

CLASS "A" OR "B"

WATER AND/OR WASTEWATER UTILITIES
(Gross Revenue of More Than \$200,000 Each)

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DIVISION OF
REGULATION AND SEWER
Do not remove from this office

ANNUAL REPORT

OF

WS638-03-AR
Mr. William J. Deas
Southlake Utilities, Inc.
2215 River Blvd.
Jacksonville, FL 32204-4662

Submitted To The

STATE OF FLORIDA



PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2003

04 APR 29 11:25
REGULATION AND SEWER

CERTIFICATION

State of Florida

County of Lake

JEFF CAGAN

makes oath

(Name of Affiant)

and says that he is

PRESIDENT / DIRECTOR

(Official Title of Affiant)

of

SOUTHLAKE UTILITIES, INC.

(Exact Legal Title or Name of Respondent)

that he/she has examined the foregoing report; that to the best of his knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1, 2003, to and including December 31, 2003.

[Handwritten signature]

(Signature of Affiant)

Subscribed and sworn to before me, a Notary Public

in and for the State and County named, this 26th day of

August, 2004.

My commission expires January 28, 2006.

[Handwritten signature]

(Signature of oath administer)



Nancy A. McDonald
MY COMMISSION # DD084674 EXPIRES
January 28, 2006
BONDED THRU TROY FAIN INSURANCE, INC.

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**EXECUTIVE
SUMMARY**

CERTIFICATION OF ANNUAL REPORT

YEAR OF REPORT

UTILITY NAME: Southlake Utilities, Inc.

DECEMBER 31, 2003

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

YES NO

(x) () 1. The utility is in substantial compliance with the Uniform System of Accounts prescribed by the Florida Public Service Commission

YES NO

(x) () 2. The utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission

YES NO

(x) () 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 NO

(x) () 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)

Jeffrey Cagan, President/Director

1. 2. 3. 4.

() () () ()

* 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:

COUNTY:

Southlake Utilities, Inc.
(Exact Name of Utility)

Lake

Date: December 31, 2003

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

Southlake Utilities, Inc.	
16554 Crossings Boulevard #2	
Clermont, Florida 34711	Telephone: (352) 394-8898
	Fax Number: (352) 394-8894

Sunshine State One-Call of Florida, Inc. Member Number: SUI476

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

David deNagy	
DBN Management	
205 Seamist Court	
Ponte Vedra Beach, FL 32082	Telephone: (904) 710-2029

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

Southlake Utilities, Inc.	
16554 Crossings Boulevard #2	
Clermont, Florida 34711	Telephone: (352) 394-8898

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

Date of original organization of the utility: August 27, 1990

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. Jeffrey Cagan	22.38%
2. Richard Driehaus	72.90%
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2003

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 COMMISSION
Jeffrey Cagan	President	Southlake Utilities, Inc.	Operations & Administration
William J. Deas (904) 387-9292	Attorney	William J. Deas, P.A.	Legal & Regulatory
James Ade (904) 358-8818	Attorney	Ade & Schildberg, P.A.	Legal & Regulatory
Randy Corbin (352) 636-8072	Consultant	The Ridgetop Group	Administration & Engineering
David deNagy (904) 710-2029	Consultant	DBN Management	Accounting

(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: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

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

Southlake Utilities, Inc. was organized in 1990 for the sole purpose of providing water and wastewater service to the southeast corner of Lake County and the surrounding area. The company has continued to provide safe, adequate service to its customers in a very rapidly growing service area.

The Company's goal is to continue to expand its operations and facilities to meet all regulatory, environmental and service requirements of both the water and wastewater divisions.

The Company currently provides service to 1,656 metered customers. It is anticipated that the company will serve approximately 13,750 housing units by the year 2012 with average annual growth of 630 units over that period.

There are currently no transactions pending that will have a major impact on the Company's operations and performance.

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2003

PARENT / AFFILIATE ORGANIZATION CHART

Current as of: December 31, 2003

COMPLETE BELOW AN ORGANIZATIONAL CHART THAT SHOWS ALL PARENTS AND SUBSIDIARIES OF THE UTILITY. THIS CHART MUST ALSO SHOW THE RELATIONSHIP BETWEEN THE UTILITY AND THE AFFILIATES LISTED ON E-7, E10(a), AND E-10(b).

Please refer to schedule E-2.

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

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	TITLE	% OF TIME SPENT AS OFFICER OF UTILITY	OFFICERS SALARY
Jeffrey Cagan	President	25%	\$0
William J. Deas	Secretary	Less than 1%	\$0

COMPENSATION OF DIRECTORS

For each director, list the number of director meetings attended by each each director and the compensation received as a director from the respondent.			
NAME	TITLE	NUMBER OF DIRECTORS MEETINGS ATTENDED	DIRECTORS SALARY
Jeffrey Cagan	Director	3	\$ 0
William J. Deas	Director	3	\$ 0

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT December 31, 2003

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	IDENTIFICATION OF SERVICE OR PRODUCT	AMOUNT	NAME AND ADDRESS OF AFFILIATED ENTITY
Not Applicable		\$	

* 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: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2003

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 organization, 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	PRINCIPLE OCCUPATION OR BUSINESS AFFILIATION	AFFILIATION OR CONNECTION	NAME AND ADDRESS OF AFFILIATION OR CONNECTION
Jeffrey Cagan	Southlake Utilities, Inc. President/Director	Partner	Cagan Management 3856 Oakton Street Skokie, IL 60076
William J. Deas	Southlake Utilities, Inc. Secretary/Director	Attorney	William J. Deas, P.A. 2215 River Boulevard Jacksonville, FL 32204

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

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

Complete the following for any business which is conducted as a byproduct, coproduct or joint product as a result of providing water and 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	ASSETS		REVENUES		EXPENSES	
CONDUCTED	BOOK COST OF ASSETS	ACCT. NO.	REVENUES GENERATED	ACCT. NO.	EXPENSES INCURRED	ACCT. NO.
None	\$		\$		\$	

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

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 page 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:

<ul style="list-style-type: none"> - management, legal and accounting services - computer services - engineering & construction services - repairing and servicing of equipment 	<ul style="list-style-type: none"> - material and supplies furnished - leasing of structures, land and equipment - all 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)
Southlake Development, LTD	Land Lease	1993 (99 years)		Annual Interest

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 cost for each item reported.
- (e) Enter the net profit or loss for each item (column (c) - column (d)).
- (f) Enter the fair 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)

