

Spanish Fort Water System, Inc.

Profit Loss February 2023

	TOTAL	
	FEB 2023	JAN 2023 (PP)
Income		
512 Water Sales Total	211,095.74	-3,321.65
513 Late Charges Total	3,500.01	3,434.84
516 Miscellaneous	0.00	0.00
516.12 Single Transmitter	0.00	175.00
516.14 Labor Charge	0.00	225.00
516.22 Meter Replacement	0.00	669.16
Total 516 Miscellaneous	0.00	1,069.16
520 Fees Total	0.00	0.00
520-1 convenience fee	378.10	418.10
520-12 Returned Check Fee	0.00	180.00
520-13 Reconnect Fee	0.00	135.00
520-2 New Account Set up Fee 25.00	1,200.00	900.00
520-5 Meter Read Fee	2,000.00	2,000.00
Total 520 Fees Total	3,578.10	3,633.10
Total Income	\$218,173.85	\$4,815.45
GROSS PROFIT	\$218,173.85	\$4,815.45
Expenses		
602 Professional Fees - Legal	299.25	3,454.07
615 Bad Debts	0.00	709.87
618 Bank Service Charges	809.03	767.18
618-1 Merchant Account Fees	616.49	730.35
625 Bookkeeping	750.00	750.00
630 Chemicals	80.00	0.00
630-1 Plants	1,211.64	632.50
630-2 Purchase	0.00	2,053.54
Total 630 Chemicals	1,291.64	2,686.04
631 Testing and Laboratory	2,528.28	1,929.62
631-1 Plants/Ponds	1,000.00	0.00
Total 631 Testing and Laboratory	3,528.28	1,929.62
640 Software / Support	191.21	0.00
640-1 Sensus Analytics	0.00	7,432.28
640-2 Computer Supplies/Support Gen	270.55	388.03
640-3 Fulcrum	1,584.00	0.00
640-4 SFWS App	78.00	78.00
640-5 Rooted Technology	226.70	226.70
640-6 Adobe/QuickBooks/Splashtop	367.82	51.82
Total 640 Software / Support	2,718.28	8,176.83

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650 Depreciation	52,389.96	52,389.96
655 Directors Fee	2,000.00	1,700.00
665 Engineering	0.00	991.90
670 Equipment Rental	0.00	84.76
675 Equipment Expense	1,773.20	773.35
675-1 Generator Maintenance	797.84	0.00
Total 675 Equipment Expense	2,571.04	773.35
680 Gasoline	1,212.66	1,465.41
680-1 Reimbursement	30.79	0.00
680-2 Plants	0.00	59.27
680-3 Equipment	0.00	0.36
Total 680 Gasoline	1,243.45	1,525.04
685 Building Maintenance & Upkeep	0.00	0.00
685-1 Security	40.00	40.00
685-2 Pest Control	204.00	0.00
685-3 Cleaning	150.00	150.00
685-4 Other Maintenance & Repairs	450.00	0.00
685-5 Holiday Decorations	1,952.76	0.00
Total 685 Building Maintenance & Upkeep	2,796.76	190.00
686 Grounds Maintenance	1,015.00	986.10
700 Insurance Expense	0.00	0.00
700-1 System Insurance	3,738.33	3,154.56
Total 700 Insurance Expense	3,738.33	3,154.56
710 Interest Expense	20,000.00	20,000.00
716 Miscellaneous Expense	8.14	0.00
720 Office Supplies	0.00	127.57
720-1 Computer Hardware	437.99	0.00
720-3 Miscellaneous Office Supplies	252.68	5.97
Total 720 Office Supplies	690.67	133.54
740 Postage	0.00	0.00
740-1 Arista	1,535.43	1,499.32
740-2 Nall	1,605.15	0.00
740-3 Stamps	125.50	0.00
Total 740 Postage	3,266.08	1,499.32
741 Printing	0.00	0.00
741-1 Arista	566.40	764.11
741-2 Nall	1,168.23	0.00
Total 741 Printing	1,734.63	764.11

