbursement on incentive
17			TOTAL REVENUE	2,167,009.73	2,350,530.55		2,109,000.00	218,790.30	838,705.88	40%	
18											
19	* Footnote		Note Reciveable from Rusk County Rural Rail District - Not Included in Budget Totals								Notes receivable accrue on the balance sheet vs.the budget at. \$6,666.67 per month. Pmt. Deferred for 15 years until 2037.
20											

HEDCO - APPROVED BUDGET 2022-2023

	A	B	C	D	E	F	G	H	I	J	K
6				Approved	Final		APPROVED		Y-T-D		
7				Budget	Budget		BUDGET	1-Month Ended	2023-2024	% Of	
8	Acct.#		Description	2022-2023	2022-2023		2023-2024	3/12/2024	9/30/2024	Budget	Notes
21	EXPENDITURES										
22	Economic Development Expenses										
23	6116		Henderson Canvas Products, Inc.								Job creation incentive, 6-jobs @ \$5,000 /job. Forgiveable loan executed March 2021. \$30,000 forgiveable Loan in A/R
24	6119		High Demand Job Training Grant #5	50,000.00			50,000.00				Application to be submitted Nov-Dec 2023
25	6120		Proj Provalus - Remodel Old City Hall Complex		68,378.16		270,000.00				Project Provalus - Renovation of old city hall complex. Max exposure is \$325,000. Expended 68,378 to date
26	6121		Proj Provalus - Utilities					1,854.82	3,246.27		
27	6122		US 259 Infrastructure (Christus)				750,000.00				Infrastruture for new Christus Clinic. Total exposure for the project is \$750,000
28	6123		Project K&L Recycling				190,000.00				Was for incentives for K&L Recycling. Project is on life support.
29	6124		Project SWEPCO				(173,559.00)				Revenue for sale of 10 acres to SWEPCO.
30	6190		Matching Grants for Buisness Retention - Industrial Park	150,000.00			150,000.00				New matching grant program for Henderson Industrial Park.
31	6200		Business Incentives for new or existing businesses	350,000.00	4,000.00		350,000.00				Place Holder - Reserve for Incentive for New Businesses. \$5,000 per job x 100 jobs.
32											
33			Total Economic Development Expenses	550,000.00	72,378.16		1,586,441.00	1,854.82	3,246.27	1%	
34											
35	Supplies, Office Expenses and Professional Services										
36	6501		Accounting (Monthly Bookkeeping + Annual Audit)	12,000.00	10,590.00		14,000.00	600.00	2,175.00	16%	PB&J Accounting, Auditor Morgan LaGrone CPA
37	6502		Insurance - General Liability	1,500.00	1,500.00		1,500.00		1,500.00	100%	City of Henderson Liability premium to HEDCO. Lump sum annual payment.
38	6503		Legal (Attorney)	30,000.00	39,459.60		35,000.00		225.50	1%	Legal fees
39	6504		Office Expenses	1,500.00	2,995.71		2,500.00	127.79	1,311.54	52%	Office supplies, copy paper, printer cartridges, computers, printer, furniture, bookshelves, storage, etc.
40	6505		Postage & Shipping	100.00	261.75		250.00			0%	Stamps, Fed-Ex, UPS

HEDCO - APPROVED BUDGET 2022-2023

	A	B	C	D	E	F	G	H	I	J	K
6				Approved	Final		APPROVED		Y-T-D		
7				Budget	Budget		BUDGET	1-Month Ended	2023-2024	% Of	
8	Acct.#		Description	2022-2023	2022-2023		2023-2024	3/12/2024	9/30/2024	Budget	Notes
41	6506		Property Tax		70.53		75.00	143.06	143.06	191%	Copy machine tax
42	6507		Telephone, Cell (Admin)	600.00	550.00		600.00		150.00	25%	Office Phone, Cell for Adm. Asst.
43	6508		Utilities - HEDCO Offices						2,228.19		Potential utilities in new building.
44	6509		Professional Services - Consulting Fees, Engineering, Design, Architectural (Part of Capital Expenses)	225,000.00	202,791.96		225,000.00	18,700.00	78,086.15	35%	New Business Park, Professional Services, Property Surveys, Engineering, Phase 1 Environmentals, Streets, Drainage, Sidewalks, Water, Sewer, Fiber, Natural Gas
45			Subtotal - Supplies, Office Expenses and Professional	270,700.00	258,219.55		278,925.00	19,570.85	85,819.44	32%	
46											
47			Personnel Expenses								
48	7001		Contract Labor - Executive Director (with City)	161,539.00	138,553.08		161,539.00	10,776.62	48,494.81	30%	Salary, Insurance, Retirement, Cell Phone, Car Allowance, W/H invoiced by City of Henderson,
49	7002		Insurance Life - Adm. Asst.	1,200.00							Life Insurance - Office Manager Karen Smith
50	7003		Insurance Health - Adm. Asst.	5,044.00	4,176.14					#DIV/0!	Medical Insurance - Office Manager Karen Smith
51	7004		Insurance Worker's Comp - Adm. Asst.	396.00	381.52				(45.00)	#DIV/0!	Hartford Ins. - Office Manager Karen Smith
52	7007		Retirement -Adm. Asst.	4,000.00	3,957.98					#DIV/0!	Kansas City Life - Office Manager Karen Smith
53	7008		Salary - Adm. Asst.	49,850.00	45,549.63					#DIV/0!	Salary - Office Manager Karen Smith
54	7009		Payroll Taxes - Adm Asst.	4,950.00	4,200.63					#DIV/0!	Payroll Taxes - Office Manager Karen Smith
55	7010		Contract Labor - Dir. of Marketing/Business Dev.	108,280.00	67,510.14		89,500.00	13,587.20	41,192.39	46%	Salary, Insurance, Retirement, Cell Phone, Car Allowance, W/H invoiced by City of Henderson. Director of Marketing
56	7011		Insurance Health - Dir. of Marketing	3,940.00	3,937.14		5,250.00		1,212.00	23%	Health Insurance - Director of Marketing
57			Contract Labor - Administrative Assistant		722.77		70,500.00	11,067.85	27,984.38		
58	7020		Contract Labor - Admin Asst Part Time				30,000.00				Contract labor - Projected
59	7022		Contract Labor - Attorney								
60			Subtotal - Personnel Expenses	339,199.00	268,989.03		356,789.00	35,431.67	118,838.58	33%	
61											

HEDCO - APPROVED BUDGET 2022-2023

	A	B	C	D	E	F	G	H	I	J	K
6				Approved	Final		APPROVED		Y-T-D		
7				Budget	Budget		BUDGET	1-Month Ended	2023-2024	% Of	
8	Acct.#		Description	2022-2023	2022-2023		2023-2024	3/12/2024	9/30/2024	Budget	Notes
62	Program Expenses										
63	7201		Website Annual License Fees	9,400.00	3,074.00		3,074.00		4,050.00	132%	Annual License Fee to ED Suite. Invoiced Nov 31 annually.
64	7202		Website Development, Maintenance, Upgrades, etc.	12,094.00	13,095.00		5,000.00	-	5,000.00		Website CMS technology update (back end), new photo gallery, better mapping, new business park pages, updated property search tool, incentives tool - Website design updates by EDSuite
65	7203		Advertising and Marketing	70,100.00	43,705.23		70,000.00	2,326.33	14,358.84	21%	Print ads, Direct mail or email, Marketing travel, Trade shows, Sponsorships, Printed flyers & brochures, Marketing signage, Videos, Billboard, Public Notices, + Business Park Coming Soon Signs
66	7204		Meetings and Entertainment	14,500.00	10,650.26		12,000.00	147.99	390.12	3%	Meeting refreshments, BREP meals, Prospect Hosting, Industry Appreciation Luncheon
67	7205		Dues, Memberships & Subscriptions	17,250.00	6,648.32		10,000.00	43.00	1,013.91	10%	Chamber of Commerce, TEDC, Rotary, Team Texas, ICSC, NETEDR, Adobe AcrobatDC (2), Place Marketing, also Computer Programs & Subscriptions
68	7206		Training & Travel - Non-Marketing Conferences, Webinars, Seminars and Training (Including Travel), Admin. Asst. Mileage, Misc Consulting Fees	25,000.00	8,684.17		12,000.00	2,350.00	2,361.88	20%	TEDC Conferences, Training Workshops, Webinars, PFIA Training, Software Technical Assistance, Rusk County Days Austin Trip, Admin Assistant Mileage.
69	7207		Non Engineering Studies	2,000.00				5,750.00	5,750.00		Previous year -ETCOG Broadband Study Match
70	7208		Special Projects								
71	7209		BREP Matching Grant Program (Type B Program) (Placeholder)								Business Retention - Matching grants for current or new businesses in current industrial parks.
72			Subtotal - Program Expenses	150,344.00	85,856.98		112,074.00	10,617.32	32,924.75	29%	
73											

HEDCO - APPROVED BUDGET 2022-2023

	A	B	C	D	E	F	G	H	I	J	K
6				Approved	Final		APPROVED		Y-T-D		
7				Budget	Budget		BUDGET	1-Month Ended	2023-2024	% Of	
8	Acct.#		Description	2022-2023	2022-2023		2023-2024	3/12/2024	9/30/2024	Budget	Notes
74	Repairs and Maintenance (Non-Capital Expenses)										
75	7302		Property Maintenance - Frisco Street Parcel (29 acres)	4,000.00	3,565.00		2,500.00		900.00	36%	Maintenance (Mowing, Clearing, Trimming, water detention, etc)
76	7303		Property Maintenance - Taylor Street/Greenbelt	600.00	500.00		500.00			0%	Greenbelt Maintenance
77	7304		Property Maintenance - Old Industrial Park	40,000.00	34,513.75				25,000.00		
78	7305		Property Maintenance - East Texas Regional Business Park	35,000.00	51,100.00		75,000.00		10,800.00	14%	Mowing, trimming, repairs & maintenance
79	7306		Monument and Wayfinding Sign - Industrial Park								Sign at CR 203 & Loop 571 (TXDOT Won't Allow)
80			Property Maintenance,Jim Allen Estate				400,000.00				Clearing & pipeline moving
81	7307		Railroad Preventative Maintenance (Ties)								To facilitate NETRMA Grant for RR ties. \$240,000 reimbursement (Completed)
82	7308		Remodel CAC Bldg & Furnishings								Previous years
83	7309		Property Maintenance - Old City Hall Complex		1,947.79		10,000.00		5,274.83		Maintenance items not covered by Provalus agreement
84			Subtotal - Repairs and Maintenance (Non-Capital)	79,600.00	91,626.54		488,000.00	-	41,974.83	9%	
85											
86	TOTAL EXPENSES			1,389,843.00	777,070.26		2,822,229.00	67,474.66	282,803.87	10%	
87											

HEDCO - APPROVED BUDGET 2022-2023

	A	B	C	D	E	F	G	H	I	J	K
6				Approved	Final		APPROVED		Y-T-D		
7				Budget	Budget		BUDGET	1-Month Ended	2023-2024	% Of	
8	Acct.#		Description	2022-2023	2022-2023		2023-2024	3/12/2024	9/30/2024	Budget	Notes
88	CAPITAL OUTLAY										
89	7501		Purchase of Property for New Business Park	400,000.00	345,654.03		234,000.00				2019-20 Alford Parcel \$1,044,000, 2020-21 Richardson Parcel \$327,621.95. 2020-21 9.786 Acres \$39,144. 2022-23 Jim Allen Estate \$345,444, 2023-24 Colley Property \$230,000 + \$4,000 for
90	7502		East Texas Reg. Business Park - Capital Expenditures - Utilities & Street Improvements, Land Clearing, Sidewalks, Pond improvements	3,800,000.00	2,897,119.01		1,037,933.50	104,776.87	872,537.95	84%	John Wright Construction, Few Land & Timber & Other Contractors
91	7503		Grant Match for TCF Grant - Morris Street								Previous Year - TCF Program was Shelved by TX Ag Commission
92	7504		Speculative Building - Design and Construction								Engineer, design and construct a 20,000 sq ft building. On HOLD
93			CR203 Industrial Drive Improvements				2,000,000.00				Project estimated at \$4 million. Need participation by City and County
94		Total Capital Outlay		4,200,000.00	3,242,773.04		3,271,933.50	104,776.87	872,537.95	27%	
95											
96	TOTAL EXPENDITURES (Expenses + Capital Outlay)			5,589,843.00	4,019,843.30		6,094,162.50	172,251.53	1,155,341.82	19%	
97	Totals										
98		Total Revenues		2,167,009.73	2,350,530.55		2,109,000.00	218,790.30	838,705.88	40%	
99		(Less) Total Expenditures		5,589,843.00	4,019,843.30		6,094,162.50	172,251.53	1,155,341.82	19%	
100	Net Increase/Decrease In Unrestricted Net Assets			(3,422,833.27)	(1,669,312.75)		(3,985,162.50)	46,538.77	(316,635.94)	8%	
101		Receivable for Loan - Rusk County Rural Rail District			-				-		Agreement to defer for 15 years until the year 2037.
102		Total Available to Contribute to Fund Balance		(3,422,833.27)	(1,669,312.75)		(3,985,162.50)	46,538.77	(316,635.94)	8%	Operating income less operating expenses
103											
104	Potential Transfer From Fund Balance										Projected Expenditures In Excess of Annual Income
105											
106	FINAL BALANCE			-3,422,833.27	-1,669,312.75		-3,985,162.50	46,538.77	-316,635.94		



City Council

Agenda Item # 6.

SUBJECT: Consideration and possible action upon the City's Discrimination Policy. (Faulkner)

MEETING DATE: March 19, 2024

DEPARTMENT: Administration

CONTACT: Hillary Faulkner, Executive Leadership and HR Specialist

RECOMMENDED CITY COUNCIL ACTION: Approving the policy. There have been no changes made to it.

ITEM SUMMARY:

BACKGROUND INFORMATION:

SPECIAL CONSIDERATIONS:

SUPPORTING MATERIALS:

1. Discrimination Policy and ack

DISCRIMINATION POLICY

It is the policy of the City of Henderson to provide an inclusive and equal environment to all and members of the community and ensure that no person is excluded from participation in, or subjected to discrimination, under any program, activity, or service that the city provides. This includes but is not limited to, employees, program participants, customers, clients, consumers, and members of the public. The City of Henderson will not tolerate discrimination, retaliation, threats, or coercion against any individual or group.

In accordance with Title VI of the Federal Civil Rights Law, the city prohibits unlawful discrimination, including harassment, on the basis of race, color, religion, national origin (including language), sex, pregnancy, age, disability, citizenship, veteran status, and genetic information. The city of Henderson also prohibits discrimination on the basis of, sexual orientation, gender identity, and gender expression. In this policy, the terms sex and gender are interchangeable. Title VI specifically ensures that “No person in the United States, on the ground of race, color, or national origin, be excluded from participation in, denied benefit of, or be otherwise subjected to discrimination under any program or activity receiving federal assistance.”

It is important to the City of Henderson for our constituents to be aware of our nondiscrimination policy and understand the proper steps to take in the event an issue arises. Copies of our Discrimination Policy can be found in our employee handbook, city owned bulletin boards, the city website, the employee portal, and our public Facebook page.

References

Title VI of the Civil Rights Act of 1964, as amended, protects citizens from discrimination on the basis of race, color, religion, sex (including pregnancy), or national origin.

U.S. Department of Homeland Security Regulation 6 C.F.R. part 19, prohibits religious discrimination in social service programs.

Section 504 of the Rehabilitation Act of 1973, prohibits discrimination based on disability. Disability discrimination includes not making reasonable accommodation to the known physical or mental limitations of an individual.

Age Discrimination act of 1975, prohibits discrimination based on age.

Title IX of the Education Amendments Act of 1972, prohibits discrimination based on sex in all federally funded education programs.

Retaliation: These Federal laws prohibit covered entities from retaliating against a person who files a charge of discrimination, participates in a discrimination proceeding, or otherwise opposes an unlawful practice. It is impermissible for a recipient or other person to intimidate, threaten, coerce, or discriminate against any individual for the purpose of interfering with any right or privilege secured by title VI, or because the individual has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing under the DHS regulation implementing Title VI (6 C.F.R. § 21.11(e))

EMPLOYEE ACKNOWLEDGEMENT: DISCRIMINATION POLICY

I have received a copy of The City of Henderson Discrimination Policy and have read it.

I recognize that discrimination will not be tolerated by The City of Henderson. I understand that I am expected to comply with this policy and that failure to do so will result in disciplinary action, up to and including discharge.

Employee's Signature

Date

Attachment: Discrimination Policy



City Council

Agenda Item # 7.

SUBJECT: Consideration and possible action upon the City's Antifraud Policy (Faulkner)

MEETING DATE: March 19, 2024

DEPARTMENT: Administration

CONTACT: Hillary Faulkner, Executive Leadership and HR Specialist

RECOMMENDED CITY COUNCIL ACTION: Approving the policy. There have been no changes made to it.

ITEM SUMMARY:

BACKGROUND INFORMATION:

SPECIAL CONSIDERATIONS:

SUPPORTING MATERIALS:

1. Henderson's comprehensive fraud policy

City of Henderson , Texas Anti-Fraud Policy



Table of Contents

I. Introduction	4
II. Definitions	5
III. What is Fraud?	6
IV. How Fraud Occurs	6
V. Fraud Prevention	7
Culture of Honesty and Ethics	8
Risk Management and Internal Control	8
Awareness Raising and Training	9
Oversight Process	10
VI. Fraud Response	11
Delegation Structure.	11
Reporting Allegations of Fraud.	11
Reporting Process.	12
Department Heads' and Supervisors' Responsibility.	13
Determining the appropriate course of action by City Manager	13
Initial Reaction of Allegations of Fraud	14
Investigation Procedure.	14
Managing External Relations.	15
Recovering Assets.	15
Disciplinary Action.	15
Follow up Action.	15
VII. Roles and Responsibilities in Fraud Response and Control	16
The City Manager	16
Department Heads & Supervisors.	17
City Attorney.	17
All City Staff	17
VII. Contact Details.	18

City of Henderson Anti-Fraud Policy

Applicability:

City of Henderson staff, officials, and external parties

Purpose:

The aim of the City of Henderson's Anti-Fraud Policy is to safeguard the reputation and financial viability of the City of Henderson by improved management of fraud risk. It sets out explicit steps to be taken in response to reported or suspected fraud, as well as measures that will be taken to prevent or minimize the risk of fraud.

Conforms to:

Texas Code Annotated/Henderson Municipal Charter; Texas Comptroller of the Treasury Regulations

Related Documents:

City of Henderson Personnel Policy, Purchasing Policy, and established internal control procedures and guidelines.

I. Introduction

The City of Henderson has become increasingly aware of the levels and types of risks that the City must manage if it is to retain and enhance its reputation, financial viability and stewardship of City resources. Management's analysis of External and Internal Audits have highlighted the challenges, risks and opportunities that the City of Henderson faces in effectively managing City resources while providing the maximum value to City residents in terms of efficiency and effectiveness.

Recognizing that addressing fraud risk is a normal requirement for the conduct of business by all organizations, the Henderson City Manager conducted a risk assessment by a private consulting firm, and the City's annual External Audit to strengthen the City of Henderson's risk management practices, internal controls and standards.

Measures include the implementation of updated internal controls, an Anti-Fraud Policy (this Policy), and wide ranging revision of City policies and procedures for personnel, inventory, purchasing, cash verification, and other critical areas of risk that provide guidance for City staff and transparency of City operations. Through these measures, the City of Henderson seeks to be an organization that is accountable, transparent and ethical in its management and governance, and that retains the confidence and trust of its residents, staff, businesses and other outside parties.

The aim of this Anti-Fraud Policy is to safeguard the reputation and financial viability of the City of Henderson through improved management of fraud risk. It sets out explicit steps to be taken in response to reported or suspected fraud, as well as measures that will be taken to prevent or minimize the risk of fraud. The Policy has been developed based on good practice examples of fraud risk control strategies.

This Policy applies to all City of Henderson officials and staff¹ as well as external parties. It is an integral part of the City of Lakeland's internal control policy framework and should be read and applied in conjunction with the City of *Henderson's Purchasing Policy*, and the City of *Henderson's Personnel Policy*. In addition, the definitions that appear in the Glossary are to be interpreted within the context of this Policy.

¹ This policy applies to all City staff, exempt and non-exempt, full- and part-time and temporary, regardless of terms of employment. Additionally, this policy applies to all of the City's vendors, customers, and partners or any other interested parties to the extent that any the City's resources are involved or impacted.

II. Definitions

The definitions in this Policy are to be interpreted within the context of this policy and other internal controls within the City's internal control policy framework.

