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Florida Public Service Commission
Division of Water and Wastewater

CLASS "B"

WATER and/or SEWER UTILITIES

(Gross Revenue of \$150,000 or More but Less Than \$750,000 Each)

ANNUAL REPORT

OF

Fountain Lakes Sewer Corp.

442-S

Certificate Number(s)



FOR THE

YEAR ENDED DECEMBER 31, 1998

**OFFICIAL COPY
DIVISION OF
WATER AND SEWER
Do Not Remove from this Office**

Cronin, Jackson, Nixon & Wilson
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February 23, 1999

Officers and Directors
Fountain Lakes Sewer Corp.

We have compiled the 1998 Annual Report of Fountain Lakes Sewer Corp. in the accompanying prescribed form, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting, in the form prescribed by the Florida Public Service Commission, information that is the representation of the management of Fountain Lakes Sewer Corp. We have not audited or reviewed the report referred to above and, accordingly, do not express an opinion or any form of assurance on it.

This report is presented in accordance with the requirements of the Florida Public Service Commission, which differ from generally accepted accounting principles. Accordingly, this report is not designed for those who are not informed about such differences.

Cronin, Jackson, Nixon & Wilson

CRONIN, JACKSON, NIXON & WILSON

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EXECUTIVE SUMMARY

CERTIFICATION OF ANNUAL REPORT

YEAR OF REPORT December 31, 1998
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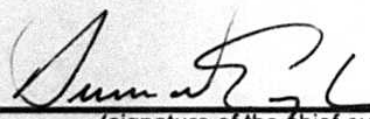
UTILITY NAME: Fountain Lakes Sewer Corp.

I HEREBY CERTIFY, to the best of my knowledge and belief:

- | | | |
|------------|-----------|--|
| YES
(X) | NO
() | 1. The utility is in substantial compliance with the Uniform System of Accounts prescribed by the Florida Public Service Commission. |
| YES
(X) | NO
() | 2. The utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission. |
| YES
(X) | NO
() | 3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statement of the utility. |
| YES
(X) | NO
() | 4. The annual report fairly represents the financial condition and results of operations of the respondent for the period presented and other information and statements presented in the report as to the business affairs of the respondent are true, correct and complete for the period for which it represents. |

Items Certified

1.	2.	3.	4.
(X)	(X)	(X)	(X)



(signature of the chief executive officer of the utility)

Bruce W. Engelsma

1.	2.	3.	4.
(X)	(X)	(X)	(X)

N/A

(signature of the chief financial officer of the utility)

* Each of the four items must be certified YES or NO. Each item need not be certified by both officers. The items being certified by the officer should be indicated in the appropriate area to the left of the signature.

NOTICE: Section 837.06, Florida Statutes, provides that any person who knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his duty shall be guilty of a misdemeanor of the second degree.

ANNUAL REPORT OF

Fountain Lakes Sewer Corp.

County: Lee

(Exact Name of Utility)

List below the exact mailing address of the utility for which normal correspondence should be sent:

523 South 8th Street
Minneapolis, MN 55404

Telephone: (612) 305-2927

Name and address of person to whom correspondence concerning this report should be addressed:

Cronin, Jackson, Nixon and Wilson, CPA's
Paul DeChario

2560 Gulf to Bay Blvd, Suite 200
Clearwater, Florida 33765

Telephone: (813) 791-4020

List below the address of where the utility's books and records are located:

523 South 8th Street
Minneapolis, MN 55404

Telephone: (612) 305-2927

List below any groups auditing or reviewing the records and operations:

Cronin, Jackson, Nixon and Wilson, CPA's

Date of original organization of the utility:

4 / 1 / 88

Check the appropriate business entity of the utility as filed with the Internal Revenue Service:

Individual

Partnership

Sub S Corporation

1120 Corporation

List below every corporation or person owning or holding directly or indirectly 5 percent or more of the voting securities of the utility:

	Name	Percent Ownership	
1.	Kraus-Anderson, Incorporated	75	%
2.	Osborne Properties	25	%
3.			%
4.			%
5.			%
6.			%
7.			%
8.			%
9.			%
10.			%

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
December 31, 1998

DIRECTORY OF PERSONNEL WHO CONTACT THE FLORIDA PUBLIC SERVICE COMMISSION

NAME OF COMPANY REPRESENTATIVE (1)(2)	TITLE OR POSITION	ORGANIZATIONAL UNIT TITLE (3)	USUAL PURPOSE FOR CONTACT WITH FPSC
Jerry A. Sherman	Exec. Vice President/ Chief Operating Officer	Fountain Lakes Sewer Corp	Utility matters
Robert C. Nixon (727) 791-4020	CPA	Cronin, Jackson, Nixon & Wilson	Accounting & rate matters
Martin S. Friedman, Esq (850) 877-6555	Attorney	Rose, Sundstrom & Bentley	Legal matters

- (1) Also list appropriate legal counsel, accountants and others who may not be on general payroll.
- (2) Provide individual telephone numbers if the person is not normally reached at the company.
- (3) Name of company employed by if not on general payroll.

UTILITY NAME: Fountain Lakes Sewer Corp.

COMPANY PROFILE

Provide a brief narrative company profile which covers the following areas:

- A. Brief company history.**
- B. Public services rendered.**
- C. Major goals and objectives.**
- D. Major operating divisions and functions.**
- E. Current and projected growth patterns.**
- F. Major transactions having a material effect on operations.**

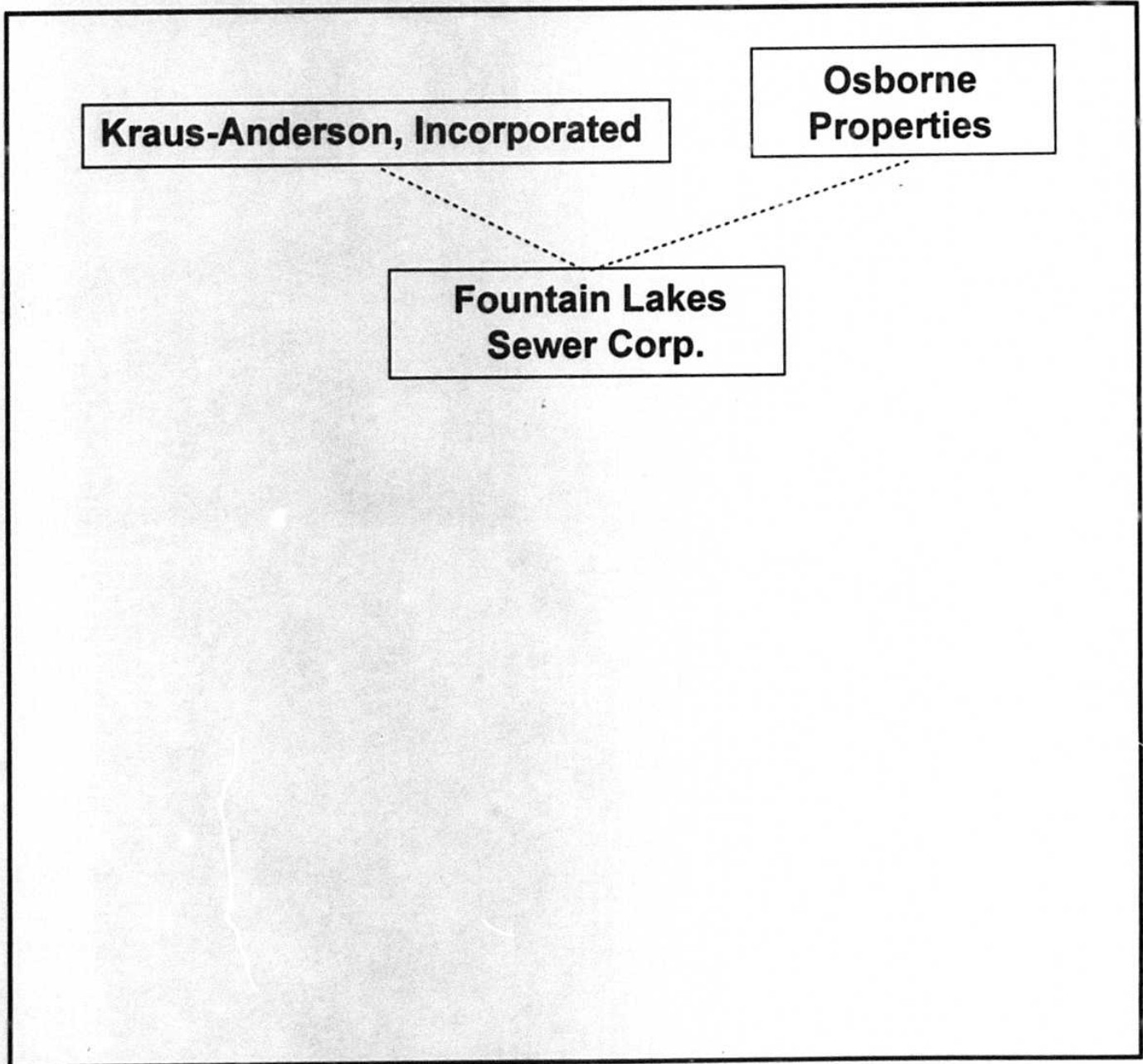
- A. The Company was formed on April 1, 1988, to provide sewer service to the residents of the Fountain Lakes Development, located in Lee County. Water Service is provided by the Bonita Springs System, Inc.
- B. The Company provides sewer service only.
- C. To provide quality sewer service to the residents of the Fountain Lakes and a fair rate of return to its stockholders.
- D. The Company only provides sewer services.
- E. The Company expects growth to continue at approximately 75 ERC's per year
- F. None

