


HWU




Henderson Water Utility

WATER • WASTEWATER • STORMWATER

 270.826.2421

 www.hkywater.org

 111 Fifth Street
Henderson, KY 42420

December 28, 2022

Mr. Pete Conrad
Henderson County Water District
P.O. Box 655
Henderson, Kentucky 42419

Dear Mr. Conrad:

In accordance with the contract between the Henderson Water Utility (HWU) and the Henderson County Water District, the costs of providing water services based on our fiscal year June 30, 2022 audit have been calculated by HWU and examined by our auditors, Riney Hancock CPAs PSC for our North and South Water Systems. Enclosed is a copy of each individual calculation and the accountant's report provided by our auditors. The following table summarizes the current versus the new rates:

Henderson County Water District		
	Current Rate Per 1,000 Gallons	New Rate Per 1,000 Gallons
North	\$3.2764	\$3.3035
South	\$3.6160	\$2.9548

These revised rates are to go into effect on the first billing after March 31, 2023 (March 2023 consumption). We appreciate the opportunity to serve the Henderson County Water District. If you have questions concerning this letter please contact me.

Sincerely,

Todd Bowley
Chief Financial Officer





INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

We have examined the accompanying Henderson County Water District Calculation of North Water Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2022. Henderson Water Utility's management is responsible for the Calculation in accordance with the Water Contract (Contract) dated June 1, 1989, as amended February 11, 1997. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Contract, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Henderson County Water District Calculation of North Water Cost per Contract of the Henderson Water Utility for the year ended June 30, 2022, is presented in accordance with the Contract, in all material respects.

Riney Hancock CPAs PSC

Owensboro, Kentucky
December 20, 2022

Henderson County Water District
Calculation of North Water Cost per Contract
6/30/2022

Operating expenses	\$ 5,927,743
Interest expense	<u>143,988</u>
Total cost	6,071,731
Less: City of Henderson overhead allocation	<u>(255,500)</u>
Net expenses applicable to Henderson County Water District	<u><u>\$ 5,816,231</u></u>

Calculation of North Water Cost per Contract:

Expenses per above	\$ 5,816,231
Volume in gallons	<u>2,200,787,489</u>
Rate per 1000 gallons	\$ 2.6428
Times contract factor	<u>1.25</u>
Calculated rate per 1,000 gallons	<u><u>\$ 3.3035</u></u>



INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

We have examined the accompanying Henderson County Water District Calculation of South Water Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2022. Henderson Water Utility's management is responsible for the Calculation in accordance with the Water Contract (Contract) dated June 1, 1989, as amended February 11, 1997. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Contract, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Henderson County Water District Calculation of South Water Cost per Contract of the Henderson Water Utility for the year ended June 30, 2022, is presented in accordance with the Contract, in all material respects.

Owensboro, Kentucky
December 20, 2022

**Henderson County Water District
Calculation of South Water Cost per Contract
6/30/2022**

Operating expenses	\$ 2,313,404
Interest expense	<u>44,328</u>
Total cost	2,357,732
Less: City of Henderson overhead allocation	<u>(73,000)</u>
Net expenses applicable to HCWD	<u><u>\$ 2,284,732</u></u>

Calculation of South Water Cost per Contract:

Expenses per above	\$ 2,284,732
Volume in gallons	<u>966,543,235</u>
Rate per 1000 gallons	\$ 2.3638
Times contract factor	<u>1.25</u>
Calculated rate per 1,000 gallons	<u><u>\$ 2.9548</u></u>