FINANCIAL

SECTION

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
UTILITY PLANT				
101-106	Utility Plant	F-7	6,906,973	7,897,163
108-110	Less: Accumulated Depreciation and Amortization	F-8	855,109	1,011,321
	Net Plant		6,051,864	6,885,842
114-115	Utility Plant Acquisition Adjustments (Net)	F-7		0
116	Other Utility Plant Adj.		0	0
	Total Net Utility Plant		6,051,864	6,885,842
OTHER PROPERTY AND INVESTMENTS				
121	Nonutility Property	F-9	31,186	31,186
122	Less: Accumulated Depreciation and Amortization		0	0
	Net Nonutility Property		31,186	31,186
123	Investment In Associated Companies	F-10	0	0
124	Utility Investments	F-10	0	0
125	Other Investments	F-10	0	0
126-127	Special Funds	F-10	0	0
	Total Other Property & Investments		0	0
CURRENT AND ACCRUED ASSETS				
131	Cash		41,191	842,002
132	Special Deposits	F-9	0	0
133	Other Special Deposits	F-9	0	0
134	Working Funds			
135	Temporary Cash Investments		214,409	214,408
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts	F-11	317,194	360,594
145	Accounts Receivable from Associated Companies	F-12	0	0
146	Notes Receivable from Associated Companies	F-12	0	0
151-153	Material and Supplies			
161	Stores Expense		0	0
162	Prepayments		17,022	17,022
171	Accrued Interest and Dividends Receivable		0	0
172	Rents Receivable		0	0
173	Accrued Utility Revenues			
174	Misc. Current and Accrued Assets	F-12	4,398	4,398
	Total Current and Accrued Assets		594,214	1,438,423

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
DEFERRED DEBITS				
181	Unamortized Debt Discount & Expense	F-13	6,513	6,513
182	Extraordinary Property Losses	F-13	0	0
183	Preliminary Survey & Investigation Chgs FAS 109 Regulatory Assets		0	0
184	Clearing Accounts		0	0
185	Temporary Facilities		0	0
186	Misc. Deferred Debits	F-14	787,008	787,008
187	Research & Development Expenditures		0	0
190	Accumulated Deferred Income Taxes		0	0
Total Deferred Debits			793,521	793,521
TOTAL ASSETS AND OTHER DEBITS			7,470,785	9,148,973

NOTES TO THE BALANCE SHEET

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

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
EQUITY CAPITAL				
201	Common Stock Issued	F-15	7,500	7,500
204	Preferred Stock Issued	F-15	0	0
202,205	Capital Stock Subscribed		0	0
203,206	Capital Stock Liability for Conversion		0	0
207	Premium on Capital Stock		0	0
209	Reduction in Par or Stated Value of Capital Stock		0	0
210	Gain on Resale or Cancellation of Reacquired Capital Stock		0	0
211	Other Paid-In Capital		1,132,571	1,620,054
212	Discount on Capital Stock		0	0
213	Capital Stock Expense		0	0
214-215	Retained Earnings	F-16	(1,152,322)	(1,121,350)
216	Reacquired Capital Stock		0	0
218	Proprietary Capital (Proprietorship and Partnership Only)		0	0
	Total Equity Capital		(12,251)	506,205
LONG-TERM DEBT				
221	Bonds	F-15	0	0
222	Reacquired Bonds		0	0
223	Advances from Associated Companies	F-17	0	0
224	Other Long-Term Debt	F-17	2,179,606	2,140,896
	Total Long-Term Debt		2,179,606	2,140,896
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable		243,647	35,154
232	Notes Payable	F-18	31,100	18,667
233	Accounts Payable to Associated Co.	F-18	99,742	32,501
234	Notes Payable to Associated Co.	F-18	0	0
235	Customer Deposits		68,637	121,150
236	Accrued Taxes		43,431	49,510
237	Accrued Interest	F-19	10,163	10,159
238	Accrued Dividends		0	0
239	Matured Long-Term Debt		0	0
240	Matured Interest		0	0
241	Miscellaneous Current and Accrued Liabilities	F-20	419,438	401,993
	Total Current and Accrued Liabilities		916,158	669,135

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
DEFERRED CREDITS				
251	Unamortized Premium on Debt	F-13	0	0
252	Advances for Construction	F-20	0	0
253	Other Deferred Credits	F-21	0	0
255	Accumulated Deferred Investment Tax Credits		0	0
	FAS 109 Regulatory Liability		0	0
	Total Deferred Credits		0	0
OPERATING RESERVES				
261	Property Insurance Reserve		0	0
262	Injuries and Damages Reserve		0	0
263	Pensions and Benefits Reserve		0	0
265	Miscellaneous Operating Reserves		0	0
	Total Operating Reserves		0	0
CONTRIBUTIONS IN AID OF CONSTRUCTION				
271	Contributions In Aid of Construction	F-22	5,171,746	6,844,420
272	Accumulated Amortization of Contri- butions In Aid of Construction	F-22	(784,473)	(1,011,683)
	Total Net C.I.A.C.		4,387,273	5,832,737
ACCUMULATED DEFERRED INCOME TAXES				
281	Accumulated Deferred Income Taxes - Accelerated Depreciation		0	0
282	Accumulated Deferred Income Taxes - Liberalized Depreciation		0	0
283	Accumulated Deferred Income Taxes - Other		0	0
	Total Accum. Deferred Income Taxes		0	0
	TOTAL EQUITY CAPITAL AND LIABILITIES		7,470,785	9,148,973

UTILITY NAME: Southlake Utilities, Inc.
COMPARATIVE OPERATING STATEMENT

YEAR OF REPORT
DECEMBER 31, 2003

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (d)	REF. PAGE (c)	CURRENT YEAR (e)	WATER SCHEDULE W-3 (g)	WASTEWATER SCHEDULE S-3 (i)	OTHER THAN REPORTING SYSTEMS (j)
	UTILITY OPERATING INCOME						
400	Operating Revenues	854,089	F-3(b)	989,113	540,784	448,329	0
469,530	Less: Guaranteed Revenue and AFPI	0	F-3(b)	0	0	0	0
	Net Operating Revenues	854,089		989,113	540,784	448,329	0
401	Operating Expenses	957,880	F-3(b)	920,075	393,351	526,724	0
403	Depreciation Expense	139,443		156,212	57,401	98,811	0
	Less: Amortization of CIAC	203,028	F-22	227,211	78,265	148,946	0
	Net Depreciation Expense	(63,585)		(70,999)	(20,864)	(50,135)	0
406	Amortization of Utility Plant Acquisition Adjustment	0	F-3(b)	0	0	0	0
407	Amortization Expense (Other than CIAC)	0	F-3(b)	0	0	0	0
408.1	Taxes Other Than Income	100,458	W/S-3	103,620	54,263	49,358	0
409.1	Current Income Taxes	0	W/S-3	0	0	0	0
410.10	Deferred Federal Income Taxes	0	W/S-3	0	0	0	0
410.11	Deferred State Income Taxes	0	W/S-3	0	0	0	0
411.1	Provision for Deferred Income Taxes - Credit	0	W/S-3	0	0	0	0
412.1	ITCs Deferred to Future Periods	0	W/S-3	0	0	0	0
412.11	ITC Restored to Operating Income	0	W/S-3	0	0	0	0
	Utility Operating Expenses	994,752		952,696	426,750	525,946	0
	Net Utility Operating Income	(140,664)		36,416	114,034	(77,617)	0
469,530	Add Back: Guaranteed Revenue and AFPI	0	F-3(b)	0	0	0	0
413	Income from Utility Plant Leased to Others			0	0	0	0
414	Gains (Losses) from Disposition of Utility Property			0	0	0	0
420	Allowance for Funds Used During Construction			0	0	0	0
	Total Utility Operating Income	(140,664)		36,416	114,034	(77,617)	0