<u>Allegation:</u>	A statement or accusation by a person that an act of fraud has or may have been committed. This does not require evidence of the offence or identification of suspects, but there is usually some stated basis for the accusation.
<u>Conflict of interest:</u>	A situation in which the impartiality of an employee in discharging his/her duties could be called into question because of the potential, perceived or actual improper and impermissible influence of personal considerations, financial or other.
<u>External fraud:</u>	Fraud committed against the City of Henderson by an external party, for example the employees of a partner or supplier.
<u>External party:</u>	Any legal entity or individual other than the staff members of the City of Henderson
<u>Fraud:</u>	The use of deception by an individual with the intention of obtaining an advantage for himself or herself or for a third party or parties, avoiding an obligation, or causing loss to another party. Fraud includes offenses such as, but not limited to, deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.
<u>Fraud Prevention:</u>	Strategies designed to proactively reduce or eliminate internal and external fraud.
<u>Internal control:</u>	A process, affected by the governing body, management and other employees, designed to provide reasonable assurance that risks are managed so as to ensure the achievement of the organization's objectives.
<u>Internal fraud:</u>	Fraud committed directly against the City of Henderson by a staff member of the City of Henderson
<u>Investigation:</u>	A search for or collation of evidence connecting or tending to connect a person or body with conduct that infringes the law or the City of Henderson's policies, procedures and guidelines.
<u>Partner:</u>	Any organization or corporations that are involved in funding or delivering services to the City of Henderson are included in this policy.
<u>Risk assessment:</u>	A process that analyses the risks, including fraud risks, that may prejudice or prevent achievement of organizational objectives, and that determines whether those risks are to be prevented, mitigated, transferred or accepted.
<u>City Staff:</u>	For purposes of this policy, any individual who is employed by the City of Henderson including exempt and non-exempt staff regardless of full-time/part-time/temporary or other status, e.g., interns and volunteers working for the City.

III. What is Fraud?

For purposes of this Policy, fraud is defined as the use of deception by an individual with the intention of obtaining an advantage for himself or herself or for a third party or parties, avoiding an obligation, or causing loss to another party.

The term fraud is used to describe offenses such as, but not limited to, deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.

This Policy is intended to apply to both internal and external fraud as defined in the Glossary.

Examples of Fraudulent Behavior

- Obtaining property, financial advantage or any other benefit by deception or abuse of authority granted by virtue of official position or duty.
- Charging the City of Henderson for goods and services that have not been delivered.
- Development or application of local policies or practices that are knowingly inconsistent with the objectives of City of Henderson's practices or objectives.
- Seeking to obtain confidential information about a colleague or others, with intent to use it for unauthorized purposes.
- Knowingly providing false, misleading or incomplete information to the City of Henderson its donors, partners, or other business relations, or deliberately failing to provide information where there is an obligation to do so.
- Non-permitted use of the City of Henderson's computers, vehicles, telephones or any other property or services outside of professional duties or without specific authorization.
- Hacking into, or interfering with the City of Henderson's server or computer system.

IV. How Fraud Occurs

Some frauds arise because of lack of proper internal control policies and procedures. Other frauds may be the result of failures to follow proper control procedures, carelessness in carrying out checks, inadequate separation of duties of staff or management override of internal controls.

Four basic elements are usually present when fraud occurs:

- Individual(s) to carry out the fraud – inside or outside of the organization
- Assets to be acquired, used or disposed of fraudulently
- Intent to commit the fraud
- Opportunity to do so

Managers must ensure that the opportunities for fraud are minimized. A high probability of being caught will deter those who might otherwise engage in fraud.

Opportunities to commit fraud may be reduced by ensuring that a sound system of internal control, proportional to risk, has been designed and implemented and is functioning as intended.

V. Fraud Prevention

City of Henderson officials and personnel have a responsibility as well as obligation to contribute to the management of fraud risk.

The City Manager and City Department Heads all set the tone and lead in the promotion of risk management, internal controls and an anti-fraud culture throughout the City.

Management and operational staff design, implement and operate the control actions, recruit the right people, and ensure that physical and IT services promote computer and data security.

City staff shall conduct themselves with integrity and demonstrate awareness of the importance of ethical practices in their day to day work.

The City of Henderson expresses a *zero tolerance policy* regarding fraud and will not tolerate any level of fraud or corruption under any circumstances. The City of Henderson expects all people and organizations associated with it to be honest and fair in their dealings with the City, its members and its partners.

Any detected case will be thoroughly investigated, with disciplinary or criminal sanctions pursued where appropriate and possible, and losses recovered by any lawful means. The City of Henderson is also committed to ensuring that opportunities for fraud are reduced to the lowest possible level of risk; that effective controls are maintained to prevent fraud, and systems and procedures are reviewed and improved following detected cases of fraud.

There are four major facets to the City of Henderson's strategy for effective fraud prevention:

CULTURE OF HONESTY AND ETHICS

The most persuasive and effective method of preventing fraud is the promotion of an ethical and transparent environment that encourages City staff at all levels to actively participate in protecting the City's reputation and resources.

This involves:

- Having a clear statement of ethical values in the City of Henderson's *Personnel Policy* which organization applies and enforces consistently. staff has an obligation to comply with and to promote with third parties, and which the
- Establishing, disseminating and enforcing a clear anti-fraud policy, including sanctions for wrongdoing.
- Clarifying and addressing conflict of interest cases.
- Promoting staff awareness of fraud and training staff in anti-fraud and corruption strategies.
- Ongoing application of personnel policies that focus on the honesty and integrity of employment candidates and require background checks sufficient to the level and sensitivity of the position.
- Maintaining staff morale, reasonable working hours, and common basic standards in working conditions.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management is at the heart of effective fraud control, especially through the development of risk criteria and implementation of effective controls. The City of Henderson will periodically undertake a comprehensive evaluation of its overall vulnerability to fraud as well as the scope and magnitude of fraud risk in specific areas, and more frequently as part of an ongoing rolling risk assessment process.

The City of Henderson City Manager will:

- Exercise proactively his/her responsibility for the overall management of fraud risk and for the management of specific fraud risks.
- Will monitor the implementation of actions designed to reduce fraud risk.

- Establish internal controls to detect report and deter fraud that are cost effective and ensure that City staff is comfortable to report fraud without fear of reprisal.
- Initiate and facilitate fraud detection and reporting.
- Determine whether each risk, judged according to its probability and severity, should be prevented, mitigated, transferred², or accepted.
- Report on the implementation of actions designed to reduce fraud risk.

Further roles and responsibilities are set out in Section VII.

AWARENESS RAISING AND TRAINING

Fraud awareness raising and training underpins fraud prevention and detection. The City of Henderson will ensure that all employees are aware of their responsibilities for fraud control and ethical behavior. Targeted training will be provided for new staff and refresher training for current staff.

Training will include the following subject areas:

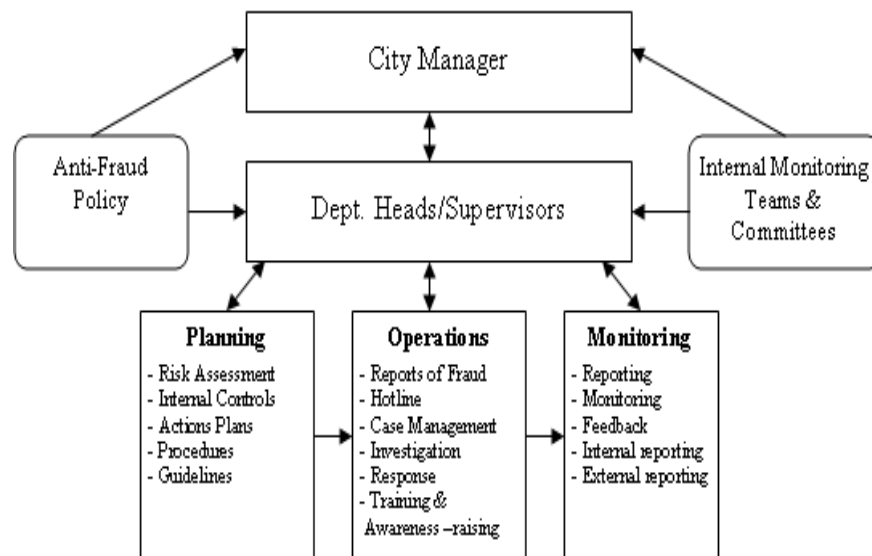
- Definition of fraud – with the City of Henderson's examples to illustrate the breadth of fraud and the fact that it can involve the pursuit of tangible and intangible benefits.
- The need for ethical behavior and the fact that fraud avoidance is everyone's responsibility.
- The details of the City of Henderson's *Anti-Fraud Policy*.
- Things to look for that could indicate that fraud may have been committed.
- Steps to take if fraud is reasonably suspected.
- Responsibilities for handling allegations and inquiries into cases of fraud in the Henderson.
- Relationship of the *Anti-Fraud Policy* with the *Personnel Policy*, *Purchasing Policy* and internal control procedures and guidelines.
- Available remedies and measures to be applied when fraud is established.
- Measures to ensure that third parties are aware of the City of Henderson's *Anti-Fraud Policy*.

² "Transferred" means that the exposure is covered by a third party, usually through insurance.

OVERSIGHT PROCESS

Independent reviews by internal monitoring teams or committees established by the City Manager and External Auditors will examine the effectiveness of internal controls and review operations for evidence of fraud. The results of such reviews will be reported directly to the City Manager, and will be followed-up the City Manager.

Figure 1: Internal Fraud Prevention Responsibilities



VI. Fraud Response

DELEGATION STRUCTURE

The City Manager has overall responsibility for the organizational response in the case of a reported or suspected fraud. Authority for the response can be delegated to City staff, as appropriate, though overall management of the response to suspected fraud will be maintained by the City Manager.

REPORTING ALLEGATIONS OF FRAUD

The City of Henderson City Staffs' Responsibility:

City of Henderson City staff should be aware of the potential for fraud, and should report any reasonably suspected fraud.

Concerns which should be reported include, but are not limited to, staff committing or attempting to commit:

- Any dishonest or fraudulent act
- Forgery or alteration of documents or accounts
- Misappropriation of funds, supplies or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiting personally from an official position or enabling family members or others to do so
- Disclosure of official activities or information for advantage
- Accepting or seeking value from third parties by virtue of official position or authority
- Theft or misuse of property, facilities or services

External party actions which should be reported include:

- Being offered a bribe or inducement by a partner or supplier
- Receiving fraudulent (i.e., intentionally inaccurate, rather than erroneous) invoices from a supplier
- Known instances of corruption, deception or misuse by a supplier or partner

- Any of the concerns listed in reference to the City of Lakeland staff

If staff become aware of a suspected fraud they should take note in writing of any pertinent details, including what was said or done by whom, the date, the time, the location and the names of the individual(s) involved.

Staff ***should not***:

- Contact the suspected perpetrator to get facts or demand restitution
- Discuss the case facts or allegations with anyone other than the persons investigating the incident.
- Attempt to personally conduct investigations or interviews

REPORTING PROCESS

Depending on the circumstances of who is thought to be involved in the suspected fraud, the City of Henderson staff members should report the suspected fraud to one of the following, in order of preference:

- The City Manager
- The City Attorney
- The Department head(s) or Supervisor(s) of the individual(s) suspected of committing fraud.
- The line manager(s) is required to report the concern to the City Manager.

If the Department head(s) or Supervisor(s) are potential suspect(s), then City staff should report the concern directly to the City Manager.

If staff prefer to report anonymously they can do so through the confidential Fraud Hotlines.

The Hotline is a shared hotline for concerns related to both the Code of Conduct and Professional Ethics and the Anti-Fraud Policy.

Reports of fraud should include all known details, including all individuals alleged to be involved, the location, the time, and any relevant actions or statements.

All information provided to the City Manager or Fraud Hotline will be treated confidentially when possible. All reasonable allegations will be treated seriously and systematically, and will be properly investigated. Confidentiality, in so far as possible, will be maintained for all reports

made in good faith, and where reports are made anonymously, such anonymity will be respected. However, if criminal activity is to be reported to the police, the identity of the person reporting may eventually have to be disclosed to enable external investigators or the police to pursue criminal investigation effectively.

If an allegation is determined to have been made frivolously, in bad faith, maliciously, for personal gain or for revenge, disciplinary action may be taken against the person making such an allegation.

DEPARTMENT HEADS' AND SUPERVISORS' RESPONSIBILITY:

If informed of a fraud, Department Heads and Supervisors (hereafter referred to as “managers”) should listen carefully and with respect to staff, ensure that every report is treated seriously and sensitively, and give every allegation a fair hearing.

Managers should obtain as much documentation and information as possible regarding the alleged fraud, including any notes or evidence, and they should reassure staff members that they will be protected and will not suffer any reprisal for having reported allegations made in good faith.

Managers are required to prepare a written report of the details of any suspected fraud that has been reported to them, and provide it to the City Manager. If a manager suspect alleged fraud on the part of the City Manager, then a written report should be submitted to the City Attorney.

Managers ***should not*** confront the alleged perpetrator or carry out an investigation themselves. Instead, the matter should be reported immediately to the City Manager. If the City Manager is not available, then the manager should report to the City Manager’s designee or the City Attorney in the absence of the City Manager.

DETERMINING THE APPROPRIATE COURSE OF ACTION BY THE CITY MANAGER

As a matter of principle, once an alleged fraud is reported to the City Manager, reports will be made to the City Attorney or Texas Comptroller as required.

If the City Manager is thought to be involved, then the report should bypass the person at issue, and be sent directly to the City Attorney, who will take appropriate action in the spirit of this Policy and under State law.

The City Manager will determine, in consultation with the City Attorney whether the case can be dealt with internally or whether and to what involvement by external parties is necessary. The City Attorney will advise the City Manager on the involvement of Law Enforcement in the given case.

INITIAL REACTION TO ALLEGATIONS OF FRAUD

The City Manager will determine a course of action appropriate to the seriousness of the alleged offense. Appropriate actions will include any action necessary to expedite the investigation.

The City Manager will inform the individual(s) concerned of the allegations against him or her, and the course of action to be taken. Simultaneously, the City Manager will ensure that all information in the possession of the individual suspected is secured for investigation.

The City Manager, in consultation with the City Attorney, will mitigate the risk of future losses by immediately adjusting procedures and taking personnel actions in order to protect assets and to preserve evidence using any legal means deemed appropriate given the circumstances.

Relevant insurers will be notified immediately of any loss or damage to the City of Henderson's insured property.

Depending on the applicable Texas Comptroller regulations, the City Manager will report the case to the State Comptroller's Office in compliance with Comptroller regulations regarding fraud.

The City of Henderson may have a legal obligation to provide early notification to parties such as donors and partners who may potentially suffer losses that a concern is under investigation.

INVESTIGATION PROCEDURE

Depending on the magnitude and the complexity of the fraud, investigations will be carried out either in-house by the City Manager or by external parties such as External Audit firms with specialized forensic accounting expertise and access to criminal law expertise, or where deemed appropriate, by the police. The decision whether to use internal or external investigation services, or a combination of both, will be made by the City Manager.

Investigations will be conducted without regard to any person's relationship to the organization, position or length of service. The City Manager and City Recorder will keep records of all actions in the investigation, to ensure success in any future criminal, civil or disciplinary action. The City Manager will determine who should not be involved in the investigation to avoid a conflict of interest situation for staff members and managers with close working relationships with the individual(s) in question, and may consult with the City Attorney as appropriate.

The City Manager will ensure cooperation to an external body requested to assist in the investigation. All searches are to be conducted in a lawful manner, to ensure that evidence is admissible in court, if required.

The City Manager will issue a report detailing the findings and conclusions of every concluded investigation, including recommendations for future action. Results of investigations will not be disclosed to or discussed with any person except as deemed necessary and appropriate.

MANAGING EXTERNAL RELATIONS

In the case of substantiated fraud, the City of Henderson will take immediate steps to mitigate potential loss of the City of Henderson's reputation and credibility with residents, donors and partners especially when involved in funding or delivering work in the particular context in question.

In cases of fraud, the City Manager or designee shall manage and monitor any media response. City staff may only release information when it is approved by the City Manager, in consultation with the City Attorney.

RECOVERING ASSETS

Where the City of Henderson has suffered pecuniary loss or loss of other material assets, efforts will be made to seek restitution from the individual(s) responsible for the fraud by any possible method after consulting with the City Attorney, insurance company and law enforcement as applicable.

DISCIPLINARY ACTION

Where the City Manager's investigation reveals that a City staff member has committed a fraud, the City Manager will pursue disciplinary or legal action as is determined appropriate by the City Manager after consulting with the City Attorney and law enforcement as applicable.

FOLLOW-UP ACTION

Following a case of fraud, the City Manager will ensure that all managers and City staff in the affected area are debriefed on the process and outcome of the investigation once pending legal action allows for disclosure of the fraudulent act.

There should also be a follow-up with the individual(s) who reported the initial suspicion of fraud, to provide assurance that their claims have been taken seriously.

Depending on the circumstances, the City Manager will consider the need for communication with City staff, the media, donors and partners on a larger scale.

The City Manager will ensure that the organization conducts a thorough review of operating procedures in the areas affected by the fraud and that improvements are made where necessary. Lessons learned will be disseminated throughout the organization, where applicable, to strengthen the system of internal control and to foster an anti-fraud culture.

VII. Roles and Responsibilities in Fraud Response and Control

In summary, the specific roles and responsibilities for preventing and responding to fraud in the City of Henderson are the following:

THE CITY MANAGER

- Set the overall tone to reinforce the message that fraud will not be tolerated in the City of Henderson.
- Establish and maintain an internal control system designed to eliminate or mitigate the risks faced by the City of Henderson, including:
 - Development of an organizational risk profile, including consideration of fraud risks, and regular review of the risks associated with organizational objectives.
 - Contracting with risk management consultants to provide independent and professional expertise, if necessary.
 - Establishment and review of internal controls, including an appropriate control environment and a fraud response plan.
- Provide strong support for the External Auditors, either annually or under special circumstances.
- Establish mechanisms for reporting suspected fraud and issues with fraud risk management.
- Ensure that staff knowledge of anti-fraud policies is sufficient and that appropriate training is provided.
- Ensure that swift action is taken to respond to allegations and substantiated cases of fraud.
- Make arrangements for investigating allegations of fraud, and ensure that vigorous and prompt investigations are carried out without delay.
- Upon receiving an investigation report, determine the appropriate disciplinary and/or legal action to be taken against perpetrators of fraud and supervisors whose failures have contributed to the commission of fraud, and ensure that appropriate action is taken to recover assets.
- If necessary, communicate with external parties affected by the fraud to reassure them that all necessary steps are being taken.

- Ensure timely follow-up and strengthening of preventive measures.
- Take appropriate measures in case of frivolous or bad faith allegations.
- Take appropriate measures if a City staff member is cleared of allegations made in good faith.

DEPARTMENT HEADS AND SUPERVISORS

- Assess the risks, including but not limited to fraud risks, involved in their area of responsibility and ensure that an adequate system of internal control exists and functions to address these risks.
- Ensure that controls are properly operated and complied with. Managers should regularly review the control system in their area of work to satisfy themselves that it continues to operate effectively.
- Encourage staff to report reasonable suspicions of fraud, treating all allegations seriously, and promptly reporting allegations to the City Manager.
- Keep records of any allegations as well as any subsequent actions taken.

CITY ATTORNEY

- Provide guidance to the City Manager on the course of action to be taken, the involvement of external experts or legal authorities, and the conduct of investigations.
- Provide guidance to the City Manager regarding the potential legal avenues or consequences once a fraud has been established through investigation, and the means available to recover assets and to restore the City of Henderson's reputation and goodwill.
- Communicate with and manage relations with external criminal lawyer in circumstances where criminal cases of fraud arise.

ALL CITY STAFF

- Conduct themselves lawfully and properly in the use of the City's resources.
- Remain alert to the possibility of fraud and report suspicious behavior to their direct manager or supervisor or the City Manager.
- If staff prefer to report anonymously they can do so through the confidential fraud Hotlines.

- Attend in-house training courses on Risk Management and Fraud Prevention.
- Sign and accept the Anti-Fraud Policy as an integral condition of employment with the City of Henderson.

VII. Contact Details

Contact details for the City of Henderson are found on the City of Henderson's website_____

In addition, the following contact details are provided.

The City of Henderson City Manager:

City Manager
Henderson City Hall
400 W. Main Street
Henderson, TX 75652
Office: (903) 657-6551

Ethics and Fraud Reporting

For online reporting: _____

Reporting hotline: _____



City Council

Agenda Item # 8.

SUBJECT: Consideration and possible action allowing MPA Fireworks to shoot fireworks for a private event at the Henderson Civic Center for a duration of two minutes on March 29th, 2024. (Kimbrell)

MEETING DATE: March 19, 2024

DEPARTMENT: City Secretary

CONTACT: Cheryl Jimerson

RECOMMENDED CITY COUNCIL ACTION: Approving a two-minute firework show at the Civic Center.

ITEM SUMMARY: There is a private event scheduled for March 29th by Keisha King at the Henderson Civic Center. They have contacted Mike Adams with MPA Fireworks to hold a two-minute firework display at ???p.m. Mike has submitted a request to use product 1.4 noncommercial and 1.4 Proline fireworks. Neither one of them require a State of Texas permit.

BACKGROUND INFORMATION:

SPECIAL CONSIDERATIONS:

SUPPORTING MATERIALS:

1. Mike Adams Firework Request

MPA Fireworks LLC
P.O. Box 125
Whitehouse, TX 75791
[903-431-3137](tel:903-431-3137)/mike@mpafw.com

February 28, 2024

Henderson City Council
Henderson, TX 75754

Request to shoot fireworks at Henderson Civic Center

Date: March 29, 2024

Client: Keisha King/ Gender Reveal

Product 1.4 noncommercial and 1.4 Proline (neither require State of Texas permit)

Duration: 2 minutes

Location: See attached diagram

Untitled Map

Write a description for your map.