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770 Repairs and Maintenance - O&M	0.00	0.00
770-1-1 Tank Maintenance Contract	6,113.83	6,113.83
770-2 Water Production	150.59	855.38
770-4 Water Distribution	15,718.69	24,210.50
770-4-1 Landscape Repair	163.98	1,760.00
770-5 Other Costs	106.77	71.24
Total 770 Repairs and Maintenance - O&M	22,253.86	33,010.95
780 Salaries	0.00	-16,315.00
780-1 Field Salary	21,789.08	19,738.68
780-2 Clerical	6,304.00	5,982.00
780-3 Overtime	1,929.90	2,978.25
780-4 Vacation/other	1,406.00	3,736.40
780-5 Payroll Processing Fees	109.52	428.52
780-6 Payroll Tax Expenses	2,586.03	2,841.28
780-7 Retirement	6,612.31	775.89
Total 780 Salaries	40,736.84	20,166.02
785 Employee Insurance	0.00	0.00
785-1 Health Insurance	6,507.75	6,516.09
785-2 Basic Term Life	0.00	603.00
Total 785 Employee Insurance	6,507.75	7,119.09
820 Communications	0.00	0.00
820-1 Cell phones	481.74	435.30
820-1-1 Cell Phone Equipment	300.49	0.00
820-2 Internet	330.12	329.74
820-3 Ring Central	143.68	189.70
Total 820 Communications	1,256.03	954.74
880 Utilities	0.00	0.00
880-1 WHS Utilities	0.00	0.00
880-1-1 WHS Power	46.78	48.25
880-1-2 WHS Gas	73.56	49.24
880-1-3 WHS Sewer	112.27	112.27
Total 880-1 WHS Utilities	232.61	209.76
880-2 WTP 3 Power	546.55	573.57
880-3 WTP 1 Office Utilities	0.00	0.00
880-3-1 WTP 1 Office Power	122.27	88.34
880-3-2 WTP 1 Office A&J Sewer	100.00	200.00
880-3-3 WTP 1 Office Republic Dumpster	165.37	170.71
Total 880-3 WTP 1 Office Utilities	387.64	459.05
880-4 WTP 1 Power	1,988.58	1,548.99

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880-5 Main Office Utilities	0.00	0.00
880-5-1 Main Office Power	236.19	240.45
880-5-2 Main Office Gas	12.25	12.25
880-5-3 Main Office Sewer	112.27	112.27
880-5-4 Main Office Garbage	0.00	49.74
Total 880-5 Main Office Utilities	360.71	414.71
880-6 WTP 4 Power	60.66	59.37
880-7 TGB #4 Power	43.65	44.75
880-8 Tank 5 Power	24.31	24.28
880-9 MAWSS Booster Station Power	1,752.87	2,209.22
880-A10 CL2 Trailer AL Power	186.03	175.41
Total 880 Utilities	5,583.61	5,719.11
882 Vehicle Expense	0.00	0.00
882-2 #15 William 2015 F250	0.00	137.46
882-3 #17 Jason 2019 F250	626.81	75.00
Total 882 Vehicle Expense	626.81	212.46
885 Water Purchases	0.00	0.00
885-2 MAWSS	58,763.19	-10,111.66
885-2-1 MAWSS Loan Payment	10,112.22	10,112.22
885-3 Town of Loxley	3,792.40	4,110.20
Total 885 Water Purchases	72,667.81	4,110.76
Total Expenses	\$251,099.74	\$174,689.73
NET OPERATING INCOME	\$ -32,925.89	\$ -169,874.28
Other Income		
517 Interest Income	84.19	1,113.29
521 Dividend Income	1,878.49	0.00
541 Visa Cash Back Rewards	3,904.41	0.00
Total Other Income	\$5,867.09	\$1,113.29
NET OTHER INCOME	\$5,867.09	\$1,113.29
NET INCOME	\$ -27,058.80	\$ -168,760.99

March 6, 2023

Warren Averett, LLC
112 W Laurel Ave
Foley, AL 36535

This representation letter is provided in connection with the audit of the financial statements of Spanish Fort Water System, Inc. ("System"), which comprise the statement of Balance Sheet as of December 31, 2022, and the related statements of operations and members' equity and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 27, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) We are in agreement with the adjusting journal entries that you have proposed, and they have been posted to the System's accounts.
- 9) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the System is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- 12) We have reviewed long-lived assets whenever events or changes in circumstances have indicated the carrying amount of assets might not be recoverable and have appropriately recorded the adjustment.

- 13) In regard to the tax preparation services, financial statement preparation services, and maintenance of the Company's depreciation schedule performed by you, we have:
- Assumed all management responsibilities.
 - Designated an individual within senior management, Hank Bauer, Jr., who possesses suitable skill, knowledge, or experience to oversee the services.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the results of the services.

Information Provided

- 14) We have provided you with:
- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - Among other things, relevant information may include such matters as –
 - Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices
 - Completeness and availability of all minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes were not yet prepared.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the System from whom you determined it necessary to obtain audit evidence.
- 15) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 16) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 17) We have no knowledge of any fraud or suspected fraud that affects the System and involves:
- Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 18) We have no knowledge of any allegations of fraud or suspected fraud affecting the System's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 19) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 20) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 21) We have disclosed to you the identity of the System's related parties and all the related-party relationships and transactions of which we are aware.
- 22) The System has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you and disclosed in the notes to the financial statements.
- 23) We have evaluated, and continue to evaluate, our financial condition and know of no events or conditions that raise substantial doubt about the System being able to continue as a going concern.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and

provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

- 25) Spanish Fort Water System, Inc. is an exempt organization under Section 501(c)(12) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the System's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

Signature: _____

Title: President of the Board _____

Signature: _____

Title: _____