UTILITY NAME: Southlake Utilities, Inc.
 COMPARATIVE OPERATING STATEMENT

YEAR OF REPORT DECEMBER 31, 2003

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (d)	REF. PAGE (c)	CURRENT YEAR (e)
	Total Utility Operating Income [From Page F-3(a)]	(140,664)		36,416
	OTHER INCOME AND DEDUCTIONS			
415	Revenues From Merchandising, Jobbing and Contract Deductions	0		0
416	Costs and Expenses of Merchandising, Jobbing and Contract Work	0		0
419	Interest and Dividend Income	3,067		26
420	Allowance for Funds Used During Construction	0		0
421	Nonutility Income	12		0
426	Miscellaneous Nonutility Expense	(11,488)		(5,471)
	Total Other Income and Deductions	(8,409)		(5,445)
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income	0	F-17	0
409.20	Income Taxes	0	F-17	0
410.20	Provision for Deferred Income Taxes	0		0
411.20	Provision for Deferred Income Taxes - Credit	0		0
412.20	Investment Tax Credits - Net	0		0
412.30	Investment Tax Credits Restored to Operating Income	0		0
	Total Taxes Applicable To Other Income	0		0
	Interest Expense			
427	Interest Expense	56,147	F-19	0
428	Amortization of Debt Discount & Expense	0	F-13	0
429	Amortization of Premium on Debt	0	F-13	0
	Total Interest Expense	56,147		0
	Extraordinary Items			
433	Extraordinary Income	0		0
434	Extraordinary Deductions	0		0
409.30	Income Taxes, Extraordinary Items	0		0
	Total Extraordinary Items	0		0
	NET INCOME	(205,220)		30,972

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

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-7	\$ 3,321,548	\$ 3,736,200
	Less: Nonused and Useful Plant (1)			
108	Accumulated Depreciation	F-8	303,258	708,063
110	Accumulated Amortization	F-8	0	0
271	Contributions In Aid of Construction	F-22	2,872,205	3,972,214
252	Advances for Construction	F-20	0	0
	Subtotal		\$ 146,085	\$ (944,077)
	Additions:			
272	Accumulated Amortization of CIAC	F-22	374,024	637,659
	Subtotal		\$ 520,109	\$ (306,418)
	Plus or Minus:			
114	Acquisition Adjustments (2)	F-7	0	0
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	0	0
	Working Capital Allowance (3)		49,169	65,840
	Other (Specify):			
	Rate Base		\$ 569,278	\$ (240,578)
	Utility Operating Income		\$ 114,034	\$ (77,617)
	Achieved Rate of Return		20.03%	0.00%

NOTES :

- (1) Estimated if not known.
- (2) Include only those Acquisition Adj's approved by the Commission.
- (3) Calculation consistent with the last rate proceeding; in the absence of a rate proceeding Class B utilities will use the one-eighth O&M expense method.

**SCHEDULE OF COST OF CAPITAL
CONSISTENT WITH THE METHODOLOGY USED IN THE LAST RATE PROCEEDING (1)**

CLASS OF CAPITAL (a)	DOLLAR AMOUNT (2) (b)	PERCENTAGE OF CAPITAL (c)	ACTUAL COST RATES (3) (d)	WEIGHTED COST [c X d] (e)
Common Equity	506,205	31.01%	13.11%	4.06%
Preferred Stock	0	0.00%	0.00%	0.00%
Long Term Debt	210,895	12.92%	7.50%	0.97%
Long Term Debt	14,638	0.90%	12.92%	0.12%
Long Term Debt	756,070	46.31%	6.25%	2.89%
Long Term Debt	5,000	0.31%	0.00%	0.00%
Customer Deposits	121,151	7.42%	6.00%	0.45%
Short Term Debt	(2,773)	-0.17%	12.92%	-0.02%
Short Term Debt	21,441	1.31%	7.50%	0.10%
Tax Credits-Weighted Cost	0	0.00%	0.00%	0.00%
Deferred Income Taxes	0	0.00%	0.00%	0.00%
Other (Explain):Deferred ITC	0	0.00%	0.00%	0.00%
Total	\$ 1,632,625	100.00%		8.57%

(1) If the utility's capital structure is not used, explain which capital structure is used.

(2) Should equal amounts on Schedule F-6, Column (g).

(3) Mid point of the last authorized Return On Equity or current leverage formula if none has been established.

Must be calculated using the same methodology used in the last rate proceeding using current annual report year end amounts and cost rates.

APPROVED RETURN ON EQUITY

Current Commission approved Return on Equity:	13.11%
Commission order approving Return on Equity:	24564

APPROVED AFUDC RATE

Completion only required if AFUDC was charged during year.

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

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

**SCHEDULE OF CAPITAL STRUCTURE ADJUSTMENTS
CONSISTENT WITH THE METHODOLOGY USED IN THE LAST RATE PROCEEDING**

CLASS OF CAPITAL (a)	PER BOOK BALANCE (b)	NON UTILITY ADJUSTS. (c)	NON JURIS. ADJUSTS (d)	OTHER (1) ADJUSTS. (e)	CAPITAL STRUCTURE (f)
Common Equity	\$ 506,205	31.01%			\$ 506,205
Preferred Stock	0	0.00%			0
Long Term Debt	210,895	12.92%			210,895
Long Term Debt	14,638	0.90%			14,638
Long Term Debt	756,069	46.31%			756,070
Long Term Debt	5,000	0.31%			5,000
Customer Deposits	121,150	7.42%			121,151
Short Term Debt	(2,773)	-0.17%			(2,773)
Short Term Debt	21,440	1.31%			21,441
Tax Credits-Weighted Cost	0	0.00%			0
Deferred Income Taxes	0	0.00%			0
ITC	0	0.00%			0
Other (Explain)	0	0.00%			0
Total	\$ 1,632,624	100.00%	\$ -	\$ -	\$ 1,632,625