Legend

- Henderson
- Henderson Civic Center

Google Earth

Image © 2024 Airbus

Lake Forest Pkwy

Henderson Civic Center

Henderson Civic C

Hender

Shoof Sth

Lake Forest Pkwy

N

300 ft

Lake Forrest

Lake Forest Park



City Council

Agenda Item # 9.

SUBJECT: Consideration and Possible action on Resolution for a FY24 Grant Application to receive 12 Body Worn Cameras

MEETING DATE: March 19, 2024

DEPARTMENT: Police Department

CONTACT: Chad Taylor

RECOMMENDED CITY COUNCIL ACTION: Staff recommends Council accept this resolution

ITEM SUMMARY: Resolution for a FY24 Grant Application to receive Body Worn Cameras.

BACKGROUND INFORMATION: This is a 25% match grant that allows the Police Department to purchase needed Body Worn Cameras (BWC). The BWCs have to be replaced every 3 to 5 years due to extended 24 hour use as well as older BWCs that are no longer supported by the companies programming. This purchase will also cover one year cost for Cloud storage.

SPECIAL CONSIDERATIONS: The grant will cover 75% (\$17,055.00) spent on the BWCs leaving the city with covering 25% (\$5,685.00) of the purchase. The total cost for the BWCs is \$22,740.00. This grant is submitted and pending.

SUPPORTING MATERIALS:

1. 2024-03-02 Resolution grant for PD Body Cameras 5120201

RESOLUTION 2024-03-02

WHEREAS, The City of Henderson finds it in the best interest of the citizens of Henderson,); for twelve (12) Body Worn Cameras and video cloud storage for 2024; and

WHEREAS, the City of Henderson agrees to provide applicable matching funds for the said project as required by the SHSP Regular Solicitation grant application; and

WHEREAS, the Henderson Police Department agrees that in the event of loss or misuse of the Office of the Governor funds, the City of Henderson assures that the funds will be returned to the Office of the Governor in full.

WHEREAS, the Henderson Police Department designates Mayor Fullen as the grantee's authorized official. The authorized official is given the power to apply for, accept, reject, alter, or terminate the grant on behalf of the applicant agency.

NOW THEREFORE, BE IT RESOLVED that the City of Henderson / City Council approves submission of the grant application for twelve (12) Body Worn Cameras and video cloud storage to the Office of the Governor.

Signed by: _____
John "Buzz" Fullen, Mayor

ATTEST By: _____
Cheryl Jimerson, City Secretary

Passed and Approved this ____ (Day) of _____ (Month), ____ (Year)

Grant Number: 4539101



City Council

Agenda Item # 10.

SUBJECT: Open a first public hearing upon the application on the proposed annexation of Bradshaw State Jail Facility located on the corner of Loop 571 and Industrial Park Drive, also known as County Road 203 and/ or Morris Street.
(Mayor/Jimerson)

MEETING DATE: March 19, 2024

DEPARTMENT: City Secretary

CONTACT: Cheryl Jimerson

RECOMMENDED CITY COUNCIL ACTION: Open a hearing for public comment on the proposed annexation of the Bradshaw State Jail.

ITEM SUMMARY: The City of Henderson has been providing water and wastewater services to the Bradshaw State Jail from the time the facility was built. The request to annex into the city limits will reduce the water and wastewater rates from one and half times the rate to the rate provided for everyone within the city limits. This will be a substantial savings to the state entity.

BACKGROUND INFORMATION:

SPECIAL CONSIDERATIONS:

SUPPORTING MATERIALS:

1. Bradshaw Exhibit A
2. Application for Annexation of Bradshaw Jail
3. Service Plan Agreement for Bradshaw State Jail

Exhibit "A"

99.741 acres out of a called 108.85 acres as described in deed recorded in Volume 1449, Page 52 of the Rusk County Deed Records (RCDR), situated in the J. J. COOK SURVEY, A-192, J. S. WHITEMAN SURVEY, A-847 and the SUSAN J. WARREN SURVEY, A-836 on Loop 571 about 2 miles North 25 degrees West from the Courthouse in Henderson, Rusk County, Texas and being described in metes and bounds as follows:

BEGINNING at an existing $\frac{3}{4}$ " iron pipe found from the Northeast corner of said 108.85 acres and the Northwest corner of a called 3.84 acres as conveyed to International Paper Company in deed recorded in Volume 542, Page 367 of the RCDR and being on the Southwest right-of-way line of the Henderson and Overton Railroad, 50 feet perpendicular distance from the centerline of the tracks, from said $\frac{3}{4}$ " iron pipe bears an original 28" Post Oak found North 72 degrees West 14.6 feet;

THENCE with the North boundary line of said 108.85 acres along the Southwest right-of-way of said Henderson and Overton Railroad, 50 feet perpendicular distance from the centerline of the tracks as follows:

North 55 Degrees 30 Minutes 40 Seconds West, a distance of 295.80 feet, and

North 52 Degrees 17 Minutes 11 Seconds West, a distance of 302.71 feet, and

North 49 Degrees 35 Minutes 40 Seconds West, a distance of 302.40 feet, and

North 46 Degrees 30 Minutes 40 Seconds West, a distance of 303.00 feet, and

North 43 Degrees 25 Minutes 40 Seconds West, a distance of 302.00 feet, and

North 41 Degrees 18 Minutes 40 Seconds West, a distance of 370.00 feet, and

North 44 Degrees 04 Minutes 40 Seconds West, a distance of 327.00 feet, and

North 47 Degrees 50 Minutes 10 Seconds West, a distance of 102.58 feet to an existing $\frac{1}{2}$ " iron rod found for the East corner of a called 5.012 acres as conveyed to the State of Texas for Loop 571 and recorded in Volume 1555, Page 543 of the RCDR, said $\frac{1}{2}$ " iron rod being 150 feet perpendicular distance from the design centerline of said Loop 571;

THENCE with the Southeast boundary line of said 5.012 acres along the Southeast right-of-way of said Loop 571 as follows:

South 23 Degrees 10 Minutes 14 Seconds West, a distance of 100.05 feet to a $\frac{1}{2}$ " iron rod, being 150 feet perpendicular distance from the design centerline of said Loop 571, and

South 28 Degrees 44 Minutes 27 Seconds West, a distance of 614.44 feet to a $\frac{1}{2}$ " iron rod, being 90 feet perpendicular distance from the design centerline of said Loop 571, and

South 09 Degrees 39 Minutes 39 Seconds West, a distance of 124.30 feet to a ½" iron rod, being 120 feet perpendicular distance from the design centerline of said Loop 571, and

Around a curve to the right through a central angle of 01 Degrees 41 Minutes 59 Seconds an arc distance of 173.54 feet, a radius of 5849.58 feet and a chord bearing of South 25 Degrees 09 Minutes 30 Seconds West with a distance of 173.53 feet to a ½" iron rod, being 120 feet perpendicular distance from the design centerline of said Loop 571, and

South 21 Degrees 19 Minutes 51 Seconds West, a distance of 53.28 feet to a ½" iron rod set in the West Boundary Line of said 108.85 acres;

THENCE with the general line of a fence along the West Boundary Line of said 108.85 acres and being the East Boundary Line of a called 203 acres (Westfall Farm) as conveyed by Jessie Shaw to Reube Gene Richardson and Marilyn Shaw Bonner in deed recorded in Volume 920, Page 285 of the RCDR as follows:

South 11 Degrees 30 Minutes 40 Seconds East, a distance of 514.63 feet, and

South 13 Degrees 30 Minutes 40 Seconds East, a distance of 490.00 feet, and

South 17 Degrees 00 Minutes 40 Seconds East, a distance of 750.00 feet, and

South 18 Degrees 25 Minutes 29 Seconds East, a distance of 743.96 feet to a 22" Post Oak, and

South 62 Degrees 16 Minutes 10 Seconds East, a distance of 265.76 feet to a 10" Sweet Gum, and

South 09 Degrees 17 Minutes 37 Seconds East, a distance of 167.49 feet to an existing 1" iron pipe found for the South corner of said 108.85 acres and being in the West Boundary Line of a called 74.78 acres (Second Tract) as conveyed by Agnes Crim to John W. Lowe in deed recorded in Volume 943, Page 403 of the RCDR;

THENCE with the general line of fence along the East Boundary Line of said 108.85 acres and the West Boundary Line of said 74.78 acres as follows:

North 34 Degrees 53 Minutes 48 Seconds East, a distance of 196.83 feet, and

North 37 Degrees 25 Minutes 54 Seconds East, a distance of 1145.52 feet to an existing 1" iron pipe found for the most Northerly Northwest corner of said 74.78 acres and an inside ell corner of said 108.85 acres, whence bears an original 16" Black Jack Oak found South 78 Degrees East 33.4 feet and an original 11" Black Jack Oak (now dead) South 38 Degrees West 22.7 feet;

THENCE with the general line of fence along the South Boundary Line of said 108.85 acres and the North Boundary Line of said 74.78 acres South 78 Degrees 28 Minutes 13 Seconds East, a distance of 473.16 feet to an existing 1" iron pipe found at a fence corner and being in the recognized West Boundary Line of a called 7.56 acres as conveyed by the Henderson Industrial Trust to Lone Star Paint and Lacquer Manufacturing Company in Deed recorded in Volume 936, Page 495 of the RCDR;

THENCE with the general line of fence along the recognized West Boundary line of said 7.56 acres North 10 Degrees 15 Minutes 16 Seconds West, a distance of 345.26 feet to an existing $\frac{3}{4}$ " iron pipe found at a fence corner and being the Northwest corner of same and the South corner of said 3.84 acres;

THENCE along the general line of a fence along the West Boundary Line of said 3.84 acres as follows:

North 13 Degrees 37 Minutes 45 Seconds West, a distance of 368.19 feet to an existing $\frac{3}{4}$ " iron pipe, whence bears an original 22" Post Oak (now dead) found North 12 Degrees East 5.5 feet, and

North 10 Degrees 40 Minutes 56 Seconds East, a distance of 427.77 feet the
BEGINNING, CONTAINING 99.741 acres, more or less.



Planning and Development

City of Henderson 300 W. Main Henderson, Texas 75652
Phone: 903.657.6551 ext. 102 Fax: 903.657.7327

VOLUNTARY ANNEXATION PROCEDURE

Requests for voluntary annexation (with owner consent) will be considered by the City of Henderson upon receipt of a complete application. The estimated length of time from submission to final approval is 90 to 120 days. Voluntary annexation requests require the following steps:

1. Submit complete application including all required attachments.
2. Application review by City Departments which would be responsible for providing service or enforcing any applicable codes.
3. City of Henderson City Council initiates the annexation process and calls two public hearings, to be held no later than 60 days from initiation meeting.
4. Notice of public hearings will be posted in the newspaper at least 10 days, but no more than 20 days, prior to each public hearing.
5. After the second public hearing, City Council will hold the first reading to pass/reject the annexation ordinance. The second reading will be at the Council Meeting the following month.
6. If approved by the City Council a copy of the ordinance, map and legal description is filed with the:
 - US Department of Justice
 - Texas Secretary of State
 - State Comptroller's Office
 - Texas Department of Transportation
 - Rusk County Clerk
 - Rusk County Appraisal district
 - Henderson ISD
 - Each Affected Utility Company
 -
7. The annexation is complete upon acknowledgement by the Texas Secretary of State that the ordinance, map and legal description have been received.

The following items must be submitted with the completed application:

- Written request for annexation of identified property signed and dated by all owners of record or their authorized representatives. Attach a separate signature page for each owner.
- Complete legal description of property to be annexed sealed by licensed surveyor.
- Map of property to be annexed.



Planning and Development

City of Henderson 300 W. Main Henderson, Texas 75652 Phone: 903.657.6551 ext. 102 Fax: 903.657.7327

VOLUNTARY ANNEXATION APPLICATION

Project Information:

Project Type (circle one) Commercial Total Acres 99.741

Project Address (Location) 3900 N W Loop 571

Legal Description Deed recorded in Volume 1449 page 52 Cook,Whiteman and Warren Survey

Special Warranty Deed in Volume 3920 page 193

Project Name Bradshaw State Jail

Purpose of Annexation Reduce City Service Rates

Existing Use State Jail # Existing Lots _____ # Existing Units _____

Proposed Use No use change # Proposed Lots _____ # Proposed Units _____

Applicant Information Texas Department of Criminal Justice

Address P.O. Box99

City Huntsville State Texas 77342-4013

Phone 936-437-2189 Fax _____ Email _____

Property Owner Same as applicant

Address _____

City _____ State _____

Phone _____ Fax _____ Email _____

Key Contact/Agent _____

Address _____

City _____ State _____

1 Is petition being initiated by owner(s) or majority of registered voters in area of request? No

If No, what is the status of the applicant? Voluntary

2 Estimated population of the area in request: 2,500 , Adults: 2,500 , Children: _____

3 Number of registered voters in area in request: 0

4 What zoning district is being requested, if any, under separate application? Institutional

5 What is the purpose of the annexation? Reduce City Service rates



Planning and Development

City of Henderson 300 W. Main Henderson, Texas 75652 Phone: 903.657.6551 ext. 102 Fax: 903.657.7327

VOLUNTARY ANNEXATION APPLICATION

(page 2)

TO: THE MAYOR AND GOVERNING BODY OF THE CITY OF HENDERSON, TEXAS:

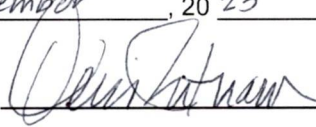
The undersigned does hereby petition for annexation of 99.741 acres located at 3900 N W Loop 571

in the extraterritorial jurisdiction of the City of Henderson, Texas. The property is more particularly described in the attached survey description and shown on the attached map. The undersigned also certifies that the required information concerning the land and its inhabitants is reasonably accurate and assumes responsibility for the completion of said information prior to scheduled action on the request of the City of Henderson.

Signature of Owner: 

Before me, the undersigned authority, on this day personally appeared Ron Steffa, known to me by the person whose name is subscribed to the above and foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration expressed and, in the capacity, therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 15th day of December, 20 23.

Notary Public: 

For Departmental Use Only

Project #: 20220801

Total Fees: None

Payment Method: N/A

Submittal Date: _____

Accepted By: _____

City Council Date: _____

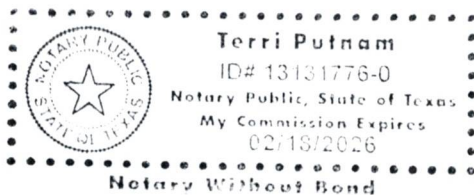


EXHIBIT "C"

CITY OF HENDERSON ANNEXATION SERVICE PLAN AGREEMENT BRADSHAW STATE JAIL 99.741 ACRE TRACT

INTRODUCTION

This service plan has been prepared in accordance with V.T.C.A., Local Government Code, Section 43.056 and 43.0561 for the **Texas Department of Criminal Justice, 99.741 acre tract**, as described in the field notes attached to the **Texas Department of Criminal Justice, 99.741 acre tract Annexing Ordinance 10-01-2023 as Exhibit "A"**. The Council finds that the property is annexed pursuant to Section 43.0671 Local Government Code on application of property owner (**Exhibit "C"**). Municipal facilities and services to the annexed area described Municipal Water, Solid Waste, Fire and Police Services will be provided or made available on behalf of the City at the following levels and in accordance with the following schedule:

POLICE PROTECTION

Patrolling, responses to calls, and other police services will be provided on the effective date of the annexation at the same level as provided throughout the city by the Henderson Police Department. The City of Henderson has a Municipal Court that is a Municipal Court of Record and of competent jurisdiction to handle Class C Misdemeanors.

FIRE PROTECTION AND FIRE PREVENTION

Fire protection and fire prevention services will be provided on the effective date of the annexation on the same basis and at the same level as provided throughout the City. The Henderson Fire Department is in Henderson, Texas.

UT HEALTH EMERGENCY MEDICAL SERVICES

Emergency medical services will be provided on the effective date of the annexation on the same basis and at the same level as provided throughout the City by the UT HEALTH EMERGENCY MEDICAL SERVICES (EMS). The EMS station is located at 500 W. Main Street Henderson, Texas 75652.

SOLID WASTE COLLECTION AND DISPOSAL

Solid waste collection and disposal services will be provided at the same level as provided throughout the city by the contracted company as specified by the City of Henderson Code of Ordinances.

WATER AND SANITARY SEWER SERVICE

Operation and maintenance of water and wastewater facilities that are contiguous to the city of Henderson's CCN and within this Annexation Service Plan will be provided by the Henderson Utility Department on the effective date of the annexation on the same basis and at the same level as provided throughout the City with comparable topography, land use and population density in accordance with existing Ordinances, including Ordinances governing subdivisions in effect on the date of annexation which require a developer to install water a lines.

MAINTENANCE OF ROADS AND STREETS

The City of Henderson maintains the city streets within the city. Existing State highways within the city are maintained by the State of Texas.

PARKS PLAYGROUNDS AND RECREATION

The City of Henderson owns several City Park's that is free to all residents and that can be used for picnics, recreation and so forth. The City rents the park facility for special events upon proper application made at the Civic Center Offices located at 1500 Lake Forest Parkway. A golf course (privately owned), disc golf and tennis courts are located within the city and are free to use.

LIBRARY SERVICE

The City of Henderson has a public library located within the city known as the Rusk County Library. The library is a separate independent entity and is not operated by City but provides Library services throughout the City located at 106 E. Main Street, Henderson, Texas 75654.

STREET LIGHTING

Street lighting is available within the city and is available through AEP Electric. The City of Henderson does not provide street lighting.

ELECTRICAL SERVICES

Electrical power service is available in the city and is provided within the City by AEP Electric.

NATURAL GAS SERVICES

Natural gas service is available in the city and is provided by Center Point Energy Company.

OTHER SERVICES

Other services that may be provided by the City such as planning and zoning, code enforcement, animal control, library, park and recreation, court, and general administration will be made available on the effective date of the annexation on the same basis and at the same level as provided throughout the City. Construction permits are issued by the City. Costs are determined by a Master Fee Schedule. The city uses the most recently adopted international building code for mechanical, fire, building, plumbing and miscellaneous other items. The city uses the International Electric Code for electrical work. Wastewater rules are the version of those published by the Texas commission on Environmental Quality. Site plan recommendation is performed by the Henderson the Planning and Zoning Commission final approval/disapproval by City Council.

CAPITAL IMPROVEMENTS

Construction of other capital improvements shall be considered by the City in the future as the need dictates on the same basis as such capital improvements are considered throughout the City in accordance with existing Ordinances of the City of Henderson, including Ordinances governing subdivisions in effect on the date of

annexation which require a developer to install or construct such capital improvements including but not limited to roads, streets, water, and sewer lines.

UNIFORM LEVEL OF SERVICES MAY NOT BE REQUIRED

Nothing in this plan shall require the City to provide a uniform level of full municipal services to each area of the City, including the annexed area, if different characteristics of topography, land use, and population density are considered a sufficient basis for providing different levels of service. Funding capital improvement and infrastructure necessary to provide municipal services to the property shall be subject to and in accordance with the existing Ordinances of the City of Henderson in effect on the date of annexation including those which require that a developer install or construct such capital improvements to the property.

TERM

This service plan shall be valid for a term of ten (10) years.

AMENDMENTS

The plan shall not be amended unless public hearings are held in accordance with the applicable sections of the Local Government Code.

Read and accepted by Texas Department of Criminal Justice

on the 6th day of October, 2023



Bryan Collier, Executive Director

Considered by City Council on the ____ day of _____, 2024.

Approved and adopted by City Council on the ____ day of _____, 2024.

John (Buzz) Fullen, Mayor

Attest:

Cheryl Jimerson, City Secretary



City Council

Agenda Item # 11.

SUBJECT: Consideration and possible action upon closing the public hearing on the proposed annexation of the Bradshaw State Jail. (Mayor)

MEETING DATE: March 19, 2024

DEPARTMENT: Council and Board

CONTACT:

RECOMMENDED CITY COUNCIL ACTION:
ITEM SUMMARY:

BACKGROUND INFORMATION:

SPECIAL CONSIDERATIONS:

SUPPORTING MATERIALS: None



City Council

Agenda Item # 12.

SUBJECT: Consideration and possible action upon an agreement with MD Health Pathways (MDHP) allowing citizens to have access to low-cost healthcare for a small fee and allowing this fee to be billed through the Henderson Utility Billing system. (Abercrombie)

MEETING DATE: March 19, 2024

DEPARTMENT: City Manager

CONTACT: Jay Abercrombie, City Manager

RECOMMENDED CITY COUNCIL ACTION: Authorize the City Attorney and City Manager to enter into an agreement with MDHP.

ITEM SUMMARY: The contract Russell and Jay have agreed upon has been sent to MD Health. The city is waiting for any changes MD Health may want to make or sign the agreement as is and send it back to us before or by Tuesday's Council Meeting.

BACKGROUND INFORMATION:

SPECIAL CONSIDERATIONS:

SUPPORTING MATERIALS: None



City Council

Agenda Item # 13.

