

**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, 2022**

**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, 2022.

### ***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, 2022, 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, 2022, and issued our report thereon dated November 10, 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  
November 10, 2023

**CITY OF ADRIAN, MISSOURI  
STATEMENT OF WATER PRODUCTION COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**WATER PRODUCTION COSTS**

Salaries	\$	169,319	
Payroll taxes and benefits		58,208	
Professional fees		19,636	
Supplies		195	
Repairs and maintenance		40,738	
Vehicle operation expense		3,826	
Utilities		32,412	
Telephone		7,849	
Chemicals		102,167	
Insurance		20,809	
Permits		200	
Dues		377	
Total water production costs	\$	<u>455,736</u>	\$ 4.3163

**DEBT SERVICE COSTS**

Bond principal and interest:			
Series 2007 bonds	\$	238,905	
Series 2010 bonds		21,130	
Bond administrative fees		12,219	
Total debt service costs	\$	<u>272,254</u>	2.5785

**COST OF PRODUCTION**

Water production and debt service costs	\$	727,990	
Percentage used by purchaser		<u>67.4233%</u>	
Purchaser's cost of production share		490,835	
Amount paid for water by purchaser		<u>(471,966)</u>	
Amount (overpaid)/underpaid by purchaser		18,869	
6.00% interest		1,132	
Amount (overpaid)/underpaid by purchaser	\$	<u>20,001</u>	

**WHEELING CHARGE**

2% wheeling charge	\$	6,145	
Amount paid for wheeling by purchaser		<u>(5,866)</u>	
Amount (overpaid)/underpaid by purchaser	\$	<u>279</u>	

**DEPRECIATION AND REPLACEMENT ACCOUNT CONTRIBUTION**

Depreciation and replacement required		<u>\$ 25,446</u>	
City of Adrian contribution allocation	32.5767%	8,289	\$691 per month
PWSD No. 5 contribution allocation	67.4233%	17,157	\$1,430 per month
Amount paid by purchaser		<u>(16,488)</u>	
Amount (overpaid)/underpaid by purchaser		<u>669</u>	
Total amount (overpaid)/underpaid by purchaser		<u>\$ 20,949</u>	

**RATE**

Total water produced	<u>105,586,000</u>	=	67.4233%
Gallons used by purchaser	71,189,600		
Water production rate		\$	4.3163
Debt service rate			<u>2.5785</u>
2022 Water production rate		\$	<u>6.8948</u>

See independent auditors' report.

**CITY OF ADRIAN, MISSOURI**  
**STATEMENT OF WATER SUPPLY FACILITIES REPLACEMENT ACCOUNT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Account Summary</u>	<u>Actual Funding</u>	<u>Required</u>	<u>Funding Due/ (Refundable)</u>
ACCOUNT BALANCE, June 30, 2021	\$ 202,158	-	-	\$ 530
Earnings during year	426	-	-	-
Funding:				
Public Water Supply District				
No. 5 of Bates County	16,488	\$ 16,488	\$ 17,392	904
City of Adrian	11,332	11,332	8,054	(3,278)
Disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ACCOUNT BALANCE, June 30, 2022	<u>\$ 230,404</u>			<u>\$ (1,844)</u>
Total Funding		<u>\$ 27,820</u>	<u>\$ 25,446</u>	

See independent auditors' report.