(1) Explain below all adjustments made in Columns (e) and (f):

UTILITY PLANT (ACCTS. 101 - 106)

ACCT. NO. (a)	(b)	WATER (c)	WASTEWATER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
	Plant Accounts:				
101	Utility Plant In Service	\$ 3,321,548	\$ 3,736,200		\$ 7,057,748
102	Utility Plant Leased to Others	0	0		\$ -
103	Property Held for Future Use	0	0		\$ -
104	Utility Plant Purchased or Sold	0	0		\$ -
105	Construction Work In Progress	31,283	808,132		\$ 839,415
106	Completed Construction Not Classified	0	0		\$ -
	Rounding				\$ -
	Total Utility Plant	\$ 3,352,831	\$ 4,544,332	\$ -	\$ 7,897,163

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.				
(a)	WATER (b)	WASTEWATER (c)	OTHER (d)	TOTAL (e)
Acquisition Adjustments (114):				
				0
				0
				0
				0
				0
				0
				0
				0
Total Plant Acquisition Adjs.	\$ -	\$ -		\$ -
Accumulated Amortization (115):				
				0
				0
				0
				0
				0
				0
				0
Total Accumulated Amortization	\$ -	\$ -		\$ -
Net Acquisition Adjustments	\$ -	\$ -		\$ -

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

ACCUMULATED DEPRECIATION (ACCT. 108) AND AMORTIZATION (ACCT.110)

(a)	WATER (b)	WASTEWATER (c)	OTHER* (d)	TOTAL (e)
Balance first of year	\$ 245,857	\$ 609,252	\$ 0	\$ 855,109
Credit during year:				
Accruals charged:				
to Account 108.1 (1)	\$ 57,401	\$ 98,811	\$ 0	156,212
to Account 108.2 (2)	0	0	0	0
to Account 108.3 (3)	0	0	0	0
Other Accounts (specify):	0	0	0	0
Salvage	0	0	0	0
Other credits (specify):	0	0	0	0
	0	0	0	0
Total credits	\$ 303,258	\$ 708,063	0	\$ 1,011,321
Debits during year:				
Book cost of plant retired	\$ -	\$ -	0	\$ -
Cost of removal	0	0	0	0
Other debits (specify)	0	0	0	0
Rounding	0	0	0	0
Total debits	\$ -	\$ -	0	\$ -
Balance end of year	\$ 303,258	\$ 708,063	\$ -	\$ 1,011,321

ACCUMULATED AMORTIZATION (ACCT. 110)

	WATER (b)	SEWER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
Balance first of year	None	None	None	None
Credit during year:				
Accruals charged:				
to Account 110.2 (2)				
Other accounts (specify)				
Total credits	None	None	None	None
Debits during year:				
Book cost of plant retired				
Other debits (specify)				
Total debits	None	None	None	None
Balance end of year	None	None	None	None

(1) Account 108 for Class B utilities.
(2) Not applicable for Class B utilities.
(3) Account 110 for Class B utilities.

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

**REGULATORY COMMISSION EXPENSE
AMORTIZATION OF RATE CASE EXPENSE (ACCOUNTS 666 AND 766)**

DESCRIPTION OF CASE (DOCKET NO.) (a)	EXPENSE INCURRED DURING YEAR (b)	CHARGED OFF DURING YEAR	
		ACCT (c)	AMOUNT (d)
	\$0	0	\$ -
	0	0	-
Total	\$0		\$ -

NONUTILITY PROPERTY (ACCT. 121)

Report seperately 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)
Well sites "C" (unavailable for service)	\$ 31,186			\$ 31,186
				0
				0
				0
Total NonUtility Property	\$ 31,186			\$ 31,186

SPECIAL DEPOSITS (ACCOUNTS 132 AND 133)

Description of Special Deposits (a)	Year End Book Cost
Special Deposits (Acct.132):	
Total Special Deposits _____	None
Other Special Deposits (Acct 133):	
Total Other Special Deposits: _____	None

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

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):		
	\$ _____	\$ _____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
Total Investment In Associated Companies _____		\$ <u>None</u>
UTILITY INVESTMENTS (ACCT. 124):		
	\$ _____	\$ _____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
Total Utility Investments _____		\$ <u>None</u>
OTHER INVESTMENTS (ACCT. 125):		
	\$ _____	\$ _____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
Total Other Investments _____		\$ <u>None</u>
SPECIAL FUNDS (ACCTS. 126 & 127):		
Restricted Cash Deposits		\$ None

Total Special Funds _____		\$ <u>None</u>

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

ACCOUNTS AND NOTES RECEIVABLE - NET (ACCOUNTS 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	\$ 51,361
Wastewater	\$ 42,022
Total Customer Accounts Receivable	<u>\$ 93,383</u>
Other Accounts Receivable (Acct. 142):	
	\$ -
Total Other Accounts Receivable	<u>0</u>
Notes Receivable (Acct. 144):	
Summer Bay	41,539
Southlake Dev Ltd	225,671
Total Notes Receivable	<u>267,211</u>
Total Accounts & Notes Receivable	<u>\$ 360,594</u>
Accumulated Provision for Uncollectible Accounts (Acct. 143):	
Balance first of the year	\$ -
Add: Provision for uncollectibles 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 at the end of the year	<u>\$ -</u>
Total Accounts and Notes Receivable - Net	<u>\$ 360,594</u>

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES (ACCT. 145)

Report each account receivable from associated companies seperately.	
DESCRIPTION (a)	TOTAL (b)
Total	\$ <u> None</u>

NOTES RECEIVABLE FROM ASSOCIATED COMPANIES (ACCT. 146)

Report each note receivable from associated compnaies seperately.		
DESCRIPTION (a)	INTEREST RATE (b)	TOTAL (c)
	_____ %	
	_____ %	
	_____ %	
	_____ %	
Total		\$ <u> None</u>

MISCELLANEOUS CURRENT AND ACCRUED ASSETS - ACCOUNT 174

DESCRIPTION - Provide itemized listing (a)	Balance End of Year (b)
Miscellaneous accruals	\$ 4,398
Total Miscellaneous Current and Accrued Assets	<u>\$ 4,398</u>

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT (ACCTS. 181 & 251)