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
December 31, 1998

PARENT / AFFILIATE ORGANIZATION CHART
Current as of 12/31/98

Complete below an organizational chart that shows all parents and subsidiaries of the utility. The chart must also show the relationship between the utility and the affiliates listed on E-7, E-10(a) and E-10(b).



UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
December 31, 1998

COMPENSATION OF OFFICERS

For each officer, list the time spent on respondent as an officer compared to time spent on total business activities and the compensation received as an officer from the respondent.

NAME (a)	TITLE (b)	% OF TIME SPENT AS OFFICER OF UTILITY (c)	OFFICERS COMPENSATION (d)
Bruce Engelsma	President	5 %	\$ None
Daniel Engelsma	Vice President	5 %	\$ None
Jerry A. Sherman	Executive Vice President/ Chief Operating Officer	5 %	\$ None
David J. Olson	Secretary/Treasurer	5 %	\$ None
			\$
			\$
			\$
			\$

COMPENSATION OF DIRECTORS

For each director, list the number of director meetings attended by each director and the compensation received as a director from the respondent.

NAME (a)	TITLE (b)	NUMBER OF DIRECTORS MEETINGS ATTENDED (c)	DIRECTORS COMPENSATION (d)
Bruce Engelsma	Director	1	\$ None
Daniel Engelsma	Director	1	\$ None
Janice R. Goebel	Director	1	\$ None
			\$
			\$
			\$
			\$
			\$

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
December 31, 1996

UTILITY PLANT (ACCTS. 101 - 106)

ACCT. NO. (a)	DESCRIPTION (b)	WATER (c)	SEWER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
	Plant Accounts				
101	Utility Plant In Service	\$ N/A	\$ 2,057,858	\$ N/A	\$ 2,057,858
102	Utility Plant Leased to Others				
103	Property Held for Future Use				
104	Utility Plant Purchased or Sold				
105	Construction Work in Progress				
	Total Utility Plant	\$	\$ 2,057,858	\$	\$ 2,057,858

UTILITY PLANT ACQUISITION ADJUSTMENTS (ACCTS. 114 - 115)

Report each acquisition adjustment and related accumulated amortization separately. For any acquisition adjustment approved by the Commission, include the Order Number.

DESCRIPTION (a)	WATER (b)	SEWER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
ACQUISITION ADJUSTMENTS (114):				
	\$	\$	\$	\$
Total Plant Acquisition Adjs.				
ACCUMULATED AMORTIZATION (115):				
Total Accumulated Amortization				N/A
Net Acquisition Adjustments	\$ N/A	\$ N/A	\$ N/A	\$ N/A

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
December 31, 1998

ACCUMULATED DEPRECIATION (ACCT. 108)

DESCRIPTION (a)	WATER (b)	SEWER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
Balance first of year	\$ N/A	\$ 413,692	\$ N/A	\$ 413,692
Credits during year:				
Accruals charged:				
to Account 108		75,213		75,213
Accruals charged other accounts (specify)				
Salvage				
Other Credits (specify)				
Total credits		75,213		75,213
Debits during year:				
Book cost of plant retired				
Cost of removal				
Other debits (specify)				
Total debits				
Balance end of year	\$	\$ 488,905	\$ N/A	\$ 488,905

ACCUMULATED AMORTIZATION (ACCT. 110)

DESCRIPTION (a)	WATER (b)	SEWER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
Balance first of year	\$ N/A	\$	\$	\$
Credits during year:				
Accruals charged:				
to Account 110				
Accruals charged other accounts (specify)				
Total credits				
Debits during year:				
Book cost of plant retired				
Other debits (specify)				
Total debits				
Balance end of year	\$	\$	\$	\$

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT December 31, 1998
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NONUTILITY PROPERTY (ACCT 121)

Report separately each item of property with a book cost of \$25,000 or more included in Account 121. Other items may be grouped by classes of property.				
DESCRIPTION (a)	BEGINNING YEAR BALANCE (b)	ADDITIONS (c)	REDUCTIONS (d)	ENDING YEAR BALANCE (e)
	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____
Total Nonutility Property-----	\$ _____	\$ _____	\$ _____	\$ N/A

SPECIAL DEPOSITS (ACCTS. 132 - 133)

Report hereunder all special deposits carried in Accounts 132 and 133.	
DESCRIPTION OF SPECIAL DEPOSITS (a)	YEAR END BOOK COST (b)
SPECIAL DEPOSITS (ACCT. 132):	
Gross-up Tax Excrow	\$ 228,011
Investment - KA Mortgage, Inc	181,474
Total Special Deposits-----	\$ 409,485

UTILITY NAME: Fountain Lakes Sewer Corp.

BUSINESS CONTRACTS WITH OFFICERS, DIRECTORS AND AFFILIATES

List all contracts, agreements, or other business arrangements* entered into during the calendar year (other than compensation related to position with Respondents) between the Respondent and officer and director listed on page E-6. In addition, provide the same information with respect to professional services for each firm, partnership, or organization with which the officer or director is affiliated.

NAME OF OFFICER, DIRECTOR OR AFFILIATE (a)	IDENTIFICATION OF SERVICE OR PRODUCT (b)	AMOUNT (c)	NAME AND ADDRESS OF AFFILIATED ENTITY (d)
None			

* Business Agreement, for this schedule, shall mean any oral or written business deal which binds the concerned parties for products or services during the reporting year or future years. Although the Respondent and/or other companies will benefit from the arrangement, the officer or director is, however, acting on his behalf or for the benefit of other companies or persons.

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT December 31, 1998
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AFFILIATION OF OFFICERS AND DIRECTORS

For each of the officials listed on page E-6, list the principle occupation or business affiliation and all affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, an official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person exercising similar functions.

NAME (a)	PRINCIPLE OCCUPATION OR BUSINESS AFFILIATION (b)	AFFILIATION OR CONNECTION (c)	NAME AND ADDRESS OF AFFILIATION OR CONNECTION (d)
Bruce W. Engelsma	Developer	Officer/Director	Fountain Lakes Sewer Corp 523 South 8th Street Minneapolis, MN 55404
		Officer/Director	Kraus-Anderson, Incorporated 523 South 8th Street Minneapolis, MN 55404
		The General Partner	Osborne Properties 523 South 8th St Minneapolis, MN 55404
Daniel W. Engelsma	Developer	Officer/Director	Fountain Lakes Sewer Corp 523 South 8th St Minneapolis, MN 55404
		Officer/Director	Kraus-Anderson, Incorporated 4210 W. Old Shakopee Rd #200 Bloomington, MN 55437
		Limited Partner	Osborne Properties 523 South 8th St Minneapolis, MN 55404
Jerry A. Sherman	Developer	Officer	Fountain Lakes Sewer Corp 523 South 8th St Minneapolis, MN 55404
		Officer	Kraus-Anderson, Incorporated 523 South 8th St Minneapolis, MN 55404

UTILITY NAME: Fountain Lakes Sewer Corp.