SUBJECT: Consideration and possible action upon Resolution 2024-03-01 amending the 2024 Master Fee Schedule. (Abercrombie)

MEETING DATE: March 19, 2024

DEPARTMENT: Administration

CONTACT:

RECOMMENDED CITY COUNCIL ACTION:
ITEM SUMMARY:

BACKGROUND INFORMATION:

SPECIAL CONSIDERATIONS:

SUPPORTING MATERIALS:

1. 2024-03-01 Master Fee Schedule Resolution 2024 Rates
2. 2024-03-01 Master Fee Schedule Resolution 2024 Rates

RESOLUTION # 2024-03-01

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HENDERSON, TEXAS AMENDING THE MASTER FEE SCHEDULE CREATED AND ADOPTED ON March 19, 2024, AND MAINTAINED WITHIN THE OFFICE OF THE CITY SECRETARY; AND ESTABLISH AN EFFECTIVE DATE.

WHEREAS, the City of Henderson has adopted by resolution a Master Fee Schedule containing the various Fees for Service charged by the City of Henderson; and

WHEREAS, The City Council of the City of Henderson finds that from time to time, it is necessary to amend that Master Fee Schedule to reflect changes to, and/or the creation of, new Fees for Service provided to citizens, property owners and parties doing business within the City;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HENDERSON, TEXAS:

SECTION 1.

Such Master Fee Schedule is amended to include under the heading Administration, Animal Center, Civic Center, Fire and Police, Public Services, and Water and Sewer having changes in fees.

See Attachment A

SECTION 2.

This Resolution is effective immediately upon passage.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HENDERSON, TEXAS ON THIS THE 19th DAY OF MARCH 2024.

SIGNED:

John (Buzz) Fullen, Mayor

ATTESTED:

Cheryl Jimerson, City Secretary

RESOLUTION # 2024-03-01

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HENDERSON, TEXAS AMENDING THE MASTER FEE SCHEDULE CREATED AND ADOPTED ON March 19, 2024, AND MAINTAINED WITHIN THE OFFICE OF THE CITY SECRETARY; AND ESTABLISH AN EFFECTIVE DATE.

WHEREAS, the City of Henderson has adopted by resolution a Master Fee Schedule containing the various Fees for Service charged by the City of Henderson; and

WHEREAS, The City Council of the City of Henderson finds that from time to time, it is necessary to amend that Master Fee Schedule to reflect changes to, and/or the creation of, new Fees for Service provided to citizens, property owners and parties doing business within the City;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HENDERSON, TEXAS:

SECTION 1.

Such Master Fee Schedule is amended to include under the heading Administration, Animal Center, Civic Center, Fire and Police, Public Services, and Water and Sewer having changes in fees.

See Attachment A

SECTION 2.

This Resolution is effective immediately upon passage.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HENDERSON, TEXAS ON THIS THE 19th DAY OF MARCH 2024.

SIGNED:

John (Buzz) Fullen, Mayor

ATTESTED:

Cheryl Jimerson, City Secretary



City Council

Agenda Item # 14.

SUBJECT: Consideration and possible action upon Resolution 2024-03-02 Body Camera Matching Grant for the Police Department. (Taylor)

MEETING DATE: March 19, 2024

DEPARTMENT: Police Department

CONTACT:

RECOMMENDED CITY COUNCIL ACTION:
ITEM SUMMARY:

BACKGROUND INFORMATION:

SPECIAL CONSIDERATIONS:

SUPPORTING MATERIALS:

1. 2024-03-02 Resolution grant for PD Body Cameras 5120201

RESOLUTION 2024-03-02

WHEREAS, The City of Henderson finds it in the best interest of the citizens of Henderson,); for twelve (12) Body Worn Cameras and video cloud storage for 2024; and

WHEREAS, the City of Henderson agrees to provide applicable matching funds for the said project as required by the SHSP Regular Solicitation grant application; and

WHEREAS, the Henderson Police Department agrees that in the event of loss or misuse of the Office of the Governor funds, the City of Henderson assures that the funds will be returned to the Office of the Governor in full.

WHEREAS, the Henderson Police Department designates Mayor Fullen as the grantee's authorized official. The authorized official is given the power to apply for, accept, reject, alter, or terminate the grant on behalf of the applicant agency.

NOW THEREFORE, BE IT RESOLVED that the City of Henderson / City Council approves submission of the grant application for twelve (12) Body Worn Cameras and video cloud storage to the Office of the Governor.

Signed by: _____
John "Buzz" Fullen, Mayor

ATTEST By: _____
Cheryl Jimerson, City Secretary

Passed and Approved this ____ (Day) of _____ (Month), ____ (Year)

Grant Number: 4539101



City Council

Agenda Item # 15.

SUBJECT: Consideration and possible action upon the second reading of ordinance 2024-02-01 regarding a request to create a new zoning district for Town Homes. (Breitenberg/McElfresh)

MEETING DATE: March 19, 2024

DEPARTMENT: Community Development

CONTACT: Billy Hughes, P & Z Coordinator

RECOMMENDED CITY COUNCIL ACTION: : The Planning and Zoning Commission and our staff recommend council consider approving ordinance #2024-01-01 adding the Town Home Dwelling District to Article 2 of the City of Henderson's Zoning Ordinances, including the proposed appropriate developmental standards for this district.

ITEM SUMMARY: This proposed amendment would create a new zoning district for Town Homes that can be placed within certain residentially zoned districts and adjacent to certain appropriate zoned districts.

BACKGROUND INFORMATION: Presently, the City of Henderson has no residential district that permits a zero lot line for single family attached dwelling units to be built and sold as such. If approved, the "Town Home Dwelling District" would have its own Developmental Standards, Permitted Uses and Special Exception Uses.

SPECIAL CONSIDERATIONS: Our staff has already been approached by several builders and property owners interested in building town homes. If approved, the creation of this new Town Home Dwelling District would be the first step toward the direction of residential developments suggested by the

newly adopted 2050 Comprehensive Plan.

SUPPORTING MATERIALS:

1. Town Home Ordinance
2. Developmental standards for Town Homes
3. Proposed 3 unit town home

ORDINANCE NO. _____

AN ORDINANCE PROVIDING FOR A NEW SECTION OF THE ZONING ORDINANCE OF THE CITY OF HENDERSON, TEXAS, TO PROVIDE FOR THE CREATION OF A NEW ZONING DISTRICT TO BUILD TOWN HOMES IN CERTAIN RESIDENTIAL DISTRICTS; PROVIDING SETBACK REQUIREMENTS; REGULATING SIGNAGE; PROVIDING FOR COMPLIANCE WITH OTHER CODES; PROVIDING FOR SEVERABILITY; REPEALING ALL ORDINANCES IN CONFLICT HERewith; AND PROVIDING THAT THIS ORDINANCE SHALL BECOME EFFECTIVE IMMEDIATELY UPON FINAL ADOPTION

WHEREAS, On February 19, 2024, the City Council of the City of Henderson, Texas, amended the Zoning Ordinance of the City of Henderson to establish a new zoning district to allow Town Homes to be built within the certain residential zoning districts; and

WHEREAS, owners of property located within the City of Henderson have requested the Planning and Zoning Commission to recommend to the City Council that a new zoning district be established specifically for Town Homes; and

WHEREAS, the Planning and Zoning Commission has recommended that the Zoning Ordinance be amended to provide for a Town Home District be allowed by amending the zoning map for the City of Henderson in certain Residential Districts within the City of Henderson; and

WHEREAS, the City Council of the City of Henderson, Texas, has determined that it would be in the best interest of the citizens to approve the recommendation of the Planning and Zoning Commission, thereby allowing certain properties in districts of the City of Henderson in order to promote growth;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HENDERSON, TEXAS:

Section 1: That there be created a new section to be added to Article 2 of the City Zoning Ordinance, to be designated as Section 2.37 of Article 2, which such new section shall read as follows:

"SECTION 2.37 Town Home Dwelling District"

Development Regulations:

District Intent

The Townhome Districts intent is to provide for development of single family-attached units on separate lots, platted with a zero foot (0') side yard setback on the interior units and built to accommodate five (5) to twelve (12) dwelling units per acre. The maximum number of units attached shall not exceed six (6). Corresponding future land use designations generally include Medium Density Residential and High Density Residential.

Application for District

New Development

Appropriate Adjacent Zoning Districts

AG, PR, and IS

Appropriate Within Zoning Districts

RE, R1, R2, R3, M1 and M2

a. Permitted Uses

Accessory Permitted Uses

Home business (Type 1)

Residential Permitted Uses

Dwelling single-family attached

b. Special Exception Uses

Accessory Special Exception Uses Home business (Type 2).

Residential Special Exception Uses Low Density Single Family Residential

Developmental Standards

Minimum Lot Area	6000sf
Minimum Lot Width	25'
Minimum Lot Depth	100'
Minimum separation between structures	15'
Maximum Lot Coverage	80%
Minimum Front Yard Setback	30'
Min Front Yard Setback for Corner Lot	30' from each street Front
Minimum side Yard setback	0' between attached units 7 ½' on end units
Minimum rear yard setback	10'
Minimum Dwelling Size	800 sf
Maximum Height	35'

All structures shall meet all other applicable requirements of the adopted zoning ordinances.

All structures shall meet all applicable Building, Fire and Health codes.

c. Signs:

No signs shall be allowed identifying the Townhome structures other than address identification on building.

d. All structures shall meet all applicable Building, Fire and Health Codes."

Section 2: That the provisions of this Ordinance shall be severable. If any provision of this ordinance is held invalid, such invalidity shall not affect other provisions or applications of this ordinance which can be given effect without the invalid provision of application.

Section 3: That all ordinances or parts of ordinances in conflict herewith are hereby expressly repealed.

Section 4: That this ordinance shall take full effect and force upon the passage by the City Council of the City of Henderson, Texas.

PASSED AND APPROVED upon the first reading on this the ____ day of _____, 2024.

PASSED, APPROVED, AND ADOPTED on the second and final reading on this the ____ day of _____, 2023.

J. W. FULLEN
Mayor

ATTEST:

Cheryl Jimerson
City Secretary

Town Home (TH) Dwelling District

District Intent	Permitted Uses	Special Exception Uses
The Town Home Districts intent is to provide for development of single family-attached units on separate lots, built to accommodate five (5) to twelve (12) dwelling units per acre. The maximum number of units attached shall not exceed six (6). Corresponding future land use designations generally include Medium Density Residential and High Density Residential. Application for District New Development Appropriate Adjacent Zoning Districts AG, PR, and IS Appropriate Within Zoning Districts RE, R1, R2, R3, M1 and M2	Accessory Permitted Uses Home business (Type 1) Residential Permitted Uses Dwelling single-family attached	Accessory Special Exception Uses Home business (Type 2) Residential Special Exception Uses Low Density Single Family Residential

Minimum Lot Area	6000 sf
Minimum Lot Width	25'
Minimum Lot Depth	100'
Maximum Lot Coverage	80%
Minimum Front Yard Setback	30'
Minimum Front Yard Setback for Corner Lot	30' from property line on both street fronts
Minimum Side Yard Setback	0' between attached units; 7 ½' on end units
Minimum Rear Yard Setback	10'
Minimum Dwelling Size	800 sf
Maximum Stories	2.5
Minimum separation between structures	15'

All structures shall meet all other applicable requirements of the adopted zoning ordinances.

All structures shall meet all applicable Building, Fire and Health codes.





City Council

Agenda Item # 16.

SUBJECT: Consideration and possible action upon the second reading of Ordinance 2024-02-02 rezoning a property from an R2 Zone to TH Zone. (Breitenberg/McElfresh)

MEETING DATE: March 19, 2024

DEPARTMENT: Community Development

CONTACT: Dennis Williams, P & Z Coordinator

RECOMMENDED CITY COUNCIL ACTION: Staff recommends that the Council consider and approve a recommendation from the Planning and Zoning Commission to amend the Zoning Map for the City of Henderson. This is in Council District 4.

ITEM SUMMARY: The subject property is located at 501 S. Van Buren and is currently zoned Medium Density Single Family Residential (R2). Our staff recommends that this property be re-zoned to the Town Home Dwelling District (TH), pending final council approval of ordinance #2024-02-02.

BACKGROUND INFORMATION: At a meeting held February 16, 2024, the Planning and Zoning Commission recommended this change of zoning for a property located at 501 S. Van Buren. The owner of this property has requested that this property be rezoned to the Town Home (TH) district so that he may build a 3 unit Town Home on his lot.

SPECIAL CONSIDERATIONS: If approved, this will be the first town home built in the city in many years. The developer has told our staff that if successful, this will be the first of several he is considering building in Henderson.

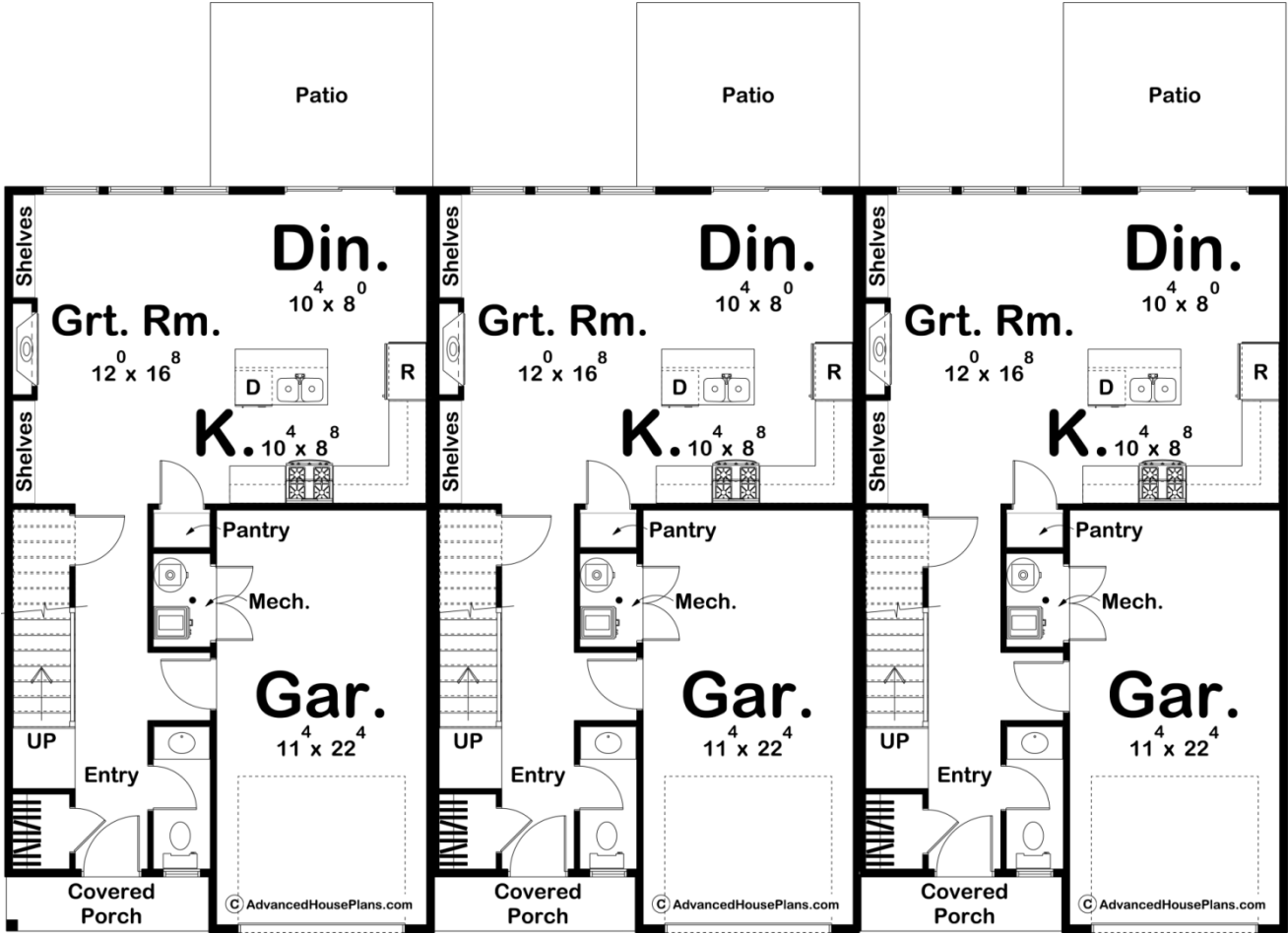
SUPPORTING MATERIALS:

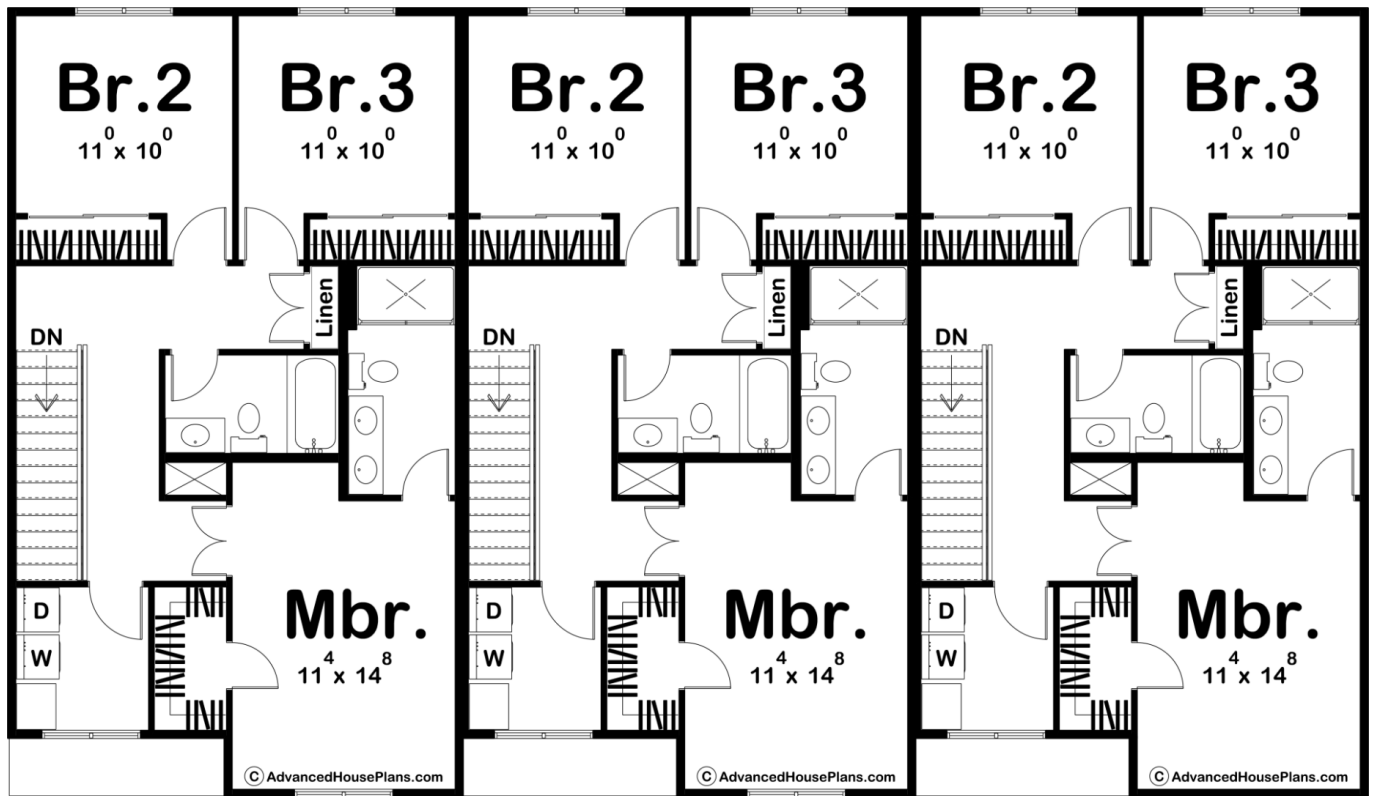
1. watertown (1)
2. 501 S Van Buren Ordinance
3. RCAD map



30151 - Watertown Data Sheet

1464 SQ FT	3 BEDS	3 BATHS	1 BAYS	69' 0" WIDE	40' 0" DEEP
---------------	-----------	------------	-----------	----------------	----------------





Construction Specs

Layout

Bedrooms	3
Bathrooms	3
Garage Bays	1

Square Footage

Main Level	622 Sq. Ft.
Second Level	842 Sq. Ft.
Covered Area	33 Sq. Ft.
Garage	264 Sq. Ft.
Total Finished Area	1464 Sq. Ft.

Exterior Dimensions

Width	69' 0"
Depth	40' 0"
Ridge Height	30'
<i>Calculated from main floor line</i>	

Default Construction Stats
Stats are unique to the individual plan.

Foundation Type	Slab
Exterior Wall Construction	2x4
Roof Pitches	6/12 Primary, 10/12 Secondary
Main Wall Height	9'
Second Wall Height	8'

Plan Description

The Watertown is the triplex version of our Tara Hills plan. It is an affordable 2-Story Modern Farmhouse style plan. The exterior features board and batten siding and a covered porch. The great room, kitchen, and dining room flow seamlessly in an open layout. The great room is warmed by a fireplace that is flanked by built-in bookshelves. The L-shaped kitchen includes an island and a reach-in pantry. A sliding glass door leads to the rear patio from the dining room. Upstairs, you'll find 3 bedrooms. The master suite includes a bathroom with dual vanities and a walk-in shower. Bedrooms 2 and 3 share a centrally located hall bathroom.