Report the net discount and expense or premium seperately for each security issue.		
(a)	AMOUNT WRITTEN OFF DURING YEAR (b)	YEAR END BALANCE (c)
Unamortized Debt Discount and Expense (Acct. 181):		
FUNB - 11/25/98		\$ 652
FUNB - 01/26/99		2,093
FUNB - 12/30/99		860
FUNB - 01/01/01		2,908
Total Unamortized Debt Discount and Expense	0	\$ 6,513
Unamortized Premium on Debt (Acct. 251):		
Total Unamortized Premium on Debt	None	None

EXTRAORDINARY PROPERTY LOSSES (ACCT. 182)

Report each item seperately.	
Description (a)	TOTAL (b)
Extraordinary Property Losses (Acct. 182):	
Total Extraordinary Property Losses	None

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

MISCELLANEOUS DEFERRED DEBITS - ACCOUNT 186

Description - Provide Itemized Listing (a)	Amount Written-Off During Year (b)	Year-End Balance (c)
Deferred Rate Case Expense (Class A Utilities:Account 186.1)		
	\$ -	
Total Deferred Rate Case Expense	\$ -	\$ -
Other Deferred Debits (Acct. 186.2)		
Deferred AFPI Project Costs	\$ -	\$ 785,080
	-	-
	-	-
	-	-
	-	-
	-	-
Total Other Deferred Debits	\$ -	\$ 785,080
Regulatory Assets (Class A Utilities: Account 186.3)		
Regulatory Assets	\$ -	\$ 1,928
Total Regulatory Assets	\$ -	\$ 1,928
Total Miscellaneous Deferred Debits	\$ -	\$ 787,008

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

CAPITAL STOCK (ACCTS. 201 and 204)

DESCRIPTION (a)	Rate (b)	Total (c)
COMMON STOCK		
Par or stated value per share	\$ 1	\$ 7,500
Shares authorized	-	7,500
Shares issued and outstanding	-	7,500
Total par value of stock issued		\$ 7,500
Dividends declared per share for year	None	None
PREFERRED STOCK		
Par or stated value per share	None	None
Shares authorized	None	None
Shares issued and outstanding	None	None
Total par value of stock issued	None	None
Dividends declared per share for year	None	None

ount 204 not applicable for Class B utilities.

BONDS - ACCOUNT 221

Description of Obligation (Including Date of Issue and Date of Maturity) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (d)
	RATE (b)	FIXED OR VARIABLE * (c)	
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
	%		
		Total	None

* For variable rate obligations, provide the basis for the rate (e.g., prime + 2%, etc.).

STATEMENT OF RETAINED EARNINGS

ACCT. NO. (a)	(b) Description	AMOUNTS (c)
	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.	
215	Unappropriated Retained Earnings:	
	Balance beginning of year	\$ (1,152,322)
	Changes to account:	
439	Adjustments to Retained Earnings (requires Commission approval prior to use):	
	Credits:	
	Rounding	0
	Total Credits	\$ -
	Debits:	
	Total Debits	\$ -
435	Balance transferred from Income	30,972
436	Appropriations of Retained Earnings:	
	Total Appropriations of Retained Earnings	\$ -
	Dividends Declared:	
437	Preferred Stock Dividends Declared	\$ -
438	Common Stock Dividends Declared	0
	Rounding	
	Total Dividends Declared	\$ -
215	Balance end of year	\$ (1,121,350)
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	
214	Total Appropriated Retained Earnings	\$ -
	Total Retained Earnings	\$ (1,121,350)
	Notes to Statement of Retained Earnings:	

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

ADVANCES FROM ASSOCIATED COMPANIES (ACCOUNT 223)

Report each advance separately.	TOTAL (b)
DESCRIPTION (a)	
Total	None

OTHER LONG-TERM DEBT (ACCOUNT 224)

Description of Obligation (Including Date of Issue and Date of Maturity) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
	ANNUAL RATE (d)	FIXED OR VARIABLE * (e)	
Land Lease Obligation	6.50%	Plus GDPD Index	\$ 756,069
FUNB 12/30/99	%		210,895
FUNB 12/17/99	%		14,638
N/P LT Shareholder Loan	%		1,154,294
Ron Allen 11/25/99	%		5,000
	%		
	%		
	%		
	%		
	%		
		Total	\$ 2,140,896

* For variable rate obligations, provide the basis for the rate (e.g., prime + 2%, etc).

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

NOTES PAYABLE (ACCTS. 232 and 234)

DESCRIPTION OF OBLIGATION (INCLUDING DATE OF ISSUE AND DATE OF MATUR (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
	ANNUAL RATE (d)	FIXED OR VARIABLE * (e)	
Account 232 - Notes Payable:			
FUNB - 12/30/99	9.50%		\$ 21,440
FUNB - 12/17/99	9.50%		(2,773)
Total Account 232			\$ 18,667
Account 234 - Notes Payable To Associated Companies:			
Advances from Parent Company			
Total Account 234			None

* For variable rate obligations, provide the basis for the rate (e.g., prime + 2%, etc).

ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (ACCOUNT 233)

Report each account payable seperately.

DESCRIPTION (a)	TOTAL (b)
SLCF	14,829
SL Inc.	5,114
Cagan	12,559
Total	\$ 32,501

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

ACCRUED INTEREST AND EXPENSE ACCOUNTS 237 AND 427

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:	10,163	237.1	0	0	10,163
TOTAL ACCOUNT 237.1	10,163		0	0	10,163
ACCOUNT NO.237.2 Accrued Interest on other liabilities:					
Customer Deposits					
TOTAL ACCOUNT 237.2	\$ -		\$0	\$0	\$ -
TOTAL ACCOUNT NO. 237 (1)	\$ 10,163		\$0	\$0	10,163
INTEREST EXPENSED: TOTAL ACCRUAL ACCOUNT 237		237	\$0		
Less: CAPITALIZED INTEREST PORTION OF AFUDC:					
NET INTEREST EXPENSED TO ACCOUNT NO. 427 (2)			\$0		

(1) Must agree to F-2(a), Beginr and Ending balance of accru interest.

(2) Must agree to F-3(c), current year interest expense.

UTILITY NAME: Southlake Utilities, Inc.

Year of Report DECEMBER 31, 2003

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (241)

Description - Provide itemized listing	Balance End Of Year
Payroll FICA	\$ (6,764)
Payroll Medicare	(1,593)
Payroll FIT	(8,664)
Prepaid CIAC - Water	123,121
Prepaid CIAC - WasteWater	295,893
Total Miscellaneous Current And Accrued Liabilities	\$ 401,993

ADVANCES FOR CONSTRUCTION (ACCT.252)

NAME OF PAYOR (a)	BALANCE BEGINNING OF YEAR (b)	ACCT. DEBIT (c)	AMOUNT (d)	CREDITS (e)	BALANCE END OF YEAR (f)
Water					
Total Water	\$0		\$0	\$0	\$0
Wastewater					
Total Wastewater	\$0		\$0	\$0	\$0
TOTAL	\$0		\$0	\$0	\$0

* Report advances separately by reporting group, designating water or wastewater in column (a).

