

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

April 7, 2026

Board of Directors
South Plains Water Supply Corporation
Lubbock, Texas

We have audited the financial statements of South Plains Water Supply Corporation (the Corporation) for the year ended December 31, 2025, and have issued our report thereon dated April 7, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 7, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimates affecting the financial statements were the rates used to calculate depreciation, allowance for credit losses and unbilled revenue. Management's estimate of the depreciation rate is based on industry accepted guidelines and the rates are within those guidelines. Management's estimate of the allowance for credit losses is based on historical sales and an analysis of the collectability of individual accounts. Management's estimate of unbilled revenue is based on the prior month usage since billing is a month behind. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was Note 6 – Significant Risks and Uncertainties.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. A list of all adjusting journal entries posted as a result of the audit procedures is attached to this letter.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 7, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Board of Directors
South Plains Water Supply Corporation
April 7, 2026
Page 3

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Balinger, Segars, Gilbert & Mass LLP

Certified Public Accountants

Client: **77211 - South Plains Water Supply Corporation**
Engagement: **2025 South Plains Water Supply**
Period Ending: **12/31/2025**
Trial Balance: **TB - WTB - Database**
Workpaper: **Adjusting Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entry JE # 1				
To reclass prior year accounts payable				
5100.200	Cost of goods sold:Supplies & materials -		1,226.00	
6101.100	General business expenses:Maintenance		6,480.62	
8000.600	Other Expenses:Asset Acquisiton & Transition		7,445.00	
1100.300	Asset Development			7,445.00
5100.600	Cost of goods sold:Supplies & materials -			1,226.00
8000.600	Other Expenses:Asset Acquisiton & Transition			6,480.62
Total			15,151.62	15,151.62
Adjusting Journal Entry JE # 2				
To record change in unbilled revenue				
1001.300	Unbilled Revenue		2,366.39	
4100.100	Water Revenue:Water Revenue			2,366.39
Total			2,366.39	2,366.39
Adjusting Journal Entry JE # 3				
To true up AR allowance account				
6100.200	General business expenses:Bad Debt Expense		53,001.49	
1200.000	AR Allowance			53,001.49
Total			53,001.49	53,001.49
Adjusting Journal Entry JE # 4				
To true up principal, interest, and current maturities for Communities Unlimited and WFX				
2100.990	Current Maturities of Long-Term Debt		12,026.44	
2100.990	Current Maturities of Long-Term Debt		28,760.11	
8000.750	Other Expenses:Interest Expense		4,138.07	
2100.200	Long Term Liabilities:System Acquisition Costs			15,468.93
2100.400	Long Term Liabilities:WPX (Loan)			27,965.54
2300.200	Current Maturities - System Acquisition Costs			695.58
2300.400	Current Maturities - WPX			794.57
Total			44,924.62	44,924.62
Adjusting Journal Entry JE # 5				
To record fixed asset additions and retirements				
1100.300	Asset Development		10,500.00	
1200.100	Accumulated Depreciation		8,100.00	
1213.000	Fixed Assets (M&E) - TNE		14,837.08	
1211.000	Fixed Assets (M&E) - Cox			1,850.00
1212.000	Fixed Assets (M&E) - Plott			3,200.00
1213.000	Fixed Assets (M&E) - TNE			1,850.00
1214.000	Fixed Assets (M&E) - TNV			1,200.00
6101.500	General business expenses:R&R Fund			14,837.08
8000.600	Other Expenses:Asset Acquisiton & Transition			10,500.00
Total			33,437.08	33,437.08
Adjusting Journal Entry JE # 6				
To record depreciation expense				
8002.000	Depreciation Expense		618.21	
1200.100	Accumulated Depreciation			618.21
Total			618.21	618.21