ORDINANCE NO. 2024-02-02

AN ORDINANCE PROVIDING FOR THE REZONING OF A PORTION OF THE MEDIUM DENSITY SINGLE-FAMILY RESIDENTIAL DISTRICT (R-2) ZONE OF THE CITY OF HENDERSON TO A TOWN HOME DWELLING DISTRICT (TH) ZONE; PROVIDING FOR SEVERABILITY; REPEALING ALL ORDINANCES IN CONFLICT HERewith; AND PROVIDING THAT THIS ORDINANCE SHALL BECOME EFFECTIVE IMMEDIATELY UPON FINAL ADOPTION.

WHEREAS, on JUNE 13, 2017, the City of Henderson enacted the Zoning Ordinance of the City of Henderson designating the different zoning areas for the city, and

WHEREAS, the City Council finds that it is in the best interest of the citizens of the City that said portion of the City be rezoned to Single Family Attached Town Home Dwelling District (TH).

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HENDERSON, TEXAS:

SECTION 1: That the Henderson Zoning Ordinance is hereby amended to change the zoning of W PT LT 3, BLK 68, J SMITH SUR, from a Medium Density Residential District (R-2) to a Single Family Attached Town Home (TH) District.

SECTION 2: That the provisions of this Ordinance shall be severable. If any provision of this Ordinance is held invalid, such invalidity shall not affect other provisions or applications of this ordinance which can be given effect without the invalid provision or application.

SECTION 3: That all ordinances or parts of ordinances in conflict herewith are hereby expressly repealed.

SECTION 4: That this Ordinance shall take full effect and force upon the passage by the City Council of the City of Henderson, Texas.

PASSED AND APPROVED upon the first reading on this the _____ day of _____, 2024.

PASSED, APPROVED, AND ADOPTED upon the final reading on this the _____ day of _____, 2024.

JOHN W. FULLEN, MAYOR

ATTEST:

CHERYL JIMERSON, CITY SECRETARY



Show search results for 4928

4928



Map data © OpenStreetMap contributors, Microsoft, Facebook, Inc. and its affiliates

100ft

32149 94 802 Degrees



City Council

Agenda Item # 17.

SUBJECT: Consideration and possible action upon the second reading of Ordinance 2024-02-03 rezoning a property from an R1 Zone to TH Zone. (Breitenberg/McElfresh)

MEETING DATE: March 19, 2024

DEPARTMENT: Community Development

CONTACT: Dennis Williams, P & Z Coordinator

RECOMMENDED CITY COUNCIL ACTION: : Staff recommends that the Council consider and approve a recommendation from the Planning and Zoning Commission to amend the Zoning Map for the City of Henderson. This is in Council District 4.

ITEM SUMMARY: The subject property is located at 103 S. Frisco and is currently zoned Low Density Single Family Residential (R1). Our staff recommends that this property be re-zoned to the Town Home Dwelling District (TH), pending final council approval of ordinance #2024-01-01.

BACKGROUND INFORMATION: : At a meeting held February 16, 2024, the Planning and Zoning Commission recommended this change of zoning for a property located at 103 S. Frisco. The owner of this property has requested that this property be rezoned to the Town Home (TH) district so that he may build a 2 unit Town Home on his lot.

SPECIAL CONSIDERATIONS: The developmental standards that are proposed for the Town Home district require that any application to rezone a property in the R1 district must go before the Board of Adjustments for a Special Exception Use variance before the application to rezone the property can be considered.

The BOA approved the Special Exception Use application and the Planning and Zoning Commission voted to make the recommendation to council to consider and approve the request to rezone the property to the Town Home District.

SUPPORTING MATERIALS:

1. zoning ordinance R1 to TH

ORDINANCE NO. 2024-02-03

AN ORDINANCE PROVIDING FOR THE REZONING OF A PORTION OF THE LOW DENSITY SINGLE FAMILY RESIDENTIAL (R1) ZONE OF THE CITY OF HENDERSON TO A TOWN HOME DWELLING (TH) ZONE; PROVIDING FOR SEVERABILITY; REPEALING ALL ORDINANCES IN CONFLICT HERewith; AND PROVIDING THAT THIS ORDINANCE SHALL BECOME EFFECTIVE IMMEDIATELY UPON FINAL ADOPTION.

WHEREAS, on JUNE 13, 2017, the City of Henderson enacted the Zoning Ordinance of the City of Henderson designating the different zoning areas for the City; and

WHEREAS, the City Council finds that it is in the best interest of the citizens of the City that said portion of the City be rezoned to Single Family Attached, Town Home Dwelling District (TH).

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HENDERSON, TEXAS:

SECTION 1: That the Henderson Zoning Ordinance is hereby amended to change the zoning of Lot 2, Block 908, Meadow Acres, from a Low Density Single Family Residential District (R-1) to a Single Family Attached, Town Home Dwelling District (TH).

SECTION 2: That the provisions of this Ordinance shall be severable. If any provision of this Ordinance is held invalid, such invalidity shall not affect other provisions or applications of this ordinance which can be given effect without the invalid provision or application.

SECTION 3: That all ordinances or parts of ordinances in conflict herewith are hereby expressly repealed.

SECTION 4: That this Ordinance shall take full effect and force upon the passage by the City Council of the City of Henderson, Texas.

PASSED AND APPROVED upon the first reading on this the _____ day of _____, 2024.

PASSED, APPROVED, AND ADOPTED upon the final reading on this the _____ day of _____, 2024.

JOHN W. FULLEN, MAYOR

ATTEST:

Cheryl Jimerson, CITY SECRETARY



HENDERSON FIRE DEPARTMENT

401 West Main St.
Henderson, Texas 75654
903-657-6551

Rusty Chote, Fire Chief
Sonny Ybarra, Deputy Fire Chief

MONTHLY REPORT FOR FEBRUARY 2024

<u>TYPE OF CALL</u>	<u>CITY</u>	<u>COUNTY</u>
<i>OTHER FIRES (Industrial/other)</i>	1	0
<i>STRUCTURE FIRES</i>	1	0
<i>VEHICLE FIRES</i>	2	0
<i>GRASS FIRES</i>	1	2
<i>ELECTRICAL FIRES</i>	1	0
<i>COOKING FIRES (KITCHEN)</i>	0	0
<i>POWER LINES</i>	1	0
<i>SMOKE CHECKS</i>	0	0
<i>ACCIDENTS (JAWS)</i>	0	1
<i>MVC'S (No Extrication)</i>	3	3
<i>AIRCRAFT STAND-BY</i>	0	0
<i>FUEL SPILLS/GAS LEAKS</i>	0	1
<i>RESCUE</i>	2	0
<i>MEDICAL CALLS</i>	27	13
<i>ALARM MALFUNCTIONS</i>	2	0
<i>FALSE ALARMS</i>	3	0
<i>DISPATCHED AND CANCELED ENROUTE</i>	3	3
<i>UNAUTHORIZED BURNING</i>	3	0
<i>CONTROL BURN (COUNTY ONLY)</i>	0	0
<i>ASSIST OTHER DEPARTMENTS</i>	0	1
<i>MISCELLANEOUS CALLS/PUBLIC SERVICE</i>	3	1
TOTAL	53	25
MILEAGE	241.7	176.4
MANHOURS	45.00	99.00
TOTAL CALLS		78
TOTAL MILEAGE		418.1
TOTAL MANHOURS		144
TRAINING	Paid 74 Vol 10	Total 84
INSPECTIONS		35
FIRE PREVENTION PROGRAMS		0
PUBLIC RELATIONS EVENTS		2
HYDRANT MAINTENANCE		20
WATER USAGE		3,000

HENDERSON FIRE DEPARTMENT



Fire Prevention and Public Relations

February 2024 came with a lot of changes to the Henderson Fire Department. Fire Chief, Rusty Chote retired after 32 years of service. It has been a privilege to have served with him and learn under his leadership. We had a nice farewell celebration at City Hall with a lot of folks in attendance.

With that, a lot of changes are headed our way. Sonny Ybarra will take the position of Fire Chief, Jeff Stoddard has been promoted to Assistant Chief. Chris Dension tested, interviewed and has been promoted to Captain of C shift and Ben Martin will be Lieutenant of C shift. We would like to congratulate and welcome each one of these gentlemen into their new positions.

The administration side is on the last part of the construction phase. Looks like we will be back on that side come next month. It will be good to be back home and have it completed.

February 2024

Call Log

- Fire Calls: 38
- Medical Calls: 40
- Total Calls: 78
- Inspections: 35
- Hydrants: 20



City of Henderson
February 2024

Emergency Calls Compliance

<u>Compliance</u>	<u>Calls</u>	<u>Late</u>
96.18%	131	5

Run# - 18380 – Priority 1 – Interfacility
Total Response Time – 11 minutes 06 seconds

Delayed due to a long out of chute time.

Run# - 19238 – Priority 1 – Unconscious
Total Response Time – 12 minutes 00 seconds

Call-taker entered call in under wrong city.

Run# - 13185 – Priority 2 – Interfacility
Total Response Time – 15 minutes – 12 seconds

Delay due to multiple calls in the city.

Run# - 13432 – Priority 2 – Interfacility
Total Response Time – 11 minutes 10 seconds

Delay due to crew bad route.

Run #- 18634 – Priority 2 – Traffic Accident
Total Response Time – 23 minutes 20 seconds
Delay due to multiple calls in the city.



Henderson Police Department

800 Lake Forest Parkway

Henderson, Texas 75652

Phone: 903-657-3512 Fax: 903-657-3345

Integrity ° Respect ° Accountability ° Courage ° Professionalism ° Dedication ° Service

03/01/2024

To: City Council
From: Chad Taylor, Chief
Ref: Training Report

Training report for the month of February

Total number of officers with license certification **3**

Total number of officers moved from basic to intermediate – 0

Total number of officers moved to advanced – 0

Total number of officers moved to master- 0

Total number of officers in the cadet program- **1**

Total number of Telecommunicators with a temporary license – **1**

Total number of Telecommunicators moved from temporary license to basic-0

Total number of Telecommunicators moved from basic to intermediate-**0**

Total number of Telecommunicators moved from advance to master-0

Total Proficiency level moves - 0

Approximate hours of training hours for the month of January-**329.55**

Information provided by Sgt. Charles Helton – Training/Community Outreach Coordinator



Henderson Police Department

800 Lake Forest Parkway

Henderson, Texas 75652

Phone: 903-657-3512 Fax: 903-657-3345

Integrity ° Respect ° Accountability ° Courage ° Professionalism ° Dedication ° Service

February 2024 Open Record Report

Request	ORR Received	ORR Completed	ORR Open
OAG Rulings	1	1	0
ORR US Gov.	3	3	0
ORR State Gov.	7	7	0
ORR Local Gov.	3	3	0
ORR Subpoena	1	1	0
ORR Civilian	22	22	0
ORR Attorney	17	17	0
CR-3 Crash Reports	58	58	0
Total Requests	112	112	0

Information provided by Stacey Strong – Records Administrator

REV 2023/SJS

Open Records Report

2-1-2024 to 2-29-2024

DATE(S)	Record Requestor	TIME IN	TIME OUT	HOURS	Charges
1/2/24	61 Day No Response CR3 Crash H2311169				Complete
1/4/24	Monsour Law Refund h2204707	10:18 AM	10:40 AM	0.37	Refund
1/12/24	Civilian ORR 2015 cases x4 S. O'leary 214-885-9940	7:39:50:00	9:15 AM	0.00	Billed 19.60
1/25/24	ORR 1803 Elm St #504 and 508	7:40 AM	8:17 AM	0.62	Billed 1.00
1/29/24	ORR Parker Firm 202200120 No. 6696	11:30 AM	3:09 PM	3.65	36.10
1/31/24	ORR Sloan Firm H2304535 No. 6685	7:30 AM	8:30 AM	1.00	18.50
1/31/24	ORR Sloan Firm H2304020 No. 6686	1:00 PM	2:00 PM	1.00	18.40
2/1/24	CR3 H2400607 MRB No. 6684	8:35 AM	10:00A	0.00	5.00
2/1/24	ORR H2400609 MRB ACTIVE CASE	8:35 AM	10:00 AM	1.42	ACTIVE
2/1/24	CR3 H2400667 Liberty Mutual Order through CRIS	10:25 AM	10:38 AM	0.22	Complete
2/1/24	CR3 H2311947 Meals on Wheels Order through CRIS	10:38 AM	10:48 AM	0.17	Complete
2/1/24	ORR US COURTS A.TIDWELL	1:30 PM	2:04 PM	0.57	Complete
2/2/24	CR3 H2400815 Will go through CRIS	12:28p	12:38 PM	0.00	Complete
2/2/24	OAG Ken Paxton VC24060016 H2309779 1st request	2:00 PM	3:00 PM	1.00	Complete
2/2/24	OAG Ken Paxton VC24060016 H2309779 2nd Request	2:00 PM	3:00 PM	1.00	Complete

DATE(S)	Record Requestor	TIME IN	TIME OUT	HOURS	Charges
2/5/24	CR3 Lexis Nexis H2311331 No. 6687	10:34 AM	11:50 AM	1.27	5.00
2/5/24	CR3 Lexis Nexis H2400685 No. 6688	10:34 AM	11:50 AM	1.27	5.00
2/5/24	CR3 Lexis Nexis 112100737 No. 6689	10:34 AM	11:50 AM	1.27	5.00
2/5/24	CR3 Lexis Nexis Out of Jurisdiction No. 6690	10:34 AM	11:50 AM	1.27	5.00
2/5/24	CR3 Lexis Nexis Out of Jurisdiction No. 6691	10:34 AM	11:50 AM	1.27	5.00
2/5/24	CR3 Lexis Nexis H2400482 No. 6692	10:34 AM	11:50 AM	1.27	5.00
2/5/24	CR3 Lexis Nexis 112400327 No. 6693	10:34 AM	11:50 AM	1.27	5.00
2/5/24	CR3 Lexis Nexis h2400519 No. 6694	10:34 AM	11:50 AM	1.27	5.00
2/5/24	61 day no response H2311203			0.00	Complete
2/6/24	ORR H2312182 & 2187 Ichad Parker	7:15 AM	10:15 AM	3.00	Complete
2/6/24	CR3 H2400737 Lexis Nexis No. 6695	12:00 PM	12:15 PM	0.25	5.00
2/7/24	ORR H2304261 Flowers & Davis PLLC	4:20 PM	5:00 PM	0.67	Rescinded
2/8/24	ORR Washington Co. Sheriffs Office A.Hatt	9:40 AM	10:10 AM	0.50	Complete
2/12/24	61 day no response Rogers Law Firm 201605479			0.00	Complete
2/12/24	ORR The Bassett Firm 202109918 No. 6715	8:21 AM	1:37 PM	5.27	80.70
2/12/24	CR3 H2311285 /Used C.R.I.S Crash	9:00 AM	9:05 AM	0.08	Complete
2/12/24	H2400609 Requested 552.101 and 550.065 info	9:15 AM	9:30 AM	0.25	Complete
2/12/24	CR3 H2400922 Using C.R.I.S Crash	10:00 AM	10:16 AM	0.27	Complete
2/12/24	ORR Requestor wanted info on Warrant referred to RCSO	10:36 AM	10:40 AM	0.07	Complete
2/12/24	ORR Tarrant Co gave info	10:40 AM	10:44 AM	0.07	Complete
2/12/24	CR3 H2400815 Will go through CRIS	8:00 AM	8:19 AM	0.32	Complete
2/12/24	ORR H2401264 Media Page	11:00 AM	11:05 AM	0.08	Complete
2/12/24	CR3 H2401154	11:30 AM	11:37 AM	0.12	Complete
2/12/24	ORR M Hinojosa 1994 Case No. 6706	2:00 PM	3:21 PM	1.35	30.30
2/12/24	ORR B&G Law Subpoena H2208873No. 6717	8:10 AM	9:15 AM	1.08	11.00
2/12/24	ORR Biggs and Greenslade H2312304 No. 6714	2:20 PM	2:43 PM	0.38	18.40

DATE(S)	Record Requestor	TIME IN	TIME OUT	HOURS	Charges
2/13/24	CR3 H2400737 Lexis Nexis No. 6695	10:35 AM	10:45 AM	0.17	Complete
2/13/24	CR3 H2400737 Lexis Nexis	10:45 AM	10:55 AM	0.17	Complete
2/13/24	CR3 H2400964 Not Ready	10:56 AM	10:59 AM	0.05	Complete
2/13/24	CR3 H2400574 Using CRIS Crash	9:30 AM	9:44 AM	0.23	Complete
2/13/24	ORR FlowersDavis H2304020	7:40 AM	9:40 AM	2.00	Rescinded
2/13/24	ORR FlowersDavis H2304020/BodyDash Cam	10:50 AM	11:50 AM	1.00	Complete
2/13/24	ORR Arrow Child and Family Wrong Jurisdiction	12:55 PM	1:27 AM	12.53	Complete
2/13/24	ORR BG LAW H2312304	2:19 PM	3:19 PM	1.00	Complete
2/13/24	CR3 H2401214 Using CRIS CRASH	3:00 PM	3:30 PM	0.50	Complete
2/13/24	ORR H2401217	3:30 PM	4:00 PM	0.50	Complete
2/14/24	CR3 H2401154 No. 6707	10:21 AM	10:30 AM	0.15	Complete
2/14/24	ORR Fuentes Firm 202200638	2:09 PM	12:00 PM	21.85	complete
2/14/24	CR3 Lexis Nexis No. 6702	10:51 AM	12:00 PM	1.15	5.00
2/14/24	CR3 Lexis Nexis No. 6701	10:51 AM	12:00 PM	1.15	5.00
2/14/24	CR3 Lexis Nexis No. 6705	10:51 AM	12:00 PM	1.15	5.00
2/14/24	CR3 Lexis Nexis No. 6704	10:51 AM	12:00 PM	1.15	5.00
2/14/24	CR3 Lexis Nexis No. 6700	10:51 AM	12:00 PM	1.15	5.00
2/14/24	CR3 Lexis Nexis No. 6703	10:51 AM	12:00 PM	1.15	5.00
2/14/24	CR3 Lexis Nexis No. 6697	10:51 AM	12:00 PM	1.15	5.00
2/14/24	CR3 Lexis Nexis No. 6695	10:51 AM	12:00 PM	1.15	Complete
2/14/24	CR3 Lexis Nexis No. 6689	10:51 AM	12:00 PM	1.15	Complete
2/14/24	CR3 Lexis Nexis No. 6698	10:51 AM	12:00 PM	1.15	5.00
2/14/24	ORR Fuentes Firm 202200638	2:26 PM	3:00 PM	0.57	Complete
2/14/24	ORR Melissa Harris Godsey Martin PC No record	3:37 PM	4:00 PM	0.38	Complete
2/14/24	CR3 L. Miller Using CRIS CRASH	3:30 PM	3:37 PM	0.12	Complete
2/14/24	CR3 H2401154 No. 6707	4:10 PM	4:30 PM	0.33	6.00

DATE(S)	Record Requestor	TIME IN	TIME OUT	HOURS	Charges
2/14/24	CR3 J Chad Parker H2312182 No. 6699	4:35 PM	4:45 PM	0.17	36.00
2/15/24	ORR Hillsboro DPS - No Records	11:21 AM	11:40 AM	0.32	Complete
2/15/24	CR3 H2400964 Not Ready	11:10 AM	11:20 AM	0.17	Complete
2/16/24	ORR Fuentes Firm 202200638	8:00 AM	9:00 AM	1.00	Complete
2/16/24	ORR Fuentes Firm 202200638	10:00 AM	2:33 PM	4.55	BILLED 71.50
2/16/24	ORR A. Fann Wrong Jurisdiction	2:27 PM	2:29 PM	0.03	Complete
2/16/24	CR3 H2400883 No. 6708	2:16 PM	3:16 PM		5.00
2/16/24	CR3 H2400884 No. 6709	2:16 PM	3:16 PM		5.00
2/16/24	CR3 Lexis Nexis No. 6710	2:16 PM	3:16 PM		5.00
2/16/24	CR3 H312184 No. 6711	2:16 PM	3:16 PM		5.00
2/16/24	CR3 H2400737	2:16 PM	3:16 PM		Complete
2/20/24	ORR State Farm Wrong Jurisdiction	7:45 AM	8:05 AM	0.33	Complete
2/20/24	CR3 H2401250 Lexis Nexis No. 6712	8:23 AM	9:00 AM	0.62	Complete
2/20/24	CR3 K Pepper Lexis Nexis No. 6713	8:23 AM	9:00 AM	0.62	5.00
2/20/24	CR3 H2400814 Going through CRIS	9:15 AM	9:30 AM	0.25	Complete
2/20/24	CR3 H2400964/H2309798	10:00 AM	10:30A	0.00	Complete
2/20/24	CR3 H2400964/H2309798	11:00 AM	11:08A	0.00	Complete
2/20/24	CR3 H2400964/H2309798	1:00 PM	1:20 PM	0.33	Complete
2/20/24	CR3 H2400964/H2309798	2:15 PM	2:30 PM	0.25	Complete
2/20/24	ORR H2401503 Henderson Housing Authority	2:30 PM	3:30 PM	1.00	Complete
2/21/24	ORR Biggs and Greenslade Wrong Jurisdiction	8:39 AM	8:55 AM	0.27	Complete
2/21/24	ORR L. Parker - Wrong Jurisdiction	9:05 AM	9:12 AM	0.12	Complete
2/21/24	ORR Smith Co. DA Juvenile record request	9:30 AM	9:45 AM	0.25	Complete
2/21/24	ORR J Chad Parker H2312182	1:30 PM	2:30 PM	1.00	Complete
2/21/24	ORR Godsey Martin Firm No Record	1:00 PM	1:14 PM	0.23	Complete
2/21/24	ORR 202106858	2:15 PM	3:27 PM	1.20	Complete