AFFILIATION OF OFFICERS AND DIRECTORS

For each of the officials listed on page E-6, list the principle occupation or business affiliation and all affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, an official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person exercising similar functions.

NAME (a)	PRINCIPLE OCCUPATION OR BUSINESS AFFILIATION (b)	AFFILIATION OR CONNECTION (c)	NAME AND ADDRESS OF AFFILIATION OR CONNECTION (d)
Janice R. Goebel	Developer	Director	Fountain Lakes Sewer Corp 523 South 8th St Minneapolis, MN 55404
		Officer	Kraus-Anderson, Incorporated 523 South 8th St Minneapolis, MN 55404
David J. Olson	Developer	Officer	Fountain Lakes Sewer Corp 523 South 8th St Minneapolis, MN 55404
		Officer	Kraus-Anderson, Incorporated 523 South 8th St Minneapolis, MN 55404

UTILITY NAME: Fountain Lakes Sewer Corp.

BUSINESSES WHICH ARE A BYPRODUCT, COPRODUCT OR JOINT PRODUCT RESULT OF PROVIDING WATER OR SEWER SERVICE

Complete the following for any business which is conducted as a byproduct, coproduct or joint product as a result of providing water and/or sewer service. This would include any business which requires the use of utility land and facilities. Examples of these types of businesses would be orange groves, nurseries, tree farms, fertilizer manufacturing, etc. This would not include any business for which the assets are properly included in Account 121 - Nonutility Property along with the associated revenues and expenses segregated out as nonutility also.

BUSINESS OR SERVICE CONDUCTED (a)	ASSETS		REVENUES		EXPENSES	
	BOOK COST OF ASSETS (b)	ACCT. NO. (c)	REVENUES GENERATED (d)	ACCT. NO. (e)	EXPENSES INCURRED (f)	ACCT. NO. (g)
None	\$		\$		\$	

UTILITY NAME: Fountain Lakes Sewer Corp.

BUSINESS TRANSACTIONS WITH RELATED PARTIES

List each contract, agreement, or other business transaction exceeding a cumulative amount of \$500 in any one year, entered into between the Respondent and a business or financial organization, firm, or partnership named on pages E-2 and E-6 identifying the parties, amounts, dates and product, asset, or service involved.

Part I. Specific Instructions: Services and Products Received or Provided

1. Enter in this part all transactions involving services and products received or provided.
2. Below are some types of transactions to include:
 - management, legal and accounting services
 - computer services
 - engineering & construction services
 - repairing and servicing of equipment
 - material and supplies furnished
 - leasing of structures, land and equipment
 - rental transactions
 - sale, purchase or transfer of various products

NAME OF COMPANY OR RELATED PARTY (a)	DESCRIPTION SERVICE AND/OR NAME OF PRODUCT (b)	CONTRACT OR AGREEMENT EFFECTIVE DATES (c)	ANNUAL CHARGES	
			(P)urchased or (S)old (d)	AMOUNT (e)
Kraus-Anderson, Incorporated	Management Accounting	Open	P	\$ 45,000
		Open	P	42,750

BUSINESS TRANSACTIONS WITH RELATED PARTIES (Cont'd)

Part II. Specific Instructions: Sale, Purchase and Transfer of Assets

1. Enter in this part all transactions relating to the purchase, sale or transfer of assets.
2. Below are examples of some types of transactions to include:
 - purchase, sale or transfer of equipment.
 - purchase, sale or transfer of land and structures.
 - purchase, sale or transfer of securities.
 - noncash transfers of assets.
 - noncash dividends other than stock dividends.
 - writeoff of bad debts or loans.
3. The columnar instructions follow:
 - (a) Enter name of related party or company.
 - (b) Describe briefly the type of assets purchased, sold or transferred.
 - (c) Enter the total received or paid. Indicate purchase with "P" and sale with "S".
 - (d) Enter the net book value for each item reported.
 - (e) Enter the net profit or loss for each item (column (c) - column (d)).
 - (f) Enter the fair market value for each item reported. In space below or in a supplemental schedule, describe the basis used to calculate fair market value.

NAME OF COMPANY OR RELATED PARTY (a)	DESCRIPTION OF ITEMS (b)	SALE OR PURCHASE PRICE (c)	NET BOOK VALUE (d)	GAIN OR LOSS (e)	FAIR MARKET VALUE (f)
None		\$	\$	\$	\$

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
December 31, 1998

**COMPOSITE STATISTICS FOR ALL
PRIVATELY OWNED WATER AND SEWER UTILITIES UNDER AGENCY JURISDICTION**

DESCRIPTION (a)	WATER (b)	SEWER (c)
PLANT (Intrastate Only)(000's Omitted):		
Plant in Service _____	\$ N/A	\$ 2,058
Construction Work In Progress _____		
Plant Acquisition Adjustment _____		
Plant Held For Future Use _____		
Materials and Supplies _____		
Less:		
Accumulated Depreciation and Accumulated Amortization _____		489
Contributions In Aid Of Construction (Net) _____		817
Net Book Cost _____	\$	\$ 752
REVENUES AND EXPENSES (Intrastate Only)(000's Omitted):		
Operating Revenues _____	\$	\$ 292
Depreciation and Amortization Expense _____	\$	\$ 36
Income Tax Expense _____		21
Taxes Other Than Income _____		177
Other Operating Expenses _____		
Total Operating Expenses _____	\$	\$ 234
Net Operating Income _____	\$	\$ 58
Other Income _____	\$	\$ 39
Other Income Deductions _____		121
Net Income _____	\$	\$ (24)
CUSTOMERS (Intrastate Only):		
Residential - Yearly Average _____		502
Commercial - Yearly Average _____		2
Industrial - Yearly Average _____		
Others - Yearly Average _____		38
Total _____		542
OTHER STATISTICS (Intrastate Only):		
Average Annual Residential Use Per 1,000 Gallons _____		51.84
Average Annual Residential Cost Per 1,000 Gallons _____	\$	\$ 8.35
Average Residential Monthly Bill _____	\$	\$ 29.11
Gross Plant Investment Per Customer _____	\$	\$ 3,797

FINANCIAL

SECTION

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
December 31, 1998

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
UTILITY PLANT				
101-105	Utility Plant	F-5	\$ 2,057,858	\$ 1,805,403
108-110	Less: Accumulated Depreciation and Amortization	F-6	(488,905)	(413,692)
	Net Plant		1,568,953	1,391,711
114-115	Utility Plant Acquisition Adjustments (Net)	F-5		
	Other Plant Adjustments (specify)			
	Total Net Utility Plant		1,568,953	1,391,711
OTHER PROPERTY AND INVESTMENTS				
121	Nonutility Property	F-7		
122	Less: Accumulated Depreciation and Amortization			
	Net Nonutility Property			
123	Investment in Associated Companies	F-8		
124	Utility Investments	F-8		
125	Other Investments	F-8		
127	Special Funds	F-8		
	Total Other Property and Investments			
CURRENT AND ACCRUED ASSETS				
131	Cash		32,388	18,851
132	Special Deposits	F-7	409,485	380,543
134	Working Funds			
135	Temporary Cash Investments			
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectable Accounts	F-9	35,778	30,857
145	Accounts Receivable from Associated Companies	F-10		
146	Notes Receivable from Associated Companies	F-10		
151	Materials and Supplies			
162	Prepayments	F-11	192	101
171	Accrued Interest and Dividends Receivable			
174	Misc. Current and Accrued Assets			
	Total Current and Accrued Assets		477,843	430,352

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT December 31, 1998
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COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense_____	F-12	9,533	15,888
182	Extraordinary Property Losses_____	F-12		
186	Misc. Deferred Debits_____	F-11	1,719	2,865
190	Accumulated Deferred Income Taxes_____		25,615	30,123
	Total Deferred Debits_____		36,867	48,876
	TOTAL ASSETS AND OTHER DEBITS_____		\$ 2,083,663	\$ 1,870,939

NOTES TO THE BALANCE SHEET

The space below is provided for important notes regarding the balance sheet.