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2003

OTHER DEFERRED CREDITS (ACCOUNT 253)

Description - Provide itemized listing (a)	Amount Written-off During Year (b)	Year-End Balance (c)
Regulatory Liabilities (Class A Utilities: Account 253.1):		
	0	0
	0	0
	0	0
	0	0
Total Regulatory Liabilities	0	\$0
Other Deferred Liabilities (Class A Utilities: Account 253.2):		
Total Other Deferred Liabilities		0
Total Other Deferred Credits		\$0

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271)

Description (a)	Water (W-7) (b)	Wastewater (S-7) (c)	W & WW Other Than Reporting System (d)	Total (e)
Balance first of year:	2,219,556	2,952,189	-	5,171,745
Add credits during year:	652,649	1,020,025	-	1,672,674
Less debits charged during the year:	-	-	-	-
Total Contributions in Aid of Construction	\$ 2,872,205	\$ 3,972,214	\$ -	\$ 6,844,419

ACCUMULATED AMORTIZATION OF CIAC (Acct. 272)

Description (a)	Water (W-8(a)) (b)	Wastewater (S-8(a)) (c)	W & WW Other Than Reporting System (d)	Total (e)
Balance first of year	295,759	488,713	-	784,472
Debits during year:	78,265	148,946	-	227,211
Credits during year:	-	-	-	-
Total Accumulated Amortization of CIAC	\$ 374,024	\$ 637,659	\$ -	\$ 1,011,683

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

1. The reconciliation should include the same detail as furnished on Schedule M-1 of the federal tax return for the year. The reconciliation shall be submitted even even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount and show the computation of all tax accruals.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating intercompany amounts to be eliminated in such consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

DESCRIPTION (a)	REF (b)	AMOUNT (c)
Net Income for the Year	F-3c	\$ 30,972
Reconciling items for the year:		
Taxable income not reported on books:		
Deductions recorded on books not deducted for return:		
		0
Income recorded on books not included in return:		
Deduction on return not charged against book income:		
		0
Federal Tax Net Income		30,972
State Income Tax Expense		0
Computation of tax:		
Federal Income Tax Expense		0
Investment Tax Credit		0
Deferred Federal Income Tax Expense		0
Total Federal Income Tax Expense		0

**WATER
OPERATION
SECTION**

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

WATER LISTING OF SYSTEM GROUPS

List below the name of each reporting system and its certificate number. Those systems which have been consolidated under the same tariff should be assigned a group number. Each individual system which has not been consolidated should be assigned its own group number.

The water financial schedules (W-2 through W-10) should be filed for the group in total. The water engineering schedules (W-11 through W-15) must be filed for each system in the group. All of the following water pages (W-2 through W-15) should be completed for each group and arranged by group number.

SYSTEM NAME/COUNTY	CERTIFICATE NUMBER	GROUP NUMBER
Southlake Utilities, Inc./Lake County	533-W	

SCHEDULE OF YEAR END WATER RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)
101	Utility Plant In Service	W-4(b)	3,321,548
	Less:		
	Nonused and Useful Plant (1)		
108	Accumulated Depreciation	W-6(b)	303,258
110	Accumulated Amortization		-
271	Contributions In Aid of Construction	W-7	2,872,205
252	Advances for Construction	F-20	-
	Subtotal		\$ 146,085
	Adds:		
272	Accumulated Amortization of CIAC	W-8(a)	374,024
	Subtotal		\$ 520,109
	Plus or Minus:		
114	Acquisition Adjustments (2)	F-7	0
115	Accumulated Amortization of		
	Acquisition Adjustments (2)	F-7	0
	Working Capital Allowance (3)		49,169
	Other (Specify):		
	Water Rate Base		\$ 569,278
	Water Operating Income	W-3	\$ 114,034
	Achieved Rate of Return		20.03%

NOTES :

- (1) Estimate based on the methodology used in the last rate proceeding.
- (2) Include only those Acquisition Adjustments that have been approved by the Commission.
- (3) Calculation consistent with the last rate proceeding. In the absence of a rate proceeding, Class A utilities will use the Balance Sheet method and Class B utilities will use the one-eighth O&M expense method.

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

WATER OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME		
400	Operating Revenues	W-9	540,784
469	Less: Guaranteed Revenue and AFPI	W-9	0
	Net Operating Revenues		\$ 540,784
401	Operating Expenses	W-10(a)	\$ 393,351
403	Depreciation Expense		57,401
	Less: Amortization of CIAC	W-8(a)	78,265
	Net Depreciation Expense		\$ (20,864)
406	Amortization of Utility Plant Acquisition Adjustment	F-7	0
407	Amortization Expense (Other than CIAC)	F-8	0
	Taxes Other Than Income:		
408.10	Utility Regulatory Assessment Fee		24,335
408.11	Property Taxes		25,274
408.12	Payroll Taxes		4,653
408.13	Other Taxes and Licenses		0
408	Total Taxes Other Than Income		\$ 54,263
409.10	Income Taxes		0
410.10	Deferred Federal Income Taxes		0
410.11	Deferred State Income Taxes		0
411.10	Provision for Deferred Income Taxes - Credit		0
412.10	ITCs Deferred to Future Periods		0
412.11	ITC Restored to Operating Income		0
	Utility Operating Expenses		\$ 426,750
	Net Utility Operating Income		\$ 114,034
	Add Back:		
469	Guaranteed Revenue and AFPI	W-9	0
413	Income from Utility Plant Leased to Others		0
414	Gains (Losses) from Disposition of Utility Property		0
420	Allowance for Funds Used During Construction		0
	Total Utility Operating Income		\$ 114,034

YEAR OF REPORT
DECEMBER 31, 2003

UTILITY NAME: Southlake Utilities, Inc.