DATE(S)	Record Requestor	TIME IN	TIME OUT	HOURS	Charges
2/21/24	ORR Wrong Jurisdiction	3:30 PM	3:34 PM	0.07	Complete
2/21/24	CR3 Lexis Nexis Wrong Jurisdiction NOP	3:55 PM	3:58 PM	0.05	Complete
2/21/24	CR3 Lexis Nexis No. 6716 Wrong Jurisdiction	3:59 PM	4:15 PM		5.00
2/22/24	ORR Biggs and Greenslade Subpoena H2208873	8:10 AM	9:15 AM	1.08	Billed 25.50
2/22/24	61 Days no response CR3 H2311535			0.00	Complete
2/22/24	ORR H2401506	9:20 AM	9:30 AM	0.17	Complete
2/22/24	ORR H2400779 -Active Case	12:23 PM	12:40 PM	0.28	ACTIVE
2/22/24	ORR G. Marcos - No records	2:00 PM	2:30 PM	0.50	Complete
2/22/24	ORR M. Sherman - No Records	3:00 PM	3:08 PM	0.13	Complete
2/22/24	ORR H2401372 Christus Clinic	3:11 PM	3:41 PM	0.50	Complete
2/26/24	CR3 H2401408 LN No> 6718	8:30 AM	8:45 AM	0.25	5.00
2/26/24	ORR H2207405 Frontier Communications Active case	7:00 AM	10:30 AM	3.50	Billed 33.70
2/26/24	CR3 H2207408 Frontier Communications Active case	7:00 AM	10:30 AM	3.50	Billed 33.70
2/26/24	CR3 H2401250 Lexis Nexis No. 6712	11:13 AM	11:45 AM	0.53	5.00
2/26/24	ORR US Navy Recruiter	12:44 PM	12:55 PM	0.18	Complete
2/26/24	ORR Roberts Law H2401607	2:00 PM	2:18 PM	0.30	Complete
2/26/24	CR3 H2401636 Using CRIS	3:00 AM	3:15 AM	0.25	Complete
2/26/24	ORR H2401576	3:10 PM	3:34 PM	0.40	Complete
2/27/24	ORR H2304020 Flowers & Davis	10:00 AM	11:30 AM	1.50	Billed 34.00
2/27/24	ORR H2400354 Roberts Law	4:00 PM	4:30 PM	0.50	ACTIVE
2/28/24	CR3 H2401607 Roberts Law use CRIS	8:15 AM	8:30 AM	0.25	Complete
2/28/24	CR3 H2401599	2:30 PM	2:50 PM	0.33	6.00
2/28/24	ORR H2307933/8005/8057/8055/h2400426	2:55 PM	3:30 PM	0.58	Complete
2/28/24	CR3 H2401469 No. 6720	4:48 PM	5:02 PM	0.23	5.00
2/28/24	CR3 H2400607 No. 6721	4:48 PM	5:02 PM	0.23	5.00
2/29/24	CR3 H2401469 No. 6720	8:23 AM	8:38 AM	0.25	Complete

DATE(s)	Record Requestor	TIME IN	TIME OUT	HOURS	Charges
2/29/24	CR3 H2400607 No. 6721	8:23 AM	8:38 AM	0.25	Complete
2/29/24	ORR Dana Stimel with DFPS - No records	10:58 AM	11:08 AM	0.17	Complete
2/29/24	ORR Monsour H2311615	11:10 AM		0.00	
2/29/24	CR3 H2401639	12:59 PM	1:30 PM	0.52	6.00
2/29/24	CR3 H2401607 Explained the CR3	2:00 PM	2:30 PM	0.50	Complete
				0.00	
				0.00	
	Denotes Awaiting Payment				
	Denotes Payment Received				
	Denotes Active cases				
	Denotes Rescinded cases				
	Denotes Pending cases				
Denotes OAG Ruling					
Denotes requestor didn't respond in 61 days no longer a request					
Denotes old cases not answered by S.Woods					

INFORMATION PROVIDED BY STACEY STRONG - RECORDS ADMINISTRATOR

REV2023/SSS

Balance Sheet

Henderson PD Records

Feb-24

Balance summary	
No. 6684 H2400609 CK 113906664	\$5.00
No. 6685 H2304535 CK 95603	\$18.50
No. 6686 H2304020 CK 95604	\$18.40
No. 6687 H2311331 CK 2388494813	\$5.00
No. 6688 H2400685 CK 2442878161	\$5.00
No. 6689 112100737 CK 2442964511	\$5.00
No. 6690 SHADDOX 15670 CK 2430763862	\$5.00
No. 6691 Alligator Run ATV CK 2430957562	\$5.00
No. 6692 H2400482 CK 2432322661	\$5.00
No. 6693 112400327 CK 2432331161	\$5.00
No. 6694 82400519 CK 2432624861	\$5.00
No. 6695 H2400737 CK 2446862011	\$5.00
<u>Turned in to Sara February 12, 2024</u>	<u>\$86.90</u>
No. 6696 202200120	\$36.10
No. 6697 Lexis Nexis I. Tellez CK2448670661	\$5.00
No. 6698 H2400667 CK 2449348811	\$5.00
No. 6699 H2312182 CK # 2900	\$36.00
No. 6700 CR3 H246685 CK# 2440467562	\$5.00
No. 6701 CR3 Castonon CK# 2452511011	\$5.00
No. 6702 CR3 Smith CK# 2452772461	\$5.00
No. 6703 CR3 H2309531 CK# 2449613512	\$5.00
No. 6704 CR3 H2400965 CK# 2451369011	\$5.00
No. 6705 CR3 H2401035 CK# 2456182162	\$5.00

No. 6706 ORR Cash Maria Hinojosa Resendez	\$30.30
No. 6707 William Young	\$6.00
No. 6708 H2400883 CK # 2449614261	\$5.00
No. 6709 H2400884 CK# 2450088511	\$5.00
No. 6710 CK# 2450249711 Wrong Jurisdiction	\$5.00
No. 6711 CK# 2450805311	\$5.00
No. 6712 H2401250 CK# 2460876911	\$5.00
No. 6713 H2400922 CK# 2459315761	\$5.00
No. 6714 H2312304 CK# 2264	\$18.40
<u>Turned in to Sara February 20, 2024</u>	<u>\$196.80</u>
No. 6715 Ck # 27394 C# 202109918	\$80.70
No. 6716 CK# 2465124211 LN Wrong Jurisdiction	\$5.00
No. 6717 H2208873 CK# 204850	\$11.00
No. 6718 H2401408 CK # 2467130761	\$5.00
No. 6719 H2401599 Cash	\$6.00
No. 6720 H2401469 CK# 2470959962	\$5.00
No. 6721H2400607 CK# 2471464711	\$5.00
<u>Turned in to Sara February 29, 2024</u>	<u>\$117.70</u>
No. 6722 H2401639 cash	\$6.00
No. 6723	
No. 6724	
No. 6725	
No. 6726	
No. 6727	
No. 6728	
No. 6729	
No. 6730	

Balance	\$407.40

Information Provided by Stacey Strong - Records Administrator



Henderson Police Department

800 Lake Forest Parkway

Henderson, Texas 75652

Phone: 903-657-3512 Fax: 903-657-3345

Integrity ° Respect ° Accountability ° Courage ° Professionalism ° Dedication ° Service

February 2024 ORR Revenue

Description	Qty	Unit price	Discount	Total
Crash Reports	28	\$5.00		\$140.00
Crash Reports	3	\$6.00		\$18.00
ORR Attorney	5	18.50 / 18.40 36.10 /36.00/18.40 80.70/11.00/		\$219.10
ORR Civilian	1	30.30		\$30.30
LexisNexis	0	0		\$0
Total				\$ 407.40

Information provided by Stacey Strong – Records Administrator

REV 2023/SJS

Memo



To: Jay Abercrombie, City Manager

From: Chad Taylor, Chief of Police

cc: Cheryl Jimerson, City Secretary

Date: March 4, 2024

Re: Henderson Police Department Monthly Report



Attached to this memo please find the monthly activity report from the Police Department for February.

The Henderson Police Department was able to attend several community events during the month of February. We got to interact and visit with our citizens during Mid-Morning coffee at Rader Funeral Home. We had our local Lowe's donate a Blackstone Grill to the department. We also participated in the Ribbon Cutting for the VFW here in Henderson. Dispatched calls for service this month was down slightly while the officer calls for service was up. Traffic stops remained approximately the same as last month. The department received 329.55 hours of training during the month and 112 open records requests.

February 8, 2024– Chief Taylor and other officers at Mid-Morning Coffee hosted by Rader Funeral Home.



February 23, 2024 – Sgt Charles Helton Graduated from the Leadership Command College (Law Enforcement Institute of Texas). This is a 9 week program to further Law Enforcement personnel in management and leadership.



February 28, 2024 – Detective Sullivan, Detective Williamson, and Officer Bisnette at Lowe's receiving a Blackstone that was donated to the department.



February 28, 2024 – Chief Taylor and Sgt. Charles Helton at the Ribbon Cutting for the VFW.



February 29, 2024 – Chief Taylor, Detective Dooley, and Brian Bathke showing the Fuller Armor Kids around the Police Department.



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May
	2022																
CALLS FOR SERVICE	738	671	753	878	1176	1160	1139	988	1001	1037	1030	975	991	970	1092	1047	1077
OFFICER INITIATED CFS	66	53	105	209	486	484	414	388	289	362	295	321	299	371	364	331	304
DISPATCHED CFS	672	618	648	669	690	676	725	600	712	675	735	654	692	599	728	716	773
TRAFFIC CITATIONS	87	59	124	90	59	53	58	71	51	58	48	25	42	53	94	29	74
WRITTEN WARNINGS	338	275	490	425	286	274	182	234	168	240	152	185	187	231	241	134	185
ARREST	42	47	62	33	23	31	35	21	31	38	35	25	30	31	31	28	27
ACCIDENTS	23	14	24	17	21	28	29	21	37	19	44	35	50	35	39	41	39
DWI ARREST	1	3	1	1	4	3	0	2	1	2	3	2	3	1	1	1	0
(included above)																	
INCIDENT REPORTS																	
SENT TO CID	265	256	258	191	226	230	181	204	231	229	249	212	247	179	240	204	233
ASSIGNED	240	228	201	191	226	230	181	204	231	229	249	212	247	179	240	204	233
SUSPENDED	143	118	105	70	75	86	98	78	53	126	90	71	86	59	120	141	59
CLEARED	63	85	95	112	95	109	56	145	135	121	112	80	84	55	111	102	89
BURGLARY	10	12	4	1	5	5	2	19	15	7	14	17	14	3	7	10	23
ROBBERY	2	1	0	1	1	4	0	0	0	0	1	3	0	0	2	1	1
ASSAULT	27	26	23	12	10	31	22	19	32	28	27	31	26	15	41	29	32
POCS / POM*	5	9	6	2	3	3	4	2	0	3	0	1	2	3	2	2	1
SEXUAL ASSAULT	1	2	1	2	1	1	0	0	0	4	0	0	0	2	0	3	2

* Includes marijuana, cocaine, etc.

June	July	Aug		Oct	Nov	Dec	Jan	
							2024	
1102	1133	1150	1180	1057	1019	1218	1033	974
362	424	432	514	460	454	591	393	435
740	709	718	666	597	565	627	640	539
64	73	117	96	133	152	104	80	78
170	225	224	285	178	182	324	244	262
38	23	37	38	31	22	42	19	28
46	37	28	30	35	21	35	45	23
1	2	1	2	0	2	5	2	2
280	212	206	191	202	148	197	176	148
280	212	206	191	202	148	197	176	148
141	117	174	110	72	90	91	85	63
70	127	107	105	95	77	103	102	73
15	13	6	13	12	10	6	1	10
0	1	2	1	2	2	0	0	0
28	21	31	27	26	18	26	29	24
2	1	6	8	4	5	2	2	5
3	1	1	1	0	1	0	0	2

**Compatibility Report for Copy of Jan 2022 Monthly Report -
.xls
Run on 02/02/2022 16:35**

If the workbook is saved in an earlier file format or opened in an earlier version of Microsoft Excel, the listed features will not be available.

Minor loss of fidelity	# of occurrences	Version
Some cells or styles in this workbook contain formatting that is not supported by the selected file format. These formats will be converted to the closest format available.	17	Excel 97-2003

Henderson Animal Center and Protection

Monthly Report

Month of: February

Year: 2024

Inside City Limits

Number of Dogs:	2	Year to Date:	32
Number of Cats:	10	Year to Date:	44
Number of Others:	0	Year to Date:	0
TOTAL Number of Animals:	12	Year to Date:	76

ACOPU

Number of Dogs:	11	Year to Date:	55
Number of Cats:	8	Year to Date:	47
Number of Others:	3	Year to Date:	13
TOTAL Number of Animals:	22	Year to Date:	115

Outside City Limits

Number of Dogs:	6	Year to Date:	25
Number of Cats:	1	Year to Date:	11
Number of Others:	0	Year to Date:	2
TOTAL Number of Animals:	7	Year to Date:	38

Rusk County Sheriff's Department

Number of Dogs:	0	Year to Date:	0
Number of Cats:	0	Year to Date:	0
Number of Others:	0	Year to Date:	0
TOTAL Number of Animals:	0	Year to Date:	0

City of Overton

Number of Dogs:	0	Year to Date:	0
Number of Cats:	0	Year to Date:	0
Number of Others:	0	Year to Date:	0
TOTAL Number of Animals:	0	Year to Date:	0

City of Tatum

Number of Dogs:	0	Year to Date:	0
Number of Cats:	0	Year to Date:	0
Number of Others:	0	Year to Date:	0
TOTAL Number of Animals:	0	Year to Date:	0

City of New London

Number of Dogs:	0	Year to Date:	0
Number of Cats:	0	Year to Date:	0
Number of Others:	0	Year to Date:	0
TOTAL Number of Animals:	0	Year to Date:	0

TOTAL of Animals Received

Number of Dogs:	19	Year to Date:	112
Number of Cats:	19	Year to Date:	102
Number of Others:	3	Year to Date:	15
TOTAL this Month:	41	Year to Date:	229

Animals Reclaimed

Number of Dogs:	6	Year to Date:	22
Number of Cats:	2	Year to Date:	5
Number of Others:	0	Year to Date:	0
TOTAL this Month:	8	Year to Date:	27

Animals Adopted

Number of Dogs:	16	Year to Date:	84
Number of Cats:	21	Year to Date:	120
Number of Others:	0	Year to Date:	2
TOTAL this Month:	37	Year to Date:	206

<i>Monthly Adoption Breakdown:</i>	<i>Dogs Adopted:</i>	13	<i>Dogs Rescued:</i>	3
	<i>Cats Adopted:</i>	1	<i>Cats Rescued:</i>	20
	<i>Others Adopted:</i>	0	<i>Others Rescued:</i>	0

Animals Euthanized

Number of Dogs:	2	Year to Date:	11
Number of Cats:	0	Year to Date:	1
Number of Others:	0	Year to Date:	0
TOTAL this Month:	2	Year to Date:	12

<i>Monthly Euthanasia Breakdown</i>	<i>Sick:</i>	<i>Injured:</i>	<i>Aggressive:</i>
<i>Dogs:</i>	0	0	2
<i>Cats:</i>	0	0	0
<i>Other: (Non-Wildlife)</i>	0	0	0

<u>Animals Held for Rabies Quarantine:</u>	2	Year to Date:	15
<u>Animals Tested for Rabies:</u>	2	Year to Date:	5
<u>Animal Complaints Received:</u>	600+	Year to Date:	2,858+
<u>Deceased on Arrival (disposal):</u>	8	Year to Date:	21
<u>Died in Care:</u>	0	Year to Date:	2

Animal Protection Activity

Warnings Issued:	22	Year to Date:	86
Citations:	5	Year to Date:	18
Calls for Service during hours:	87	Year to Date:	314
Calls for Service after hours:	1	Year to Date:	7
Seizures:	0	Year to Date:	1
Wildlife Euthanasia (sick or injured):	0	Year to Date:	1
Wildlife Release:	0	Year to Date:	5
Traps Set:	58	Year to Date:	123

CITY WAITING LIST:

TOTAL ADDED this Month:	7	Total to Date:	443
--------------------------------	----------	-----------------------	------------

COUNTY WAITING LIST:

TOTAL ADDED this Month:	37	Total to Date:	3,416
--------------------------------	-----------	-----------------------	--------------

TOTAL ANIMALS ADDED TO WAITING LIST:

TOTAL ADDED this Month:	44	Total added to list to Date:	3,859
--------------------------------	-----------	-------------------------------------	--------------



Animal Center and Protection

Activity Report

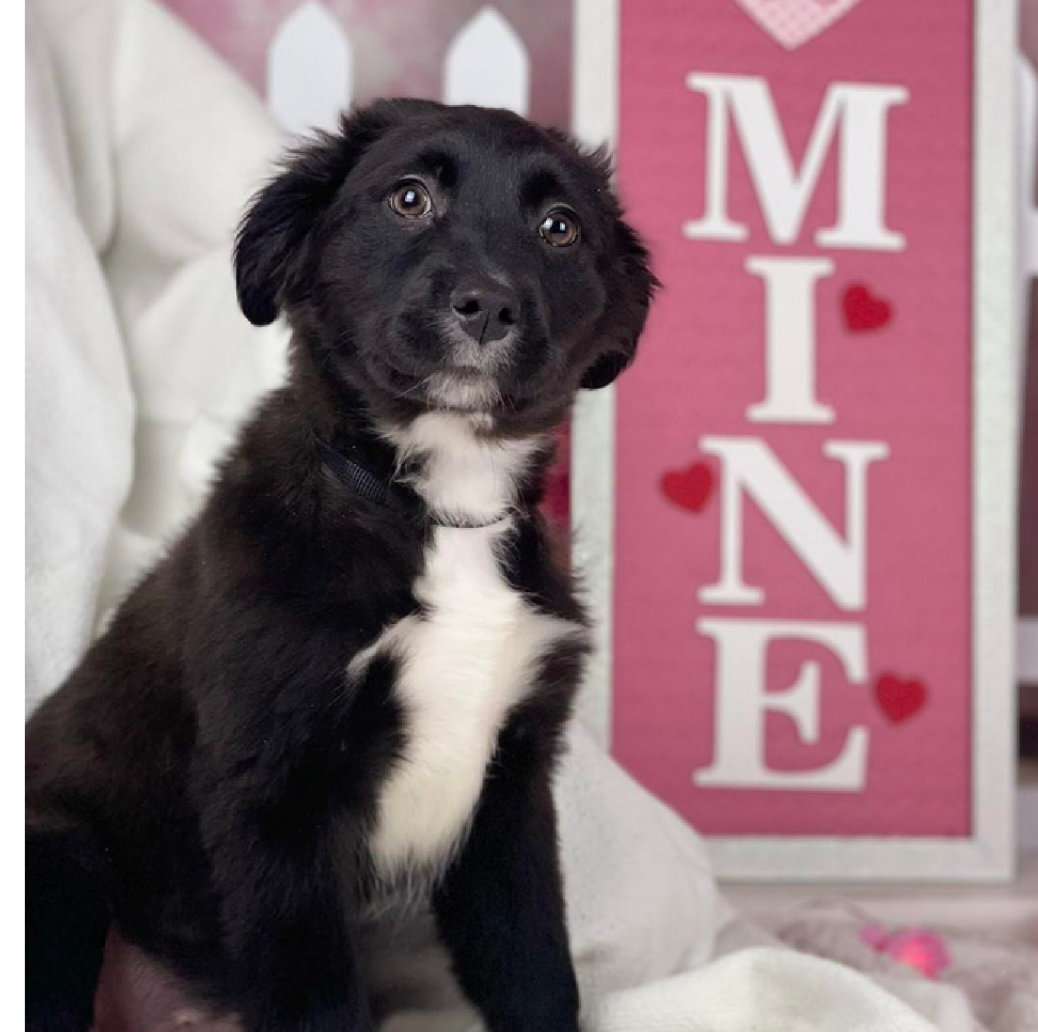
February 2024





Love is in the air!

The staff worked very hard preparing our dogs for their endearing Valentine's Day photos.