UTILITY NAME: Fountain Lakes Sewer Corp.

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
EQUITY CAPITAL				
201	Common Stock Issued _____	F-14	\$ 7,500	\$ 7,500
204	Preferred Stock Issued _____	F-14		
211	Other Paid-in Capital _____		200,000	200,000
212	Discount on Capital Stock _____			
213	Capital Stock Expense _____			
214-215	Retained Earnings (Deficit) _____	F-15	(596,354)	(572,528)
216	Reacquired Capital Stock _____			
218	Proprietary Capital (Proprietorship and Partnership Only) _____			
	Total Equity Capital (Deficit) _____		(388,854)	(365,028)
LONG TERM DEBT				
221	Bonds _____	F-16		
223	Advances from Associated Companies _____	F-16		
224	Other Long Term Debt _____	F-14	888,093	960,105
	Total Long Term Debt _____		888,093	960,105
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable _____		66,801	36,599
232	Notes Payable _____	F-13		
233	Accounts Payable to Associated Co. _____	F-13	271,786	279,058
234	Notes Payable to Associated Co. _____	F-13	214,852	
235	Customer Deposits _____		889	940
236	Accrued Taxes _____	F-17	13,121	11,983
237	Accrued Interest _____	F-18		
238	Accrued Dividends _____			
239	Matured Long Term Debt _____			
240	Matured Interest _____			
241	Miscellaneous Current and Accrued Liabilities _____	F-19	5,108	4,436
	Total Current and Accrued Liabilities _____		572,557	333,016

UTILITY NAME: Fountain Lakes Sewer Corp.

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
DEFERRED CREDITS				
251	Unamortized Premium on Debt _____	F-12	\$ _____	\$ _____
252	Advances for Construction _____	F-19	_____	_____
253	Other Deferred Credits (Contributed Taxes) _____		180,599	181,697
255	Accumulated Deferred Investment Tax Credits _____		_____	_____
	Total Deferred Credits _____		180,599	181,697
OPERATING RESERVES				
261	Property Insurance Reserve _____		_____	_____
262	Injuries and Damages Reserve _____		_____	_____
263	Pensions and Benefits Reserve _____		_____	_____
265	Miscellaneous Operating Reserves _____		_____	_____
	Total Operating Reserves _____		_____	_____
CONTRIBUTIONS IN AID OF CONSTRUCTION				
271	Contributions in Aid of Construction _____	F-20	1,084,678	969,878
272	Accumulated Amortization of Contributions in Aid of Construction _____	F-21	(267,476)	(228,440)
	Total Net C.I.A.C. _____		817,202	741,438
ACCUMULATED DEFERRED INCOME TAXES				
281	Accumulated Deferred Income Taxes - Accelerated Depreciation _____		14,066	19,711
282	Accumulated Deferred Income Taxes - Liberalized Depreciation _____		_____	_____
283	Accumulated Deferred Income Taxes - Other _____		_____	_____
	Total Accum. Deferred Income Taxes _____		14,066	19,711
	TOTAL EQUITY CAPITAL AND LIABILITIES _____		\$ 2,083,663	\$ 1,870,939

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
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COMPARATIVE OPERATING INCOME

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	REF. PAGE (d)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME			
400	Operating Revenues -----	\$ 266,281	F-3(b)	\$ 291,578
401	Operating Expenses -----	159,339	F-3(b)	178,217
403	Depreciation Expense -----	34,506	F-6	36,177
406	Amortization of Utility Plant Acquisition Adjustment -----			
407	Amortization Expense -----			
408.1	Taxes Other Than Income -----	21,102	F-17	21,235
409.1	Income Taxes -----		F-17	
410.10	Deferred Federal Income Taxes -----	2,576		(1,137)
411.10	Provision for Deferred Income Taxes - Credit -----			
412.10	Investment Tax Credits Deferred to Future Periods -----			
412.11	Investment Tax Credits Restored to Operating Income -----			
	Utility Operating Expenses -----	217,523		234,492
	Utility Operating Income -----	48,758		57,086
413	Income From Utility Plant Leased To Others -----			
414	Gains (Losses) From Disposition of Utility Property -----			
	Total Utility Operating Income [Enter here and on Page F-3(c)] -----	48,758		57,086

COMPARATIVE OPERATING INCOME

REF. PAGE (f)	WATER (g)	REF. PAGE (h)	SEWER (c)	OTHER (e)
W-3	\$ N/A	S-3	\$ 291,578	\$ N/A
W-2		S-2	178,217	
F-6		F-6	36,177	
F-6		F-6		
F-17		F-17	21,235	
F-17		F-17	(1,137)	
			234,492	
	N/A		57,086	
	\$ N/A		\$ 57,086	\$ N/A

UTILITY NAME: Fountain Lakes Sewer Corp.

COMPARATIVE OPERATING INCOME (Cont'd)

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	REF. PAGE (d)	CURRENT YEAR (e)
	Total Utility Operating Income [From Page F-3(a)] _____	48,758		57,086
	OTHER INCOME AND DEDUCTIONS			
415	Revenues From Merchandising, Jobbing and Contract Deductions _____			
416	Costs and Expenses of Merchandising, Jobbing and Contract Work _____			
419	Interest and Dividend Income _____	12,964		18,942
420	Allowance for Funds Used During Construction _____			
421	Nonutility Income _____	19,481		20,238
426	Miscellaneous Nonutility Expenses _____	(49,565)		(4,567)
	Total Other Income and Deductions _____	(17,120)		34,613
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income _____		F-17	1,000
409.20	Income Taxes _____		F-17	
410.20	Provision for Deferred Income Taxes _____			
411.20	Provision for Deferred Income Taxes - Credit _____			
412.20	Investment Tax Credits - Net _____			
412.30	Investment Tax Credits Restored to Operating Income _____			
	Total Taxes Applicable to Other Income _____			1,000
	INTEREST EXPENSE			
427	Interest Expense _____	87,998	F-18	108,170
428	Amortization of Debt Discount & Expense _____	6,355	F-12	6,355
429	Amortization of Premium on Debt _____		F-12	
	Total Interest Expense _____	94,353		114,525
	EXTRAORDINARY ITEMS			
433	Extraordinary Income _____			
434	Extraordinary Deductions _____			
409.30	Income Taxes, Extraordinary Items _____			
	Total Extraordinary Items _____			
	NET INCOME _____	\$ (62,715)		\$ (23,826)

UTILITY NAME: Fountain Lakes Sewer Corp.

SCHEDULE OF YEAR END RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)	SEWER UTILITY (e)
101	Utility Plant In Service _____	F-5	\$ N/A	\$ 2,057,858
	Less:			
	Nonused and Useful Plant (1) _____			54,688
108.1	Accumulated Depreciation _____	F-6		488,905
110.1	Accumulated Amortization _____	F-6		
271	Contributions in Aid of Construction _____	F-20		1,084,678
252	Advances for Construction _____	F-19		
	Subtotal _____			429,587
	Additions:			
272	Accumulated Amortization of Contributions in Aid of Construction _____	F-21		267,476
	Subtotal _____			697,063
	Plus or Minus:			
114	Acquisition Adjustments (2) _____	F-5		
115	Accumulated Amortization of Acquisition Adjustments (2) _____	F-5		
	Working Capital Allowance (3) _____			22,277
	Other (Specify): _____			

	RATE BASE _____		\$	\$ 719,340
	UTILITY OPERATING INCOME _____		\$	\$ 57,086
	ACHIEVED RATE OF RETURN _____		-- %	7.94 %

NOTES:

- (1) Estimated if not known.
- (2) Include only those Acquisition Adjustments that have been approved by the Commission.
- (3) Calculated using the 1/8th of O & M method.

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
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INVESTMENTS AND SPECIAL FUNDS (ACCTS. 123 - 127)

Report hereunder all investments and special funds carried in Accounts 123 thru 127.