WATER UTILITY PLANT MATRIX

WATER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	ADJUSTMENTS	CURRENT YEAR (f)	(1) INTANGIBLE PLANT (g)	(2) SOURCE OF SUPPLY AND PUMPING PLANT (h)	(3) WATER TREATMENT PLANT (i)	(4) TRANSMISSION AND DISTRIBUTION PLANT (j)	(5) GENERAL PLANT (k)
	Misc. Intangible Plant	0	0	0	0	0	0	0			
301	Organization	250	0	0	0	250	250				
302	Franchises	62,993	0	0	0	62,993	62,993				
303	Land and Land Rights	156,108	0	0	0	156,108		22,821	133,287	0	0
304	Structures and Improvements	271,388	400,234	0	0	671,622		0	671,622	0	0
305	Collecting and Impounding										
	Reservoirs	0	0	0	0	0	0	0			
306	Lake River and Other Intakes	0	0	0	0	0					
307	Wells and Springs	89,019	290,423	0	0	379,442		379,442			
	Infiltration Galleries and										
	Tunnels	0	0	0	0	0	0	0			
308	Supply Mains	0	0	0	0	0	0	0			
309	Power Generation Equipment	18,985	0	0	0	18,985		18,985			
311	Pumping Equipment	53,978	18,412	0	0	72,390		0	72,390	0	
320	Water Treatment Equipment	10,912	3,948	0	0	14,860		0	14,860		
322	Distribution Reservoirs and	0	0	0	0	0	0				
330	Standpipes	31,414	0	0	0	31,414				31,414	
331	Transmission and Distribution										
	Mains	945,584	403,225	0	0	1,348,809				1,348,809	
333	Services	80,079	39,380	0	0	119,459				119,459	
334	Meters and Meter Installations	212,398	16,945	0	0	229,343				229,343	
335	Hydrants	146,215	36,834	0	0	185,049				185,049	
339	Other Plant and Miscellaneous										
	Equipment	7,467	0	0	0	7,467				7,467	
340	Office Furniture and Equip.	21,271	600	0	0	21,871					21,871
341	Transportation Equipment	0	0	0	0	0					0
342	Stores Equipment	0	0	0	0	0					0
343	Tools, Shop and Garage Equip.	679	0	0	0	679					679
344	Laboratory Equipment	0	0	0	0	0					0
345	Power Operated Equipment	236	0	0	0	236					236
346	Communication Equipment	0	0	0	0	0					0
347	Miscellaneous Equipment	0	0	0	0	0					0
348	Other Tangible Plant	570	0	0	0	570					570
	Property Held For Future Use	0	0	0	0	0					0
	Rounding	0	0	0	0	0					0
	Unclassified Plant	0	0	0	0	0					0
	Total Water Plant	2,109,546	1,212,002	0	0	3,321,548	63,243	421,248	892,160	1,921,541	23,356

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

BASIS FOR WATER 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 (e)
304	Structures and Improvements	33		3.03%
305	Collecting and Impounding Reservoirs			
306	Lake River and Other Intakes			
307	Wells and Springs	30		3.33%
308	Infiltration Galleries and Tunnels			
309	Supply Mains			
310	Power Generation Equipment	20		5.00%
311	Pumping Equipment	20		5.00%
320	Water Treatment Equipment	22		4.55%
330	Distribution Reservoirs and Standpipes	37		2.70%
331	Transmission and Distribution Mains	43		2.33%
333	Services	40		2.50%
334	Meters and Meter Installations	20		5.00%
335	Hydrants	45		2.22%
339	Other Plant and Miscellaneous Equipment	25		4.00%
340	Office Furniture and Equipment	15		6.67%
341	Transportation Equipment			
342	Stores Equipment			
343	Tools, Shop and Garage Equipment	16		6.25%
344	Laboratory Equipment			
345	Power Operated Equipment	12		8.33%
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	10		10.00%
*	Water Plant Composite Depreciation Rate			

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

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2003

ANALYSIS OF ENTRIES IN WATER DEPRECIATION RESERVE

ACCT. NO. (a)	ACCOUNT NAME (b)	RESERVE BALANCE AT BEGINNING OF YEAR (c)	ACCRUALS BOOKED TO RESERVE (d)	OTHER CREDITS TO RESERVE* (e)	TOTAL CREDITS TO RESERVE (d + e) (f)	PLANT RETIRED (g)	SALVAGE AND INSURANCE (h)	COST OF REMOVAL (i)	OTHER CHARGES TO RESERVE* (j)	TOTAL CHARGES TO RESERVE (g-h+i+j) (k)	RESERVE BALANCE AT END OF YEAR (c+f-k) (l)
301	Organization	0	0	0	0	0				0	0
302	Franchises	0	0	0	0	0				0	0
304	Structures and Improvements	4,295	8,740	0	8,740	0	0			0	13,035
305	Collecting and Impounding Reservoirs	0	0	0	0	0	0	0	0	0	0
306	Lake River and Other Intakes	0	0	0	0	0	0	0	0	0	0
307	Wells and Springs	24,450	3,367	0	3,367	0	0	0	0	0	27,817
308	Infiltration Galleries and Tunnels	0	0	0	0	0	0	0	0	0	0
309	Supply Mains	0	0	0	0	0	0	0	0	0	0
310	Power Generation Equipment	7,923	949	0	949	0	0	0	0	0	8,872
311	Pumping Equipment	21,809	2,896	0	2,896	0	0	0	0	0	24,705
320	Water Treatment Equipment	1,339	556	0	556	0	0	0	0	0	1,895
330	Distribution Reservoirs and Standpipes	6,728	848	0	848	0	0	0	0	0	7,576
331	Transmission and Distribution										
	Mains	110,651	22,090	0	22,090	0	0	0	0	0	132,741
333	Services	10,400	2,002	0	2,002	0	0	0	0	0	12,402
334	Meters and Meter Installation	32,136	10,854	0	10,854	0	0	0	0	0	42,990
335	Hydrants	18,147	3,246	0	3,246	0	0	0	0	0	21,393
339	Other Plant and Miscellaneous Equipment	2,512	299	0	299	0	0	0	0	0	2,811
340	Office Furniture and Equip.	4,800	1,434	0	1,434	0	0	0	0	0	6,234
341	Transportation Equipment	0	0	0	0	0	0	0	0	0	0
342	Stores Equipment	0	0	0	0	0	0	0	0	0	0
343	Tools, Shop and Garage Equip	254	42	0	42	0	0	0	0	0	296
344	Laboratory Equipment	0	0	0	0	0	0	0	0	0	0
345	Power Operated Equipment	166	20	0	20	0	0	0	0	0	186
346	Communication Equipment	0	0	0	0	0	0	0	0	0	0
347	Miscellaneous Equipment	0	0	0	0	0	0	0	0	0	0
348	Other Tangible Plant	247	57	0	57	0	0	0	0	0	304
	Total Depreciable Water Plant In Service	245,857	57,401	0	57,401	0	0	0	0	0	303,258

UTILITY NAME: Southlake Utilities, Inc.

