

CITY OF ADRIAN, MISSOURI

**STATEMENT OF WATER PRODUCTION COSTS
AND DEPRECIATION AND REPLACEMENT CONTRIBUTION
AND STATEMENT OF WATER SUPPLY FACILITIES
REPLACEMENT ACCOUNT
AS OF AND FOR THE FISCAL YEAR
ENDED JUNE 30, 2021**

**TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

**CITY OF ADRIAN, MISSOURI
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INDEPENDENT AUDITORS' REPORT

The Board of Aldermen
City of Adrian, Missouri

We have audited the accompanying Statement of Water Production Costs and Depreciation and Replacement Contribution and Statement of Water Supply Facilities Replacement Account of the City of Adrian, Missouri, for the fiscal year ended June 30, 2021.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America for the purpose of complying with the provisions of the Water Purchase Contract between the City of Adrian, Missouri and Public Water Supply District No. 5 of Bates County, Missouri, dated August 18, 1977, as amended by Addendums dated January 12, 1982, August 16, 1982, July 20, 2009 and November 12, 2012; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cost of water production and funding of the Water Supply Facilities Account of the City of Adrian, Missouri, as of and for the fiscal year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America and the provisions of the Water Purchase Contract referred to in the second paragraph.

Other Matters

The accompanying statements were prepared from the accounts and financial transactions contained in the Water Operation Fund of the City of Adrian, Missouri. Such statements are not intended to present the financial position or change in net position of the City of Adrian, Missouri.

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 City of Adrian, Missouri as of and for the fiscal year ended June 30, 2021, and issued our report thereon dated March 17, 2023, which expressed an unmodified opinion on those financial statements.

Restriction on Use

This report is intended solely for the information and use of management and the Board of Aldermen of the City of Adrian, Missouri and Public Water Supply District No. 5 of Bates County, Missouri and is not intended to be, and should not be, used by anyone other than these specified parties.

DSWA Certified Public Accountants, P.C.

Raymore, Missouri
March 17, 2023

**CITY OF ADRIAN, MISSOURI
STATEMENT OF WATER PRODUCTION COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

WATER PRODUCTION COSTS

| | | | |
|------------------------------|----|----------------|-----------|
| Salaries | \$ | 150,169 | |
| Payroll taxes and benefits | | 46,541 | |
| Professional fees | | 5,186 | |
| Supplies | | 1,002 | |
| Repairs and maintenance | | 41,945 | |
| Vehicle operation expense | | 3,421 | |
| Utilities | | 30,954 | |
| Telephone | | 5,557 | |
| Chemicals | | 101,115 | |
| Insurance | | 18,415 | |
| Permits | | 245 | |
| Dues | | 142 | |
| Total water production costs | \$ | <u>404,692</u> | \$ 3.6806 |

DEBT SERVICE COSTS

| | | | |
|------------------------------|----|----------------|--------|
| Bond principal and interest: | | | |
| Series 2007 bonds | \$ | 240,378 | |
| Series 2010 bonds | | 21,427 | |
| Bond administrative fees | | 15,766 | |
| Total debt service costs | \$ | <u>277,571</u> | 2.5245 |

COST OF PRODUCTION

| | | | |
|--|----|------------------|--|
| Water production and debt service costs | \$ | 682,263 | |
| Percentage used by purchaser | | 68.3482% | |
| Purchaser's cost of production share | | 466,314 | |
| Amount paid for water by purchaser | | <u>(471,945)</u> | |
| Amount (overpaid)/underpaid by purchaser | | (5,631) | |
| 6.00% interest | | <u>(338)</u> | |
| Amount (overpaid)/underpaid by purchaser | \$ | <u>(5,969)</u> | |

WHEELING CHARGE

| | | | |
|--|----|----------------|--|
| 2% wheeling charge | \$ | 5,532 | |
| Amount paid for wheeling by purchaser | | <u>(6,202)</u> | |
| Amount (overpaid)/underpaid by purchaser | \$ | <u>(670)</u> | |

DEPRECIATION AND REPLACEMENT ACCOUNT CONTRIBUTION

| | | | | |
|--|----------|----|-----------------|-------------------|
| Depreciation and replacement required | | \$ | 25,446 | |
| City of Adrian contribution allocation | 31.6518% | | 8,054 | \$672 per month |
| PWSD No. 5 contribution allocation | 68.3482% | | 17,392 | \$1,449 per month |
| Amount paid by purchaser | | | <u>(16,488)</u> | |
| Amount (overpaid)/underpaid by purchaser | | | <u>904</u> | |
| Total amount (overpaid)/underpaid by purchaser | | \$ | <u>(5,735)</u> | |

RATE

| | | | |
|----------------------------|--------------------|----|---------------|
| Total water produced | <u>109,952,000</u> | = | 68.3482% |
| Gallons used by purchaser | 75,150,200 | | |
| Water production rate | | \$ | 3.6806 |
| Debt service rate | | | <u>2.5245</u> |
| 2021 Water production rate | | \$ | <u>6.2051</u> |

See independent auditors' report.

CITY OF ADRIAN, MISSOURI
STATEMENT OF WATER SUPPLY FACILITIES REPLACEMENT ACCOUNT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| | <u>Account Summary</u> | <u>Actual Funding</u> | <u>Required</u> | <u>Funding Due/ (Refundable)</u> |
|--------------------------------|----------------------------|---------------------------|------------------|--------------------------------------|
| ACCOUNT BALANCE, July 1, 2020 | \$ 177,157 | - | - | \$ 410 |
| Earnings during year | 417 | - | - | - |
| Funding: | | | | |
| Public Water Supply District | | | | |
| No. 5 of Bates County | 16,488 | \$ 16,488 | \$ 17,392 | 904 |
| City of Adrian | 8,096 | 8,838 | 8,054 | (784) |
| Disbursements | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| ACCOUNT BALANCE, June 30, 2021 | <u>\$ 202,158</u> | | | <u>\$ 530</u> |
| Total Funding | | <u>\$ 25,326</u> | <u>\$ 25,446</u> | |

See independent auditors' report.