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123): N/A _____ _____ _____ _____ _____ Total Investment In Associated Companies _____	\$ _____ _____ _____ _____ _____ _____	\$ _____ _____ _____ _____ _____ _____
UTILITY INVESTMENTS (ACCT. 124): N/A _____ _____ _____ _____ _____ Total Utility Investments _____	\$ _____ _____ _____ _____ _____ _____	\$ _____ _____ _____ _____ _____ _____
OTHER INVESTMENTS (ACCT. 125): N/A _____ _____ _____ _____ _____ Total Other Investments _____	\$ _____ _____ _____ _____ _____ _____	\$ _____ _____ _____ _____ _____ _____
SPECIAL FUNDS (ACCTS. 126 & 127) N/A _____ _____ _____ _____ _____ Total Special Funds _____	_____ _____ _____ _____ _____ _____	\$ _____ _____ _____ _____ _____ _____

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT December 31, 1998
--

ACCOUNTS AND NOTES RECEIVABLE - NET (ACCTS. 141 - 144)

Report hereunder all accounts and notes receivable included in Accounts 141, 142 and 144. Amounts included in Accounts 142 and 144 should be listed individually.

DESCRIPTION (a)	TOTAL (b)
ACCOUNTS RECEIVABLE:	
Customer Accounts Receivable (Acct. 141):	
Water _____	\$ _____
Sewer _____	_____ 35,778
Other _____	_____
Total Customer Accounts Receivable _____	_____ 35,778
OTHER ACCOUNTS RECEIVABLE (Acct. 142):	
_____	\$ _____
_____	_____
Total Other Accounts Receivable _____	_____
NOTES RECEIVABLE (Acct. 144):	
_____	\$ _____
_____	_____
Total Notes Receivable _____	_____
Total Accounts and Notes Receivable _____	_____ 35,778
ACCUMULATED PROVISION FOR UNCOLLECTABLE ACCOUNTS (Acct. 143):	
Balance First of Year _____ N/A _____	\$ _____
Add: Provision for uncollectables for current year _____	_____
Collections of accounts previously written off _____	_____
Utility accounts _____	_____
Others _____	_____
Total Additions _____	_____
Deduct accounts written off during year:	
Utility accounts _____	_____
Others _____	_____
Total accounts written off _____	_____
Balance end of year _____	_____
Total Accounts and Notes Receivable - Net _____	\$ _____ 35,778

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
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ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES (ACCT. 145)

Report each account receivable from associated companies separately.

DESCRIPTION (a)	TOTAL (b)
N/A	\$
Total -----	\$ NONE

NOTES RECEIVABLE FROM ASSOCIATED COMPANIES (ACCT. 146)

Report each note receivable from associated companies separately.

DESCRIPTION (a)	INTEREST RATE (b)	TOTAL (c)
N/A		\$
Total -----		\$

UTILITY NAME: Fountain Lakes Sewer Corp.

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PREPAYMENTS (ACCT. 162)

DESCRIPTION (a)	TOTAL (b)
Prepaid Insurance _____	\$ 192
Prepaid Rents _____	
Prepaid Interest _____	
Prepaid Taxes _____	
Other Prepayments (Specify): _____	

Total Prepayments _____	\$ 192

MISCELLANEOUS DEFERRED DEBITS (ACCT. 186):

DESCRIPTION (a)	TOTAL (b)
MISCELLANEOUS DEFERRED DEBITS (Acct. 186):	
Deferred Rate Case Expense (Acct. 186.1) _____	\$
Other Deferred Debits (Acct 186.2)	
Unamort. Oper. Permit _____	1,719
Total Miscellaneous Deferred Debits _____	\$ 1,719

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT December 31, 1998
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UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT (ACCTS. 181 AND 251)

Report the net discount and expense or premium separately for each security issue.		
DESCRIPTION (a)	AMOUNT WRITTEN OFF DURING YEAR (b)	YEAR END BALANCE (c)
UNAMORTIZED DEBT DISCOUNT AND EXPENSE (Acct. 181):		
<u>Long Term Debt - NationsBank</u>	\$ 6,355	\$ 9,533

Total Unamortized Debt Discount and Expense _____	\$ 6,355	\$ 9,533
UNAMORTIZED PREMIUM ON DEBT (Acct. 251):		
N/A	\$	\$

Total Unamortized Premium on Debt _____	\$	\$

EXTRAORDINARY PROPERTY LOSSES (ACCT. 182)

Report each item separately.	
DESCRIPTION (a)	TOTAL (b)
EXTRAORDINARY PROPERTY LOSSES (Acct. 182):	
N/A	\$

Total Extraordinary Property Losses _____	\$

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
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NOTES PAYABLE (ACCTS. 232 AND 234)

DESCRIPTION (a)	NOMINAL DATE OF ISSUE (b)	DATE OF MATURITY (c)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
			RATE (d)	FREQUENCY OF PAYMENT (e)	
ACCOUNT 232 - NOTES PAYABLE:					
_____	_____	_____	_____ %	_____	\$ _____
_____	_____	_____	_____ %	_____	_____
_____	_____	_____	_____ %	_____	_____
_____	_____	_____	_____ %	_____	_____
Total Account 232 _____					\$ NONE
ACCOUNT 234 - NOTES PAYABLE TO ASSOCIATED COMPANIES:					
Kraus-Anderson Development and Finance	01/01/98	01/01/03	9.75 %	Monthly	\$ 214,852
_____	_____	_____	_____ %	_____	_____
_____	_____	_____	_____ %	_____	_____
Total Account 234 _____					\$ 214,852

ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (ACCT. 233)

Report each account payable separately.

DESCRIPTION (a)	TOTAL (b)
Due to Kraus Anderson, Inc.	\$ 271,786
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total _____	\$ 271,786

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT December 31, 1998
--

CAPITAL STOCK (ACCTS. 201 and 204)

DESCRIPTION (a)	COMMON STOCK (b)	PREFERRED STOCK (c)
Par or stated value per share -----	\$ 0.10	\$ N/A
Shares authorized -----	75,000	
Shares issued and outstanding -----	75,000	
Total par value of stock issued -----	\$ 7,500	\$ -----
Dividends declared per share for year -----	\$ None	\$ -----

LONG TERM DEBT (ACCT. 224)

DESCRIPTION OF OBLIGATION (INCLUDING NOMINAL DATE OF ISSUE AND DATE OF MATURITY) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
	RATE (d)	FREQUENCY OF PAYMENT (e)	
NationsBank; Issued 11/27/95; Matures 11/27/2000	P+.5 %	Monthly	\$ 888,093
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
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	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
Total -----			\$ 888,093

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
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STATEMENT OF RETAINED EARNINGS

1. Dividends should be shown for each class and series of capital stock.
Show amounts of dividends per share.
2. Show separately the state and federal income tax effect of items shown in Account No. 439.

ACCT. NO. (a)	DESCRIPTION (b)	AMOUNTS (c)
215	Unappropriated Retained Earnings: Balance beginning of year (Deficit) _____	\$ (572,528)
439	Changes to account: Adjustments to Retained Earnings (requires Commission approval prior to use): Credits: _____ Total Credits _____ Debits: _____ Total Debits _____	
435	Balance transferred from Income (Loss) _____	(23,826)
436	Appropriations of Retained Earnings: _____ Total appropriations of Retained Earnings _____	
437	Dividends declared: Preferred stock dividends declared _____	
438	Common stock dividends declared _____ Total Dividends Declared _____	
214	Balance end of year (Deficit) _____	(596,354)
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end): _____ Total Appropriated Retained Earnings _____	
	Total Retained Earnings (Deficit) _____	\$ (596,354)

Notes to Statement of Retained Earnings:

YEAR OF REPORT
December 31, 1998

UTILITY NAME: Fountain Lakes Sewer Corp.

BONDS (ACCT. 221)

DESCRIPTION OF OBLIGATION (INCLUDING NOMINAL DATE OF ISSUE AND DATE OF MATURITY) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (d)
	RATE (b)	FREQUENCY OF PAYMENT (c)	
N/A	%		\$
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
Total	-----		\$

ADVANCES FROM ASSOCIATED COMPANIES (ACCT. 223)

Report each account payable separately.