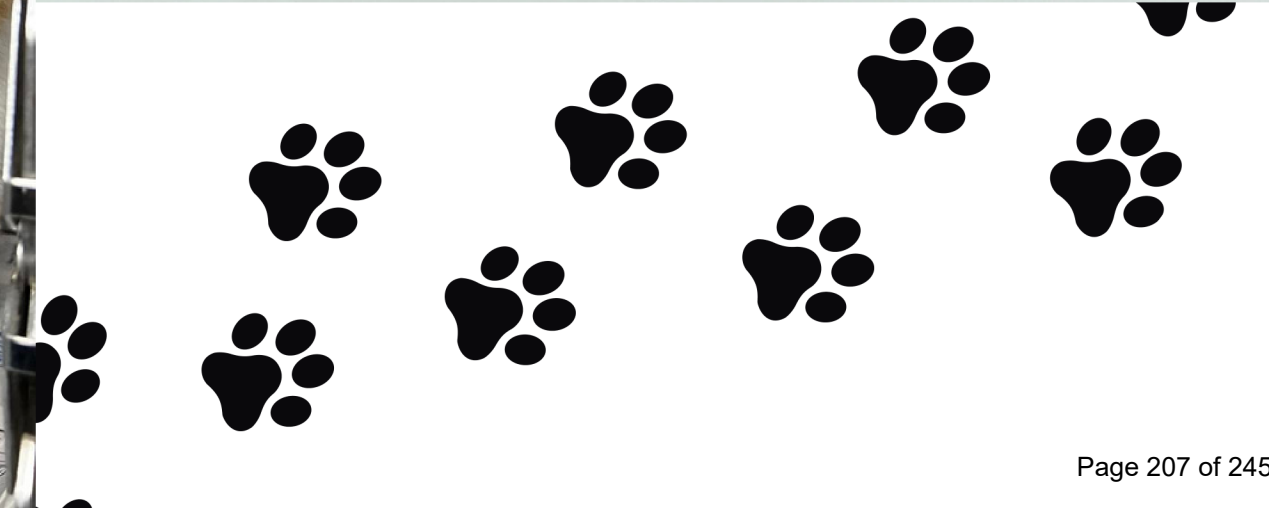








Cat trapping
has continued
in full force.



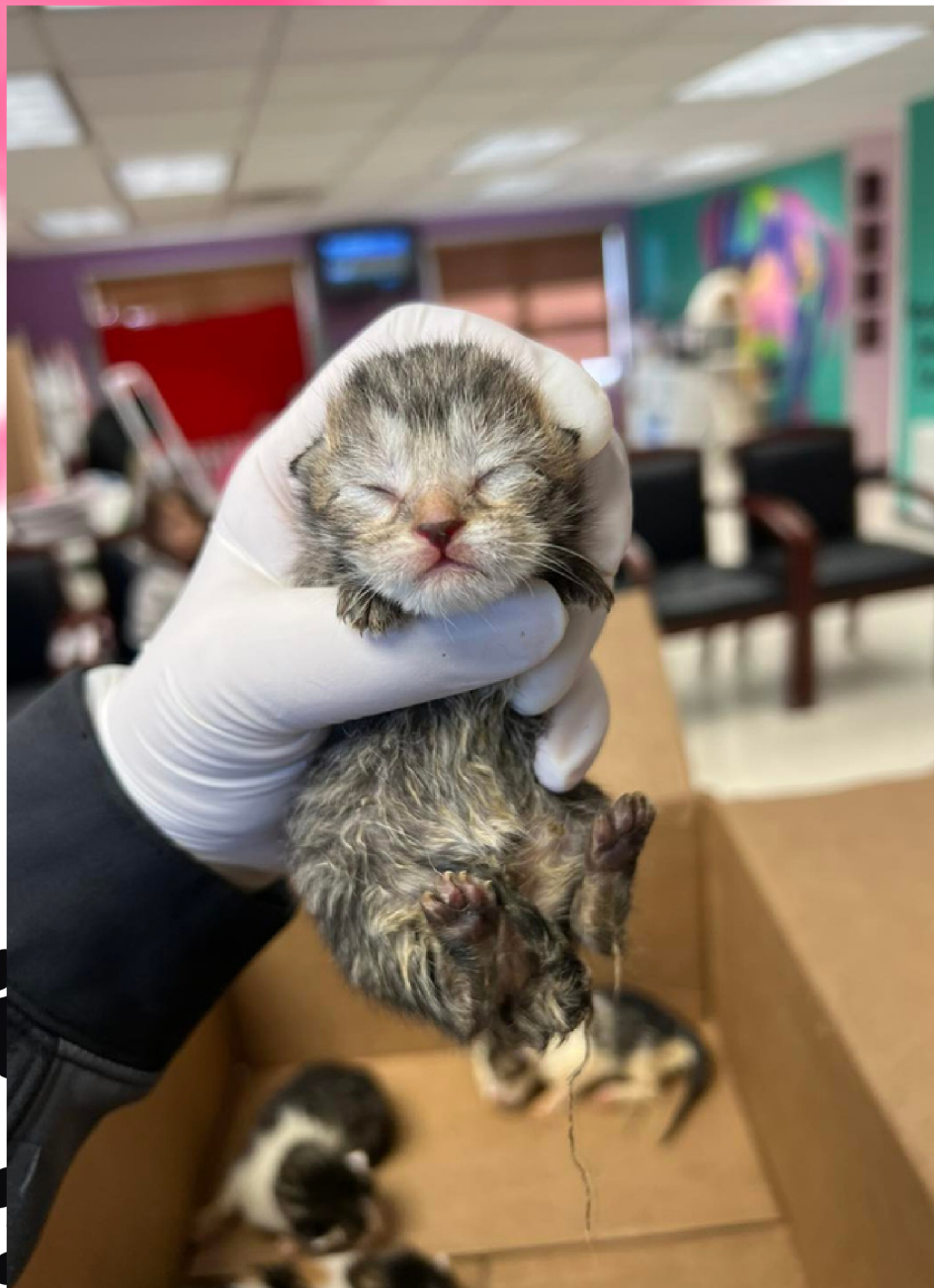
Spaying & Neutering

Rusk County Animal Outreach fixed 13 animals for us this month at minimal cost. We continue to educate the public on the importance of spaying and neutering their pets.



Litter of Kittens Needing Help

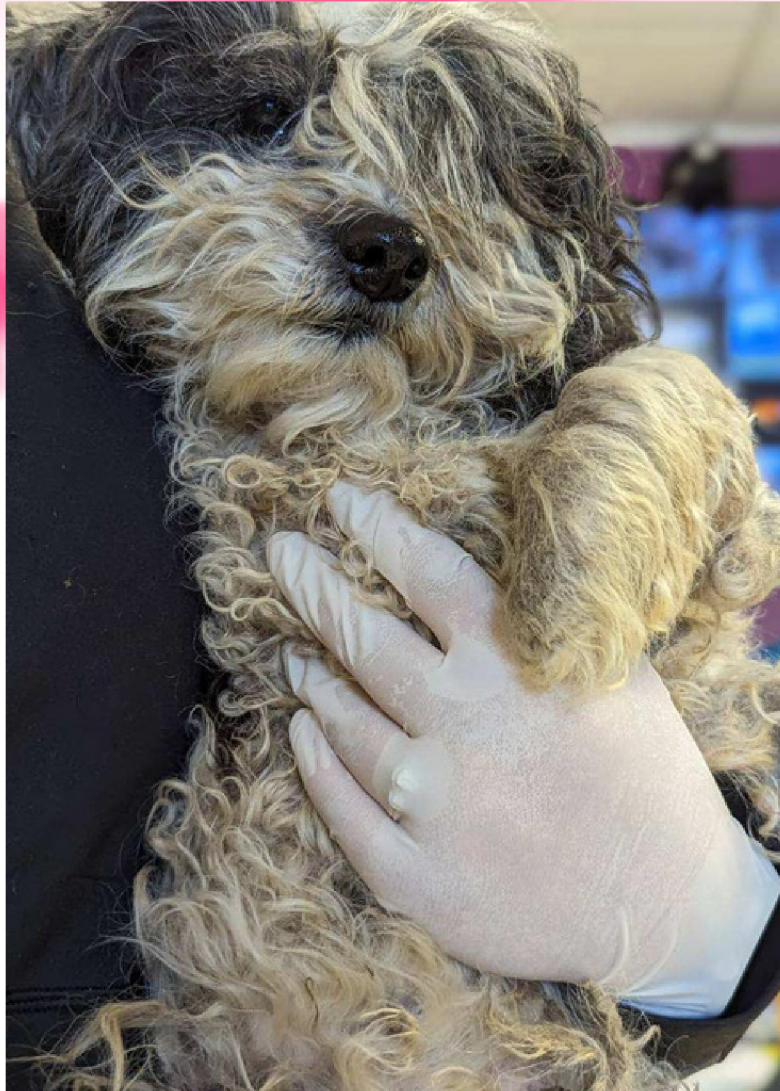
The mom for this litter of kittens was killed by a car. We were lucky to find transport to a foster in Athens that could help them around the clock.





Makeover Time

Sophie came in a matted mess and Doggy Darlings Grooming fixed her up !
They offer our shelter dogs pro-bono trims to help find adopters.



Donations

Walmart and other individuals continue to donate much needed goods to help our shelter animals and others in need. If it is a brand of food we don't regularly use, we pass it on to pet owners in need that are on our waiting list.



Hearts on Fire

Hearts melted as the Henderson Fire Department assisted the center in boosting adoptions by taking some pictures with our shelter pets. It started with one black and white spotted pup for Valentine's Day and within hours went viral. We received some great publicity from a local news station as well.





Tomlin and Mena



Tomlin and Mena



Tomlin and Mena

Baker and kittens



Baker and kittens





Baker and kittens

Lewis, Meana, Amaya, and Nina





Walton and Buddy

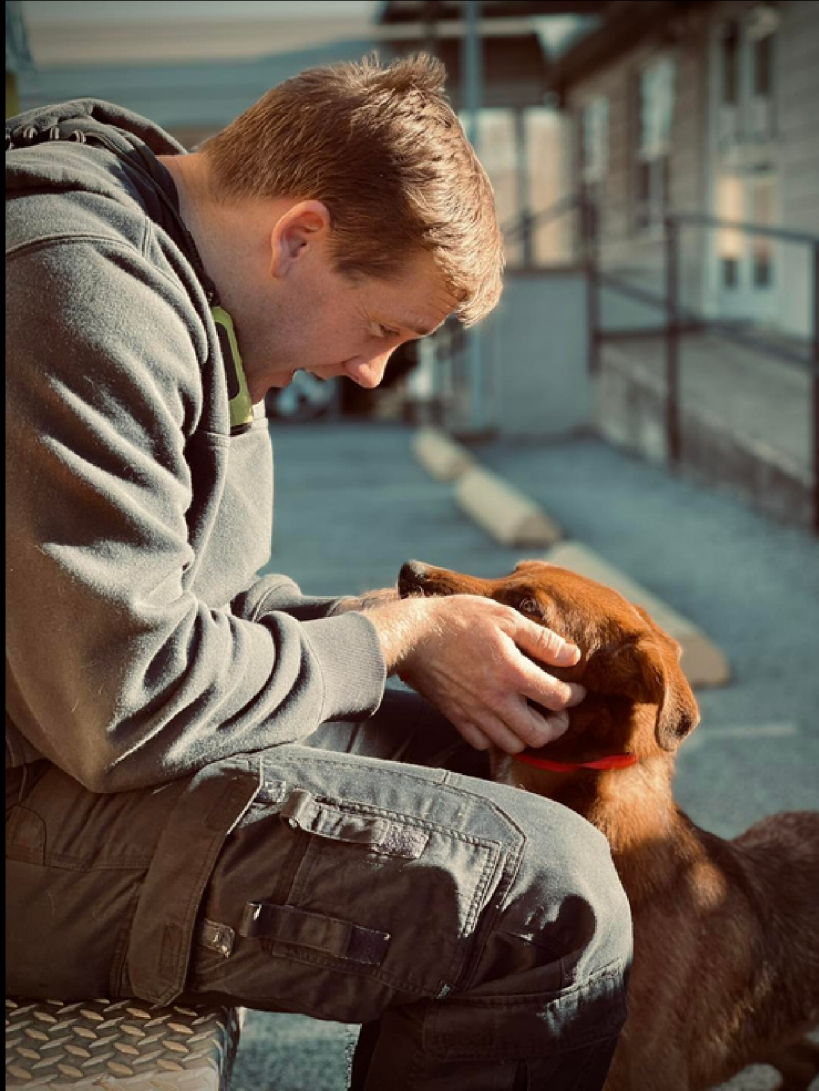


Walton and Buddy



Walton
and
Winnie





Tomlin, Taj, and Little Bruno

Walton and Joey

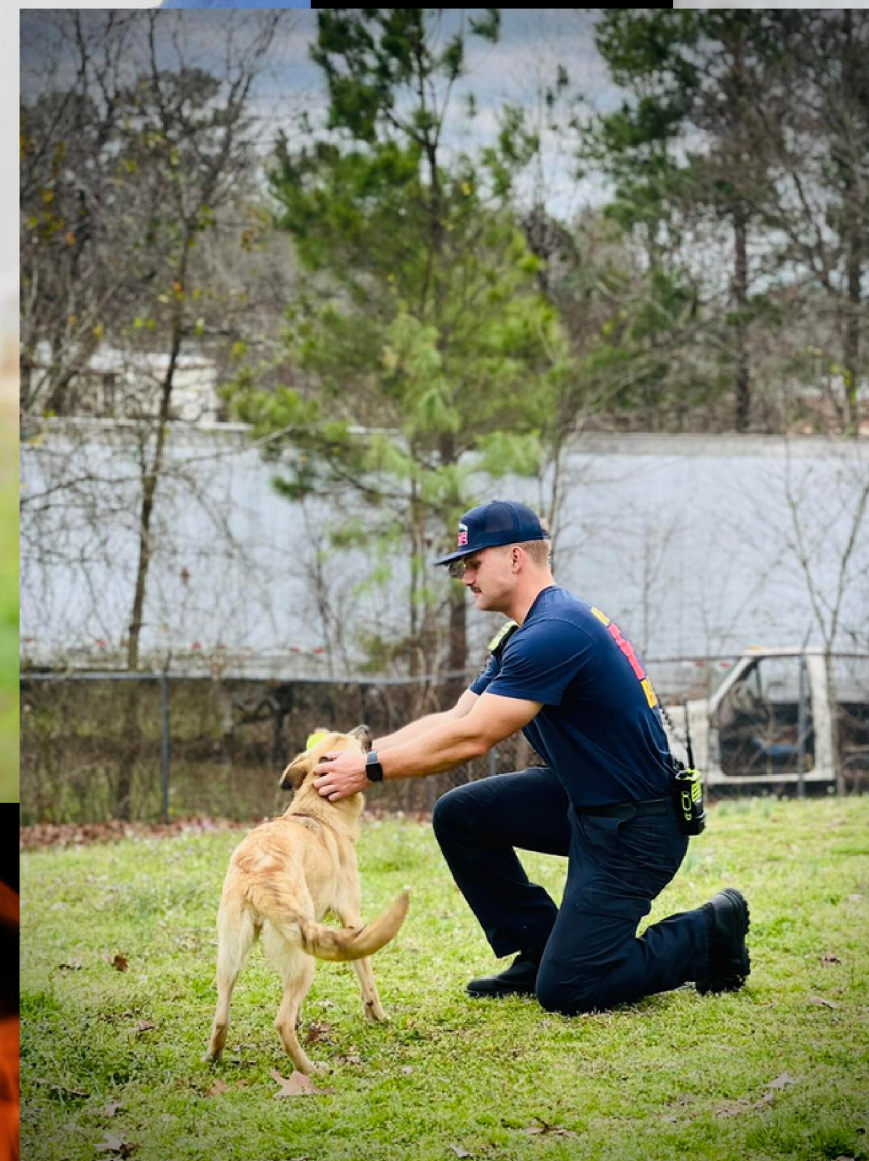




Pike and Ramona



Thank you
Firefighters!



KLTV

News Highlight





It's raining dogs....

The staff continues to work tirelessly caring for the overwhelming numbers of animals knocking at our doors.

While assisting the citizens with animal related needs, we are constantly networking, gathering resources, making new rescue connections, researching new methods on increasing outcomes, expanding community outreach, and educating the pet owners on the importance of spaying/neutering.





Community Development Department

300 West Main Street

Henderson, Tx 75652

Phone: 903-392-0786

Monthly Report

To: Mayor and City Council Members

From: Cliff McElfresh/Dennis Williams

RE: Summary for the Month of February 2024

MONTHLY TOTALS BUILDING CONSTRUCTION VALUE: February, 2024 \$1,591,450.00

MONTHLY TOTALS BUILDING CONSTRUCTION VALUE: February, 2023 \$2,487,763.00

ANNUAL TOTAL BUILDING CONSTRUCTION VALUE: TO DATE 2024 \$1,862,356.00

ANNUAL TOTAL BUILDING CONSTRUCTION VALUE: Thru February 2023 \$2,732,708.00

BUILDING INSPECTORS REPORT

CODE ENFORCEMENT REPORT

Building Inspections	14	Food Establishment Inspections	2
Electrical Inspections	23	Food Truck/Trailer Permits	1
Plumbing Inspections	26	High Grass & Weeds	0
Mechanical Inspections	4	Junk Vehicles	1
Stop Work Orders	0	Illegal Signs	0
Other-Driveway, slab, etc.	15	Sub-Standard Structure Inspections/Notifications	1
Residential Plan Review	1	Illegal Dumping /Road debris/Illegal storage	0
Commercial Plan Review	2	Restaurant Grease Trap Inspection	0
Sign Permits Review	0	Abatements	1
Certificate of Occupancy	3	Other	0

Commercial Building Permits Issued	1
Residential Building Permits Issued	5
Residential Demo Permits Issued	1
Residential Roof Permits Issued	4
Commercial Roof Permits issued	1
Residential Fence Permit Issued	0

Planning & Zoning: The Planning and Zoning Commission met on February 13, 2024, to consider 2 rezone request going from an R-1 & R-2 to (TH) Town Home Dwelling District.

Board of Adjustments: The Board of Adjustments met to grant a special exception use for the R-1 to TH District.

Items of interest: West Fraser continues to move forward with the construction of the new sawmill.

Billy Hughes retired at the end of February after serving the city for 5 years as Planning and Zoning Administrator Dennis Williams filled this position.

Submitted by: Cliff McElfresh, Community Development Mgr.

Date:3/14/2024

Dennis Williams, Planning and Zoning Administrator



To: City of Henderson Council Members
Jay Abercrombie, City Manager

From: Karen Arnall, Finance Director

Subject: Monthly Report

Date: February 15, 2024

- Investment Report for Dec 2023-see attached report
- Hotel-Motel Occupancy Tax for Dec 2023-see attached report

Water/Sewer/Garbage Billing Recap Month Ending 12/31/2023

Type of service	Amount Billed	Consumption Billed	Count	
Garbage	\$ 171,491.94	-	5,408	-
Sales tax on garbage	\$ 12,857.97	-		-
Sewer Charges	\$ 191,311.22	33,722,502	4,437	-
Water Charges	\$ 261,318.43	62,152,702	4,776	
Sprinkler	\$ 12,039.56	2,453,200	364	-
Penalty	\$ 11,618.89	-	927	
Water Taps	-	-	-	-
Sewer Taps	-	-	-	-
Service Chg/Back Flow	\$ 2,271.50	-	5	
Total Billing	\$ 662,909.51	98,328,404	14,990	

**INVESTMENT SUMMARY REPORT
OCTOBER 1, 2023-DECEMBER 31, 2023**

FUND	AMOUNT				TOTAL	INT	Y-T-D
	INVESTED	Oct	Nov	Dec		RECEIVED	
	OCT 1,2023	Change	Change	Change	INVESTED	IN DEC	
GENERAL FUND	752,144	-457,808.00	12,844.00	-119,255.00	187,925	7,128	19,456
GF-RESTRICTED	66,498	0.00	0.00	0.00	66,498		
GF-MIN. RESERVE	1,200,000	0.00	0.00	0.00	1,200,000		
GF-MISC A/R	210,000	0.00	0.00	0.00	210,000		
GENERAL -DEBT	401,293	4,296.00	-141,439.00	365,767.00	629,917	1,057	3,090
GENERAL CONSTR.	81,846	-13,207.00	25,186.00	-54,833.00	38,992	101	323
EQUIPMENT REPL	521,017	1,029.00	-267,290.00	974.00	255,730	975	2,954
STREET & DRAINAGE	6,442	2,060,915.00	-8,248.00	4,203.00	2,063,312	9,153	23,810
CEMETERY FUND	71,017	436.00	235.00	837.00	72,525	48	142
ANIMAL SHELTER	45,555	114.00	486.00	2,279.00	48,434	20	58
W/S FUND	139,143	-62,397.00	105,742.00	-150,675.00	31,813	2,680	8,041
W/S MIN.RESERVE	800,000	0.00	0.00	0.00	800,000		
W/S- DEBT SERVICE	21,774	12.00	12.00	12.00	21,810		
W/S-RESTRICTED	106,592	0.00	0.00	0.00	106,592		
W/S CONSTR.	78,737	-33,058.00	32.00	4,034.00	49,745	34	111
MAIN STREET	12,966	-1,255.00	-308.00	-3,051.00	8,352	4	13
TOURISM	229,928	896.00	-12,126.00	-2,532.00	216,166	90	279
CIVIC CENTER	83	0.00	0.00	0.00	83	1	1
INSURANCE RESERVE	11,471	4.00	4.00	5.00	11,484	4	12
2018 BOND SERIES	832,011	2,423.00	-118,628.00	2,492.00	718,298	2,492	7,276
TOTALS	5,588,517	1,502,400.00	-403,498.00	50,257.00	6,737,676.00	23,788	65,566

This report is in compliance with our investment strategies as approved by council and the Public Investment Act.