DESCRIPTION (a)	TOTAL (b)
N/A	\$
Total	-----

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
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ACCRUED TAXES (ACCT. 236)

ACCT. NO. (a)	DESCRIPTION (b)	WATER (c)	SEWER (d)	OTHER (e)	TOTAL (f)
	Balance First of Year	\$	\$ 11,983	\$ N/A	\$ 11,983
	Accruals Charged:				
408.10	Utility Regulatory Assessment Fees		13,121		13,121
408.11	Property Taxes		7,902		7,902
408.12	Payroll Taxes				
408.13	Other Taxes & Licenses		212		212
409.10	Federal Income Taxes				
409.11	State Income Taxes				
	Taxes Applicable to Other Income (Accts. 408.2, 409.2, 409.3, 410.2)		1,000		1,000
	Total Taxes Accrued		22,235		22,235
	Taxes Paid During Year:				
408.10	Utility Regulatory Assessment Fees		11,983		11,983
408.11	Property Taxes		7,902		7,902
408.12	Payroll Taxes				
408.13	Other Taxes & Licenses		212		212
409.10	Federal Income Taxes				
409.11	State Income Taxes				
	Taxes Applicable to Other Income (Accts. 408.2, 409.2, 409.3, 410.2)		1,000		1,000
	Total Taxes Paid		21,097		21,097
	Balance End of Year	\$ N/A	\$ 13,121	\$ N/A	\$ 13,121

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
December 31, 1998

ACCRUED INTEREST (ACCT. 237)

DESCRIPTION OF DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR		INTEREST PAID DURING YEAR (e)	BALANCE END OF YEAR (f)
		ACCT. DEBIT (c)	AMOUNT (d)		
ACCOUNT NO. 237.1 - ACCRUED INTEREST ON LONG TERM DEBT:					
NationsBank	\$ 0	427	\$ 85,364	\$ 85,364	\$ 0
Kraus-Anderson Dev & Fin		427	22,806	22,806	0
Total Account No. 237.1 _ _			108,170	108,170	0
ACCOUNT NO. 237.2 - ACCRUED INTEREST ON OTHER LIABILITIES:					
Total Account 237.2 _ _ _					
Total Account 237 _ _ _ _	\$ 0		\$ 108,170	\$ 108,170	\$ 0

**REGULATORY COMMISSION EXPENSE - AMORTIZATION
OF RATE CASE EXPENSE (ACCTS. 666 and 766)**

DESCRIPTION OF CASE (DOCKET NO.) (a)	EXPENSE INCURRED DURING YEAR (b)	AMOUNT TRANSFERRED TO ACCT. NO. 186.1 (c)	CHARGED OFF DURING YEAR	
			ACCT. (d)	AMOUNT (e)
N/A	\$	\$		\$
Total _ _ _ _ _	\$	\$		\$

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT December 31, 1998
--

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (ACCT. 241)

DESCRIPTION (a)	BALANCE END OF YEAR (b)
Prepaid non-utility revenue	\$ 5,108
Total Miscellaneous Current and Accrued Liabilities _____	\$ 5,108

ADVANCES FOR CONSTRUCTION (ACCT. 252)

NAME OF PAYOR (a)	BALANCE BEGINNING OF YEAR (b)	DEBITS ACCT.		CREDITS (e)	BALANCE END OF YEAR (f)
		DEBIT (c)	AMOUNT (d)		
N/A	\$		\$	\$	\$
Total _____	\$		\$	\$	\$

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
December 31, 1998

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCT. 271)

DESCRIPTION (a)	WATER (b)	SEWER (c)	W & S OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance first of year _____	\$ N/A	\$ 969,878	\$ N/A	\$ 969,878
Add credits during year:				
Contributions received from Capacity, Main Extension and Customer Connection Charges (Schedule "A") _____		114,800		114,800
Contributions received from Developer or Contractor Agreements in cash or property (Schedule "B") _____				
Total Credits _____		114,800		114,800
Less debits charged during the year (All debits charged during year must be explained below) _____				
Total Contributions In Aid of Construction _____	\$ N/A	\$ 1,084,678	\$ N/A	\$ 1,084,678

Explain all debits charged to Account 271 below:

UTILITY NAME: Fountain Lakes Sewer Corp.

SCHEDULE "A"
**ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION RECEIVED FROM CAPACITY, MAIN
EXTENSION AND CUSTOMER CONNECTION CHARGES RECEIVED DURING THE YEAR**

DESCRIPTION OF CHARGE (a)	NUMBER OF CONNECTIONS (b)	CHARGE PER CONNECTION (c)	WATER (d)	SEWER (e)
Connection Charges	82	\$ 1,400.00	\$	\$ 114,800
Total Credits _____			\$	\$ 114,800

ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCT. 272)

DESCRIPTION (a)	WATER (b)	SEWER (c)	W & S OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance first of year _____	\$ N/A	\$ 228,440	\$ N/A	\$ 228,440
Debits during year:				
Accruals charged to Account 272 _____		39,036		39,036
Other debits (specify): _____ _____				
Total debits _____		39,036		39,036
Credits during year (specify): _____ _____				
Total Credits _____				
Balance end of year _____	\$ N/A	\$ 267,476	\$ N/A	\$ 267,476

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
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SCHEDULE "B"
ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION RECEIVED FROM ALL DEVELOPERS OR CONTRACTORS AGREEMENTS FROM WHICH CASH OR PROPERTY WAS RECEIVED DURING THE YEAR

DESCRIPTION (a)	INDICATE "CASH" OR "PROPERTY" (b)	WATER (c)	SEWER (d)
None		\$	\$
Total Credits		\$	\$

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES
(UTILITY OPERATIONS)**

DESCRIPTION (a)	REFERENCE (b)	AMOUNT (c)
Net income for the year (Loss) _____		\$ (23,826)
Reconciling items for the year:		
Taxable income not reported on the books:		

Deductions recorded on books not deducted for return:		

Income recorded on books not deducted for return:		
Amort of Contributed taxes		1,097
Deferred Income Taxes		1,137

Deduction on return not charged against book income:		
Tax depreciation in excess of book depreciation		51,606

Federal tax net income (Loss) _____		\$ (77,666)
Computation of tax:		
None		

**** COMPLETION OF SCHEDULE ONLY REQUIRED IF AFUDC WAS CHARGED DURING YEAR ****

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT December 31, 1998
--

SCHEDULE "A"

SCHEDULE OF COST OF CAPITAL USED FOR AFUDC CALCULATION (2)

CLASS OF CAPITAL (a)	DOLLAR AMOUNT (1) (b)	PERCENTAGE OF CAPITAL (c)	ACTUAL COST RATES (d)	WEIGHTED COST [c x d] (e)
Common Equity	\$ N/A	%	%	%
Preferred Stock		%	%	%
Long Term Debt		%	%	%
Customer Deposits		%	%	%
Tax Credits - Zero Cost		%	%	%
Tax Credits - Weighted Cost		%	%	%
Deferred Income Taxes		%	%	%
Other (Explain)		%	%	%
Total	\$ <u>N/A</u>	<u> </u> %		<u> </u> %

- (1) Should equal amounts on Schedule B, Column (f), page F-25.
- (2) Must be calculated using the same methodology used to calculate AFUDC rate approved by the Commission.

APPROVED AFUDC RATE

Current Commission approved AFUDC rate: _____ % Commission order approving AFUDC rate: _____

**** COMPLETION OF SCHEDULE ONLY REQUIRED IF AFUDC WAS CHARGED DURING YEAR ****

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT December 31, 1998
--

SCHEDULE "B"

SCHEDULE OF CAPITAL STRUCTURE ADJUSTMENTS

CLASS OF CAPITAL (a)	PER BOOK BALANCE (b)	NON-UTILITY ADJUSTMENTS (c)	NON-JURIS. ADJUSTMENTS (d)	OTHER (1) ADJUSTMENTS (e)	CAPITAL STRUCTURE USED FOR AFUDC CALCULATION (f)
Common Equity	\$ N/A	\$	\$	\$	\$
Preferred Stock					
Long Term Debt					
Customer Deposits					
Tax Credits - Zero Cost					
Tax Credits - Weighted Cost					
Deferred Income Taxes					
Other (Explain)					
Total	\$ <u>N/A</u>	\$ _____	\$ _____	\$ _____	\$ _____

(1) Explain below all adjustments made in Column (e):

WATER

OPERATION

SECTION

Fountain Lakes Sewer Corporation provides sewer only service; therefore, this section has been omitted.

**SEWER
OPERATION
SECTION**

UTILITY NAME: Fountain Lakes Sewer Corp.

SEWER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)
351	Organization	\$ 19,419	\$	\$
352	Franchises			
353	Land and Land Rights	72,352		
354	Structure and Improvements	5,010		
360	Collection Sewers - Force	35,381	39,000	
361	Collection Sewers - Gravity	556,015	140,044	
362	Special Collecting Structures			
363	Services to Customers	90,846	24,350	
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells	119,109	49,060	
371	Pumping Equipment			
380	Treatment and Disposal Equipment	905,267	1	
381	Plant Sewers	2,004		
382	Outfall Sewer Lines			
389	Other Plant and Miscellaneous Equipment			
390	Office Furniture and Equipment			
391	Transportation Equipment			
392	Stores Equipment			
393	Tools, Shop and Garage Equipment			
394	Laboratory Equipment			
395	Power Operated Equipment			
396	Communication Equipment			
397	Miscellaneous Equipment			
398	Other Tangible Plant			
	Total Sewer Plant	\$ 1,805,403	\$ 252,455	\$

NOTE: Any adjustments made to reclassify property from one account to another must be footnoted.

SEWER UTILITY PLANT MATRIX

	.1	.2	.3	.4	.5
CURRENT YEAR (f)	INTANGIBLE PLANT (g)	COLLECTION PLANT (h)	SYSTEM PUMPING PLANT (i)	TREATMENT AND DISPOSAL PLANT (j)	GENERAL PLANT (k)
\$ 19,419	\$ 19,419				
72,352		\$	\$	\$ 72,352	\$
5,010				5,010	
74,381		74,381			
696,059		696,059			
115,196		115,196			
168,169			168,169		
905,268				905,268	
2,004				2,004	
\$ 2,057,858	\$ 19,419	\$ 885,636	\$ 162,169	\$ 984,634	\$

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
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SEWER UTILITY EXPENSE ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)		
			.1 COLLECTION EXPENSES - OPERATIONS (d)	.2 COLLECTION EXPENSES - MAINTENANCE (e)
701	Salaries and Wages - Employees	\$	\$	\$
703	Salaries and Wages - Officers, Directors and Majority Stockholders			
704	Employee Pensions and Benefits			
710	Purchased Sewage Treatment			
711	Sludge Removal Expense			
715	Purchased Power	18,671		
716	Fuel for Power Purchased			
718	Chemicals			
720	Materials and Supplies	17,607		
731	Contractual Services - Engineering			
732	Contractual Services - Accounting	3,492		
733	Contractual Services - Legal	1,283		
734	Contractual Services - Management Fees	45,000		
735	Contractual Services - Other	78,683		
741	Rental of Building/Real Property			
742	Rental of Equipment			
750	Transportation Expense			
756	Insurance - Vehicle			
757	Insurance - General Liability	256		
758	Insurance - Workmens Compensation			
759	Insurance - Other			
760	Advertising Expense			
766	Regulatory Commission Expenses - Amortization of Rate Case Expense			
767	Regulatory Commission Expenses Other			
770	Bad Debt Expense			
775	Miscellaneous Expenses	13,225		
	Total Sewer Utility Expenses	\$ 178,217	\$	\$

SEWER EXPENSE ACCOUNT MATRIX

.3 PUMPING EXPENSES - OPERATIONS (f)	.4 PUMPING EXPENSES - MAINTENANCE (g)	.5 TREATMENT & DISPOSAL EXPENSES - OPERATIONS (h)	.6 & DISPOSAL EXPENSES - MAINTENANCE (i)	.7 TREATMENT CUSTOMER ACCOUNTS EXPENSE (j)	.8 ADMINISTRATIVE & GENERAL EXPENSES (k)
\$	\$	\$	\$	\$	\$
		18,671			
			14,334		3,273
					3,492
					1,283
		35,933			45,000
					42,750
					256
		1,146			11,989
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
90		55,750	14,334		108,043

UTILITY NAME: Fountain Lakes Sewer Corp.

YEAR OF REPORT
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SEWER OPERATING REVENUE

ACCT. NO. (a)	DESCRIPTION (b)	BEGINNING YEAR NO. CUSTOMERS (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
	Operating Revenues:			
	Flat Rate Revenues:			
521.1	Residential Revenues _____			\$ _____
521.2	Commercial Revenues _____			_____
521.3	Industrial Revenues _____			_____
521.4	Revenues From Public Authorities _____			_____
521.5	Multiple Family Dwelling Revenues _____			_____
521.6	Other Revenues _____			_____
	Total Flat Rate Revenues _____			
	Measured Revenues:			
522.1	Residential Revenues _____	470	533	175,342
522.2	Commercial Revenues _____	2	2	2,887
522.3	Industrial Revenues _____			
522.4	Revenues From Public Authorities _____			
522.5	Multiple Family Dwelling Revenues _____ (serves 426 units)	31	44	112,014
	Total Measured Revenues _____	503	579	290,243
523	Revenues From Public Authorities _____			
524	Revenues From Other Systems _____			
525	Interdepartmental Revenues _____			
	Totals _____	503	579	290,243
	Other Sewer Revenues:			
530	Guarenteed Revenues _____			
531	Sale of Sludge _____			
532	Forfeited Discounts _____			
534	Rents From Sewer Property _____			
535	Interdepartmental Rents _____			
536	Other Sewer Revenues _____			1,335
	Total Other Sewer Revenues _____			1,335
	Total Sewer Operating Revenues _____			\$ 291,578

UTILITY NAME: Fountain Lakes Sewer Corp.

BASIS FOR SEWER DEPRECIATION CHARGES

ACCT. NO. (a)	ACCOUNT NAME (b)	AVERAGE SERVICE LIFE IN YEARS (c)	AVERAGE NET SALVAGE IN PERCENT (d)	DEPRECIATION RATE APPLIED IN PERCENT (100% - d) / c (f)
351	Organization _____	40	%	2.50 %
352	Franchises _____		%	%
354	Structure and Improvements _____	32	%	3.13 %
360	Collection Sewers - Force _____	30	%	3.33 %
361	Collection Sewers - Gravity _____	45	%	2.22 %
362	Special Collecting Structures _____		%	%
363	Services to Customers _____	38	%	2.63 %
364	Flow Measuring Devices _____		%	%
365	Flow Measuring Installations _____		%	%
370	Receiving Wells _____	25	%	4.00 %
371	Pumping Equipment _____		%	%
380	Treatment and Disposal Equipment _____	18	%	5.56 %
381	Plant Sewers _____	35	%	2.86 %
382	Outfall Sewer Lines _____		%	%
389	Other Plant and Miscellaneous Equipment _____		%	%
390	Office Furniture and Equipment _____		%	%
391	Transportation Equipment _____		%	%
392	Stores Equipment _____		%	%
393	Tools, Shop and Garage Equipment _____		%	%
394	Laboratory Equipment _____		%	%
395	Power Operated Equipment _____		%	%
396	Communication Equipment _____		%	%
397	Miscellaneous Equipment _____		%	%
398	Other Tangible Plant _____		%	%
	Sewer Plant Composite Depreciation Rate _____		%	%

* If depreciation rates prescribed by this Commission are on a total composite basis, entries should be made on this line only.

UTILITY NAME: Fountain Lakes Sewer Corp.

ANALYSIS OF ENTRIES IN SEWER ACCUMULATED DEPRECIATION

ACCT. NO. (a)	ACCOUNT NAME (b)	BALANCE AT BEGINNING OF YEAR (c)	ACCRUALS (d)	OTHER CREDITS * (e)	TOTAL CREDITS (d + e) (f)
351	Organization	\$ 4,612	\$ 486	\$	\$ 486
352	Franchises				
354	Structure and Improvements	521	157		157
360	Collection Sewers - Force	9,275	1,827		1,827
361	Collection Sewers - Gravity	132,619	13,898		13,898
362	Special Collecting Structures				
363	Services to Customers	16,938	2,709		2,709
364	Flow Measuring Devices				
365	Flow Measuring Installations				
370	Receiving Wells	36,163	5,746		5,746
371	Pumping Equipment				
380	Treatment and Disposal Equipment	213,020	50,333		50,333
381	Plant Sewers	544	57		57
382	Outfall Sewer Lines				
389	Other Plant and Miscellaneous Equipment				
390	Office Furniture and Equipment				
391	Transportation Equipment				
392	Stores Equipment				
393	Tools, Shop and Garage Equipment				
394	Laboratory Equipment				
395	Power Operated Equipment				
396	Communication Equipment				
397	Miscellaneous Equipment				
398	Other Tangible Plant				
	Total Depreciable Sewer Plant In Service	\$ 413,692	\$ 75,213	\$	\$ 75,213

* Specify nature of transaction.
Use () to denote reversal entries.