Director of Finance, Karen Arnall

City Manager, Jay Abercrombie

**Hotel-Motel Occupancy Tax
Monthly Reporting for
December 2023**

DATE RECEIVED	TAX FOR MONTH	HOTEL NAME	TAXABLE MONTHLY RECEIPTS	7% TAX	1% RETAINER	AMOUNT PAID
	Dec	Baymont Inn	82,914.22	5,804.00		
2/20/2024	Dec	Budget Inn (Sawan LLC)	15,043.07	1,053.01		1,105.66
1/8/2024	Dec	Economy Inn	1,611.53	112.80	-	112.80
1/1/2024	Dec	Holiday inn Express(Jayani Investments)	107,200.00	7,504.00	75.04	7,428.96
1/1/2024	Dec	Woodlawn Hills (Patel & Sons LTD)	23,650.00	1,655.50	16.56	1,638.94
1/10/2024	Dec	Motel 6	52,367.16	3,665.70	36.66	3,629.04
		Totals	282,785.98	19,795.01	128.25	13,915.40



To: City of Henderson Council Members
Jay Abercrombie, City Manager

From: Karen Arnall, Finance Director

Subject: Monthly Report

Date: March 14, 2024

- Investment Report for Jan 2024-see attached report
- Hotel-Motel Occupancy Tax for Jan 2024-see attached report

Water/Sewer/Garbage Billing Recap Month Ending 1/31/2024

Type of service	Amount Billed	Consumption Billed	Count	
Garbage	\$ 171,277.25	-	5,418	-
Sales tax on garbage	\$ 12,832.90	-		-
Sewer Charges	\$ 202,627.89	36,760,680	4,437	-
Water Charges	\$ 261,983.04	68,790,780	4,772	
Sprinkler	\$ 7,774.93	1,512,300	364	-
Penalty	\$ 9,790.55	-	925	
Water Taps	-	-	-	-
Sewer Taps	-	-	-	-
Service Chg/Back Flow	\$ 321.00	-	3	
Total Billing	\$ 666,607.56	107,063,760	15,919	

**INVESTMENT SUMMARY REPORT
OCTOBER 1, 2023-JANUARY 31, 2024**

FUND	AMOUNT					INT		
	INVESTED	Oct	Nov	Dec	Jan	TOTAL	RECEIVED	Y-T-D
	OCT 1, 2023	Change	Change	Change	Change	INVESTED	IN JAN	INTEREST
GENERAL FUND	752,144	-457,808.00	12,844.00	-119,255.00	-24,312.00	163,613	5,026	24,482
GF-RESTRICTED	66,498	0.00	0.00	504.00	0.00	67,002		
GF-MIN. RESERVE	1,200,000	0.00	0.00	0.00	0.00	1,800,000		
GF-MISC A/R	210,000	0.00	0.00	0.00	0.00	210,000		
GENERAL -DEBT	401,293	4,296.00	-141,439.00	365,767.00	309,515.00	939,432	1,129	4,219
GENERAL CONSTR.	81,846	-13,207.00	25,186.00	-54,833.00	5,040.00	44,032	88	411
EQUIPMENT REPL	521,017	1,029.00	-267,290.00	974.00	-27,114.00	228,616	975	3,929
STREET & DRAINAGE	6,442	2,080,915.00	-8,248.00	4,203.00	5,452.00	2,068,764	9,162	32,972
CEMETERY FUND	71,017	436.00	235.00	837.00	638.00	73,163	49	191
ANIMAL SHELTER	45,555	114.00	486.00	2,279.00	-153.00	48,281	20	78
W/S FUND	139,143	-62,397.00	105,742.00	-150,675.00	292,092.00	323,905	2,717	10,758
W/S MIN.RESERVE	800,000	0.00	0.00	0.00	0.00	800,000		
W/S- DEBT SERVICE	21,774	12.00	12.00	12.00	12.00	21,822		
W/S-RESTRICTED	106,592	0.00	0.00	1,631.00	0.00	108,223		
W/S CONSTR.	78,737	-33,058.00	32.00	4,034.00	34.00	49,779	35	146
MAIN STREET	12,966	-1,255.00	-308.00	-3,051.00	-8.00	8,344	3	16
TOURISM	229,928	896.00	-12,126.00	-2,532.00	-15,653.00	200,513	82	361
CIVIC CENTER	83	0.00	0.00	0.00	0.00	83	1	1
INSURANCE RESERVE	11,471	4.00	4.00	5.00	4.00	11,488	4	16
2018 BOND SERIES	832,011	2,423.00	-118,628.00	2,492.00	2,494.00	720,792	2,494	9,770
TOTALS	5,588,517	1,502,400.00	-403,498.00	52,392.00	548,041.00	7,887,852.00	21,786	87,350

This report is in compliance with our investment strategies as approved by council and the Public Investment Act.

Director of Finance, Karen Amall

City Manager, Jay Abercrombie

Hotel-Motel Occupancy Tax
Monthly Reporting for
January 2024

DATE RECEIVED	TAX FOR MONTH	HOTEL NAME	TAXABLE MONTHLY RECEIPTS	7% TAX	1% RETAINER	AMOUNT PAID
2/16/2024	Jan	Baymont Inn	69,422.72	4,859.59	48.60	<u>4,810.99</u>
2/5/2024	Jan	Budget Inn (Sawan LLC)	13,443.32	941.03	9.41	<u>931.62</u>
2/21/2024	Jan	Economy Inn	3,876.42	271.35	-	<u>271.35</u>
2/1/2024	Jan	Holiday inn Express(Jayani Investments)	122,143.00	8,550.01	85.50	<u>8,464.51</u>
2/1/2024	Jan	Woodlawn Hills (Patel & Sons LTD)	28,635.00	2,004.45	20.04	<u>1,984.41</u>
2/14/2024	Jan	Motel 6	54,746.60	3,832.26	38.32	<u>3,793.94</u>
		Totals	292,267.06	20,458.69	201.87	20,256.82



Monthly Report

To: Mayor and City Council Members

From: Cheryl Jimerson, City Secretary

Date: March 1, 2024

Re: February 2024 Monthly Report

City Hall

- City Secretary
 - Took 6 hours vacation and 9 hours sick time 4 hours of PTO.
 - Registered with the Texas Municipal Clerks Association to get my certification.
 - Completed and passed Course 1 certification program.
 - Completed homework for Course 2 Modules 1,2, & 3.
 - Received, responded, or corresponded to open records requests.
 - Attended Management Meetings.
 - Attended Council Meeting.
 - Worked with City Attorney office on ordinances and resolutions.
 - Approved and/or entered requisitions and other day to day operations.
 - Answered incoming calls and/or returned calls and met with citizens about various reasons throughout the month.
 - Working to bring Bradshaw State Jail in with a voluntary annexation proposal.
 - Received all documentation from the Bradshaw State Jail to begin annexation process.
 - After the Jail annexation is completed, we have the documentation ready to annex Loop 571 and the East Texas Business Park.

- Front Desk Executive
 - Helped Water Billing with records retention schedule and packing documents that needed to be destroyed.
 - Updating the calendar for the shared conference room and Council Chambers at City Hall.
 - Organized the Fun Food Day menu that is scheduled on the 3rd Friday of each month.
 - Organizing City Hall records.
 - Answered and transferred calls that come in for each department.
 - Scan records for electronic storage.
 - Made sure all incoming mail was sent to the appropriate departments.
 - Keeping City Hall supplies ordered and stocked.
 - Place postage on all out-going mail.
 - Entered purchase orders.
 - Enter timesheets.
 - Searched for records pertaining to ordinances and/or resolutions for the City Secretary.
 - Folding and stuffing second notices for water department twice a month
-

HEDCO SALES TAX RECEIPTS HISTORY

Sales Month	Check Received Month	1992-1993	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
AUGUST	OCTOBER		38,548	36,197	37,403	43,615	43,743	45,133	43,378
SEPTEMBER	NOVEMBER		58,170	59,062	53,862	54,472	61,268	67,745	60,108
OCTOBER	DECEMBER	26,898	34,289	33,121	31,637	45,934	44,271	46,166	55,469
NOVEMBER	JANUARY	34,466	40,048	50,644	35,998	36,900	39,058	40,237	44,788
DECEMBER	FEBRUARY	66,400	65,598	63,055	57,486	67,599	72,385	79,705	65,828
JANUARY	MARCH	32,279	31,172	33,161	35,558	42,066	37,413	38,909	47,912
FEBRUARY	APRIL	30,617	34,455	33,221	45,104	40,731	40,610	45,303	46,995
MARCH	MAY	55,433	52,448	53,933	54,102	57,676	61,795	66,026	65,237
APRIL	JUNE	35,656	36,285	35,147	40,376	42,114	50,487	48,953	46,288
MAY	JULY	35,704	35,612	37,804	38,755	42,613	44,454	48,043	50,643
JUNE	AUGUST	56,455	60,479	57,700	61,328	60,099	68,203	60,864	65,906
JULY	SEPTEMBER	35,503	33,121	36,831	49,029	49,767	48,094	45,344	49,843
TOTAL		409,411	520,225	529,876	540,638	583,586	611,781	632,428	642,395
Average Monthly Sales Tax:		40,941	43,352	44,156	45,053	48,632	50,982	52,702	53,533
Annual % Change Over the Previous Year			27.07%	1.86%	2.03%	7.94%	4.83%	3.37%	1.58%

Sales Month	Check Received Month	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
AUGUST	OCTOBER	49,572	58,284	48,837	56,577	54,801	82,519	85,356	87,078
SEPTEMBER	NOVEMBER	59,757	73,834	64,109	70,315	72,264	80,573	100,384	121,188
OCTOBER	DECEMBER	57,388	55,476	48,859	48,045	54,868	66,909	75,575	83,539
NOVEMBER	JANUARY	47,961	48,417	46,007	48,377	55,768	75,685	72,105	88,099
DECEMBER	FEBRUARY	73,487	81,480	64,590	76,014	81,875	102,065	111,520	141,454
JANUARY	MARCH	48,080	42,784	44,274	51,551	51,428	67,088	71,346	57,698
FEBRUARY	APRIL	46,582	46,678	44,678	50,425	62,545	77,568	77,833	84,927
MARCH	MAY	66,004	65,071	63,256	70,803	80,858	91,113	112,557	113,913
APRIL	JUNE	54,487	50,901	51,519	54,893	60,060	79,527	94,809	92,131
MAY	JULY	54,980	49,222	49,936	51,277	61,354	82,635	90,307	110,175
JUNE	AUGUST	71,779	71,920	67,805	73,543	88,459	98,619	118,741	124,099
JULY	SEPTEMBER	53,936	51,693	58,630	52,730	63,193	72,496	81,438	105,559
TOTAL		684,013	695,760	652,500	\$ 704,550	787,473	976,797	1,091,971	1,209,860
Average Monthly Sales Tax:		57,001	57,980	54,375	\$ 58,713	65,623	81,400	90,998	100,822
Annual % Change Over the Previous Year		6.48%	1.72%	-6.22%	7.98%	11.77%	24.04%	11.79%	10.80%

HEDCO SALES TAX RECEIPTS HISTORY

Sales Month	Check Received Month	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
AUGUST	OCTOBER	111,268	76,298	87,499	\$ 84,071	92,147	114,011	116,949	121,718
SEPTEMBER	NOVEMBER	134,059	97,160	106,938	\$ 106,441	114,084	119,394	148,033	149,725
OCTOBER	DECEMBER	128,139	74,526	85,724	\$ 85,001	93,729	99,139	119,562	120,511
NOVEMBER	JANUARY	118,278	75,375	80,897	\$ 86,133	91,079	92,381	109,862	108,103
DECEMBER	FEBRUARY	146,434	96,298	120,034	\$ 120,338	121,444	133,265	147,853	145,156
JANUARY	MARCH	101,087	72,740	73,132	\$ 83,391	83,926	93,906	106,330	101,430
FEBRUARY	APRIL	101,860	72,550	72,002	\$ 90,348	94,535	96,345	113,852	112,599
MARCH	MAY	120,755	106,538	111,326	\$ 126,183	118,964	135,024	140,828	142,354
APRIL	JUNE	96,023	83,877	82,698	\$ 95,591	100,456	113,739	116,123	104,961
MAY	JULY	94,426	78,745	79,889	\$ 101,797	103,080	129,549	110,049	101,897
JUNE	AUGUST	113,557	110,237	116,504	\$ 120,043	122,602	141,380	140,858	132,394
JULY	SEPTEMBER	75,248	79,339	85,237	\$ 88,084	98,996	114,067	125,934	101,024
TOTAL		1,341,134	1,023,683	1,101,880	\$ 1,187,421	1,235,042	1,382,200	1,496,233	1,441,872
Average Monthly Sales Tax:		111,761	85,307	91,823	\$ 98,952	102,920	115,183	124,686	120,156
Annual % Change Over the Previous Year		0.11	-23.67%	7.64%	7.76%	4.01%	11.92%	8.25%	-3.63%

Sales Month	Check Received Month	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
AUGUST	OCTOBER	108,069	99,446	113,001	\$ 94,789	119,769	136,754	163,729	172,110
SEPTEMBER	NOVEMBER	132,067	124,141	138,028	\$ 142,246	141,434	177,944	208,295	210,169
OCTOBER	DECEMBER	100,965	95,324	114,866	\$ 113,405	113,333	143,064	167,491	189,000
NOVEMBER	JANUARY	96,254	100,353	110,701	\$ 110,843	112,738	145,911	168,489	204,304
DECEMBER	FEBRUARY	123,378	147,969	139,736	\$ 141,342	161,211	185,516	227,918	
JANUARY	MARCH	101,565	97,139	105,806	\$ 113,262	116,200	140,154	138,614	
FEBRUARY	APRIL	97,772	102,039	102,197	\$ 106,063	99,301	127,489	169,500	
MARCH	MAY	151,778	148,855	141,682	\$ 147,519	168,499	230,335	229,210	
APRIL	JUNE	99,509	128,332	111,569	\$ 130,329	143,875	157,730	180,538	
MAY	JULY	98,978	111,018	118,162	\$ 150,050	147,755	155,829	206,674	
JUNE	AUGUST	111,408	141,389	135,709	\$ 169,353	168,612	192,135	235,730	
JULY	SEPTEMBER	93,383	114,001	124,498	\$ 115,717	139,587	161,760	178,760	
TOTAL		1,315,126	1,410,006	1,455,955	\$ 1,534,918	1,632,314	1,954,621	2,274,948	775,583
Average Monthly Sales Tax:		109,594	117,501	121,330	\$ 127,910	136,026	162,885	189,579	193,896
Annual % Change Over the Previous Year		-0.09	7.21%	3.26%	5.42%	6.35%	19.75%	16.39%	-65.91%

CIVIC CENTER/PAVILION MONTHLY REPORT

FEBRUARY 2024

CIVIC CENTER

Rental

Entire Hall	5	Black History Month Gala, 8th Gr Val Dance, Fullen Party, Phillip's Party, Senior Celebrity Party
1/3 Hall	5	Women's Forum, Chamber Candidate Forum, R Bridges, Community Development Training, Bowman Oil,
2/3 Hall	2	New Life, Kerr Fam Church,
Reception Room	4	Provalus (x2), Renaissance Club, T Johnson, A Henderson, Family Dollar Training (x2), Main St Board Meeting
Board Room	7	New Life, Body Shop Wellness (x2), T Johnson, Rusk Co Republican Women, C Gossett, A Duke
TOTAL		23

FUN FACT: 50 out of 52 Saturdays are already booked for 2024

PAVILIONS

Rental

Yates Park	0	
Fair Park	0	
Lake Forest-Lion	2	Hall, Matlock
Lake Forest-Mann	1	Johnson
Lake Forest-Azalea	1	Croley
Lake Forest-Gazebo	0	
Lake Forest-Plaza	0	
TOTAL		4





MONTHLY REPORT

February 2024

MARDI GRAS WRAP-UP

Our annual Mardi Gras event brought in right at \$6,600, with expenses of approximately \$5,500, so we actually made a little profit this year. We are already discussing plans and changes for next year's event, tentatively scheduled for Feb. 22.

TRAVEL SHOW IN HOUSTON

I attended a travel show in Houston the weekend of Feb. 2 as part of the team from the Northeast Texas Tourism Council. We have another show scheduled in Dallas on the weekend of March 23.

downtowntx.org

Maximillian Hall with the Texas Historical Commission oversees the Downtown Texas website and coordinates the annual Imagine the Possibilities tour (IPT). We have had several meetings to get our page of the website updated. We will not be able to get everything updated in time to participate in the IPT tour this year, but hopefully in 2025. The IPT markets available buildings and spaces for sale or lease in our downtown area and brings investors from around the state into town to tour and look at what we have available.

NEW MAIN STREET WEBSITE

I spent a good bit of time researching possible hosts and software for an updated Main Street Henderson website. Our current site is no longer accessible for updates and must be replaced. The Main Street board will review several options and make a selection at our annual retreat in March.

SYRUP FESTIVAL MARKETING

Had several meetings with Vicki Armstrong to design the brochure for the 2024 Syrup Festival. It has been sent to the printer and should be back for final proof the first week in March.

MONTHLY OVERVIEW

February 2-5 – Houston travel show

- 8 – Mid-morning coffee break; brochure planning at Depot Museum
- 12-16 – In and out with funeral planning and attending funeral
- 21 – Main Street board agenda planning with Leon Harris
- 22 – Main Street website/social media planning with Phedra Johnson
- 26 – Demo of new website/marketing software
- 27 – Main Street board meeting
- 28 – Call with "Main Street Reborn" producers
- 29 – Downtown Merchants meeting to plan Day on Main in April



City of Henderson

Monthly Report

To: Mayor and City Council Members

From: Cristina Soriano, Juvenile Case Manager

Date: March 12, 2024

Re: February 2024 Monthly Report

MUNICIPAL COURT

Fines collected for 2023-2024 year – \$75,084.90 from 2753 transactions

Fines collected for 2022-2023 year- 64,681.00 from 2467 transactions

Fines Collected January 2024 - \$16,447.70 from 521 transactions

Fines Collected January 2023 – \$16,084.40 from 566 transactions

Virtual open Court Cases Scheduled 17 Appeared 6 by virtual and including walk-ins

City of Henderson
Main Street Department
1500 Lake Forest Parkway
Henderson, Texas 75652



Telephone: 903-392-8232
Fax: 903-657-7327
www.mainstreethenderson.com

MINUTES
HENDERSON MAIN STREET ADVISORY BOARD MEETING
Tuesday, February 27, 2024 – 12:00 pm, Henderson Civic Center Rec. Rm.
1500 Lake Forest Parkway, Henderson, Texas 75652

Board Members Attending:

Brant Bane	Brooke Dover
Michael Loosier	Kelly Bumgardner
Misty Evans (attended digitally via Facetime)	Leon Harris

Board Members Absent:

Bonnie Geddie

Ex-Officio Members Attending:

Alexa Duke, Tourism/Main St. Coord.	Stephanie Kimbrell, Civic Center Manager
-------------------------------------	--

Called to order by President at 12:01 p.m

1. Citizen Presentation - none
2. Downtown Association Report - a meeting is scheduled for Thursday, February 29 to begin planning a Day on Main, the second Saturday in April.
3. Upon a motion from Michael Loosier and a second from Kelly Bumgardner, the January 9, 2024 minutes were unanimously approved.
4. Upon a motion from Kelly Bumgardner and a second from Michael Loosier, November, December 2023 and January 2024 financials were unanimously approved.
5. Upon a motion from Michael Loosier and a second from Kelly Bumgardner, the payment request for the 113 S. Main sign grant application was unanimously approved.
6. Marketing options from Locable, Downtown Reborn, city website were presented with no action taken.
7. The annual board retreat was scheduled from 4-7 p.m. on March 26, 2024. Kelly Bumgardner will secure the country club or an alternate location.
8. There was some discussion of the 2024 Mardi Gras event, which made a small profit. No official action was taken, although board members prefer the event take place downtown in the future.
9. Committee Reports:
 - a. Organization – no report
 - b. Economic Restructuring – new restaurant/tea room has opened at 100 N. Marshall; new occupants will be moving into the dry cleaners building on S. Main, a plumber and an ice cream parlor.
 - c. Promotion & Design – Need to determine exactly where the board is in the approval process for the mural at Kelly B's. Misty has spoken to Trey Segura, owner of the old Western Auto building, about refreshing the mural facing W. Main. He is willing to pay half the cost but would like to change the design a bit. Brant has spoken to a lighting designer about replacing the downtown lighting and has a tentative meeting with him in March.
10. The next board meeting is scheduled at noon on Tuesday, March 26, 2024.
11. Upon a motion by Michael Loosier, seconded by Brant Bane, the meeting was adjourned.

Submitted by:

Alexa Duke, Tourism & Main Street Coordinator