UTILITY NAME: Fountain Lakes Sewer Corp.
 SYSTEM NAME: Same

YEAR OF REPORT
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PUMPING EQUIPMENT

	1	2	3	4		
Lift station number _____	1	2	3	4		
Make or type and nameplate data of pump _____	Flygt 6"	Flygt 6"	Flygt 6"	Meyers 4" 1,150 RPM		
Year installed _____	1998	1998	1988	1994		
Rated capacity (GPM) _____	200	200	200	110		
Size _____	1.5	1.5	1.5	1.5		
Power:						
Electric _____	x	x	x	x		
Mechanical _____						
Nameplate data of motor _____	30-230V	30-230V	30-230V	230V		

Lift station number _____						
Make or type and nameplate data of pump _____						
Year installed _____						
Rated capacity (GPM) _____						
Size _____						
Power:						
Electric _____						
Mechanical _____						
Nameplate data of motor _____						

SERVICE CONNECTIONS

	Single 6"	Double 6"	Triple 6"			
Size (inches) _____	Single 6"	Double 6"	Triple 6"			
Type (PVC, VCP, etc) _____	PVC	PVC	PVC			
Average length _____						
Number of active service connections _____	477	70	8			
Beginning of year _____	453	21	3			
Added during year _____	24	49	5			
Retired during year _____						
End of year _____	477	70	8			
Give full particulars concerning inactive connections _____ None						

UTILITY NAME: Fountain Lakes Sewer Corp.
SYSTEM NAME: Same

COLLECTING MAINS

COLLECTING MAINS:						
Size (inches) _____	8"	8"	_____	_____	_____	_____
Type of main _____	PVC	VCP	_____	_____	_____	_____
Length of main (nearest foot):						
Beginning of year _____	10,178	2,218	_____	_____	_____	_____
Added during year _____	6,080	_____	_____	_____	_____	_____
Retired during year _____	_____	_____	_____	_____	_____	_____
End of year _____	16,258	2,218	_____	_____	_____	_____
MANHOLES:						
Size (inches) _____	36	_____	_____	_____	_____	_____
Type _____	Concrete	_____	_____	_____	_____	_____
Number:						
Beginning of year _____	_____	_____	_____	_____	_____	_____
Added during year _____	29	_____	_____	_____	_____	_____
Retired during year _____	_____	_____	_____	_____	_____	_____
End of year _____	29	_____	_____	_____	_____	_____

FORCE MAINS

FORCE MAINS:						
Size (inches) _____	4"	4"	8"	6"	6"	_____
Type of main _____	PVC	DIP	DIP	PVC	DIP	_____
Length of main (nearest foot):						
Beginning of year _____	6,092	260	40	_____	_____	_____
Added during year _____	_____	_____	_____	3100	50	_____
Retired during year _____	_____	_____	_____	_____	_____	_____
End of year _____	6,092	260	40	3100	50	_____

UTILITY NAME: Fountain Lakes Sewer Corp.
 SYSTEM NAME: Same

YEAR OF REPORT December 31, 1998
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TREATMENT PLANT

Manufacturer _____	EMG		
Type _____	Contact Stabilization		
"Steel" or "Concrete" _____	Steel		
Total Capacity _____	190,000		
Average Daily Flow _____	77,000		
Effluent Disposal _____	Pond		
Total Gallons of Sewage Treated _____	28,097,000		

MASTER LIFT STATION PUMPS

Manufacturer _____	See pump station 1 on Page S-6				
Capacity _____					
Motor: Mfr. _____					
Horsepower _____					
Power (Electric or Mechanical) _____					

OTHER SEWER SYSTEM INFORMATION

Furnish information below for each system not physically connected with another facility. A separate page should be supplied where necessary.

- Maximum number of ERC's * which can be served. 691
- Estimated annual increase in ERC's * . 75
- List permit numbers required by Chapter 14-17, Rules of the Department of Environmental Regulation (DER) for systems in operation. DC36-143236, DO36-255130
- State any plans and estimated completion dates for any enlargements of this system.
None
- If the present systems do not meet the requirements of Chapter 17-4, Rules of the DER, submit the following:
 - Evaluation of the present plant or plants in regard to meeting the DER's rules.
 - Plans for funding and construction of the required upgrading.
 - Have these plans been coordinated with the DER? _____
 - Do they concur? _____
 - When will construction begin? _____
- In what percent of your certificated area have service connections been installed? 90 %

* ERC = (Total Gallons Treated / 365 Days) / 275 Gallons Per Day

Note: Total Gallons Treated includes both sewage treated and purchased sewage treatment.

UTILITY NAME: Fountain Lakes Sewer Corp.
 SYSTEM NAME: Same

YEAR OF REPORT
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CALCULATION OF THE SEWER SYSTEMS EQUIVALENT RESIDENTIAL UNITS

METER SIZE (a)	TYPE OF METER (b)	EQUIVALENT FACTOR (c)	NUMBER OF METERS (d)	TOTAL NUMBER OF METER EQUIVALENTS (c x d) (e)
5/8"	Displacement	1.0	533	533
3/4"	Displacement	1.5		
1"	Displacement	2.5		
1 1/2"	Displacement or Turbine	5.0	40	200
2"	Displacement, Compound or Turbine	8.0	4	32
3"	Displacement	15.0		
3"	Compound	16.0		
3"	Turbine	17.5	2	35
4"	Displacement or Compound	25.0		
4"	Turbine	30.0		
6"	Displacement or Compound	50.0		
6"	Turbine	62.5		
8"	Compound	80.0		
8"	Turbine	90.0		
10"	Compound	115.0		
10"	Turbine	145.0		
12"	Turbine	215.0		
Total Sewer System Meter Equivalents -----				800

CALCULATION OF THE SEWER SYSTEMS EQUIVALENT RESIDENTIAL CONNECTIONS

$$\left(\frac{28,097,000}{\text{(total gallons treated)}} / 365 \text{ days} \right) / 275 \text{ gpd} = \underline{\underline{280}}$$

UTILITY NAME: Fountain Lakes Sewer Corp.
SYSTEM NAME / COUNTY: Fountain Lakes/Lee County

YEAR OF REPORT
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OTHER WASTEWATER SYSTEM INFORMATION

Furnish information below for each system. A separate pageshould be supplied where necessary.

1. Present ERC's * that system can efficiently serve.	<u>312</u>
2. Maximum number of ERC's * which can be served.	<u>375</u>
3. Present system connection capacity (in ERC's *) using existing lines.	<u>375</u>
4. Future system connection capacity (in ERC's *) upon service area buildout.	<u>384</u>
5. Estimated annual increase in ERC's *.	<u>75</u>
8. Describe any plans and estimated completion dates for any enlargements or improvements of this system.	<u>None</u>
7. If the utility uses reuse as a means of effluent disposal, attach a list of the reuse end users and the amount of reuse provided to each, if known.	
8. If the utility does not engage in reuse, has a reuse feasibility study been completed?	<u>No</u>
If so, when? _____	
9. Has the utility been required by the DEP or water management district to implement reuse?	<u>No</u>
If so, what are the utility's plans to comply with the DEP? _____	
10. When did the company last file a capacity analysis report with the DEP?	<u>1994</u>
11. If the present system does not meet the requirements of DEP rules:	
a. Attach a description of the plant upgrade necessary to meet the DEP rules.	
b. Have these plans been approved by DEP?	<u>N/A</u>
c. When will construction begin?	_____
d. Attach plans for funding the required upgrading.	_____
e. Is this system under any Consent Order othe DEP?	_____
11. Department of Environmental Protection ID #	<u>DC36-143236; DO36-255130</u>

* An ERC is determined based on the calculation on the bottom of Page S-11