YEAR ENDING:
DECEMBER 31, 2003

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271)

DESCRIPTION (a)	REFERENCE (b)	WATER (c)
Balance first of Year		\$ 2,219,556
Add Credits During Year:		
Contributions received from capacity, Main extension and customer connection charges	W-8(a)	\$ 230,425
Contributions received from developer or contractor agreements in cash or property	W-8(b)	\$ 422,224
Total Credits		\$ 652,649
Less Debits Charged During the Year: (All debits charged during the year must be explained below)		\$ -
Total Contributions in Aid of Construction		\$ 2,872,205
If any prepaid CIAC has been collected, provide a supporting schedule showing how the amount is determined.		
Explain below all debits charged to Account 271 during the year:		

UTILITY NAME: Southlake Utilities, Inc.

YEAR ENDING: DECEMBER 31, 2003

WATER CIAC SCHEDULE "A"

Additions to CIAC received during the year from capacity, main extension and customer connection charges.

DESCRIPTION OF CHARGE (a)	NUMBER OF CONNECTIONS (b)	CHARGE PER CONNECTION (c)	AMOUNT (d)
Plant Capacity Charges	444	\$ 433.00	\$ 192,344
Meter Fees			27,345
Mains/Other			10,736
Total Credits			\$ 230,425

ACCUMULATED AMORTIZATION OF WATER CIAC (Acct. 272)

Description (a)	Water (W-8(a)) (b)
Balance first of year	295,759
Debits during year:	
Accruals charged to Account 272	78,265
Other debits (specify):	
Total Debits:	78,265
Credits during the year(specify):	
Total Credits:	\$ -
Balance end of Year	\$ 374,024

W-8(a)

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

WATER OPERATING REVENUE

ACCT. NO. (a)	(b)	BEGINNING YEAR NO. CUSTOMERS * (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNT (e)
	Water Sales:			
460	Unmetered Water Revenue			
	Metered Water Revenue:			
461.1	Sales to Residential Customers	607	1,014	\$ 165,194
461.2	Sales to Commercial Customers	580	592	331,430
461.3	Sales to Industrial Customers	0	0	0
461.4	Sales to Public Authorities	0	0	0
461.5	Sales to Multiple Family Dwellings			
	Total Metered Sales	1,187	1,606	496,624
	Fire Protection Revenue:			
462.1	Public Fire Protection			
462.2	Private Fire Protection	40	50	32,019
	Total Fire Protection Revenue	40	50	32,019
464	Other Sales To Public Authorities			
465	Sales To Irrigation Customers			
466	Sales For Resale			0
467	Interdepartmental Sales			
	Total Sales Of Water	1,227	1,656	528,643
	Other Water Revenues:			
469	Guaranteed Revenues (including Allowance for Funds Prudently Invested - AFPI)			0
470	Forefeited Discounts			
471	Miscellaneous Service Revenues			12,140
472	Rents From Water Property			
473	Interdepartmental Rents			
474	Other Water Revenues			0
	Total Other Water Revenues			12,140
	Total Water Operating Revenues			\$ 540,784
* customer is defined by Rule 25-30.210(1), Florida Administrative Code.				

UTILITY NAME: Southlake Utilities, Inc.
WATER UTILITY EXPENSE ACCOUNTS
 YEAR OF REPORT
 DECEMBER 31, 2003

WATER EXPENSE ACCOUNT MATRIX

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	.1 SOURCE OF SUPPLY AND EXPENSES - OPERATIONS (d)	.2 SOURCE OF SUPPLY AND EXPENSES - MAINTENANCE (e)	.3 WATER TREATMENT EXPENSES - OPERATIONS (f)	.4 WATER TREATMENT EXPENSES - MAINTENANCE (g)	.5 T&D EXPENSES - OPERATIONS (h)	.6 T&D EXPENSES - MAINTENANCE (i)	.7 CUSTOMER ACCOUNTS EXPENSE (j)	.8 A&G EXPENSES (k)
601	Salaries and Wages - Employees	52,388	7,484	7,484	7,484	7,484	7,484	7,484		7,484
603	Salaries/Wages Officers, Directors and Others	0	0	0	0	0	0	0	0	0
604	Employee Pensions and Benefits	0								0
610	Purchased Water	0	0	0						
615	Purchased Power	39,205	0	0	39,205					
616	Fuel for Power Purchased	326	0	0	326	0	0	0		
618	Chemicals	9,495			9,495	0				
620	Materials and Supplies	5,972	747	747	747	747	747	747	747	747
631	Contractual Services - Eng.	62,695								62,695
632	Contractual Services - Acct.	15,546								15,546
633	Contractual Services - Legal	61,226								61,226
634	Contractual Services - Management Fees	60,739								60,739
635	Contractual Services - Testing	0	0	0	0	0	0	0	0	0
636	Contractual Services - Other	40,074	0	0	0	0	0	0	0	40,074
641	Rental of Building/Real Property	15,870								15,870
642	Rental of Equipment	0	0	0	0	0	0	0	0	0
650	Transportation Expenses	4,063	0	0	0	0	0	0	0	4,063
656	Insurance - Vehicle	0								
657	Insurance - General Liability	0								0
658	Insurance - Worker's Compensation	9,377								9,377
659	Insurance - Other	0								0
660	Advertising Expense	0								0
666	Regulatory Commission Expenses (Amortization of Rate Case Expense)	0								0
667	Regulatory Commission Expenses - Other	0								0
670	Bad Debt Expense	960							960	
675	Miscellaneous Expenses	15,416	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927
	Rounding	0								
	Total Water Utility Expenses	\$ 393,351	\$ 10,158	\$ 10,158	\$ 59,183	\$ 10,158	\$ 10,158	\$ 10,158	\$ 3,634	\$ 279,747

Utility Name: Southlake Utilities, Inc.
 System Name/County: Lake County

Year of Report:
 December 31, 2003

Month (a)	Water Purchased for Resale (Omit 000's) (b)	Finished Water Pumped from Well's (Omit 000's) (c)	Water Used for Line Flushing, Fighting, Fires, Etc. (d)	Total Water Pumped and Purchased (Omit 000's) [(b)+(c)-(d)] (e)	Water Sold to Customers (Omit 000's) (f)
January		26,347		26,347	22,905
February		24,106		24,106	25,345
March		26,802		26,802	19,968
April		29,916		29,916	26,074
May		36,115		36,115	30,326
June		32,662		32,662	30,453
July		32,607		32,607	31,086
August		27,774		27,774	30,297
September		30,121		30,121	25,082
October		36,268		36,268	31,319
November		34,996		34,996	32,574
December		36,643		36,643	32,213
Total for Year	-	374,357	-	374,357	337,642

If water is purchased for resale, indicate the following:

Vendor	Not applicable.
Point of Delivery	Not applicable.

If water is sold to other water utilities for redistribution, list names of such utilities below:

Not applicable.

List for each source of supply:	Capacity of Well	Gallons Per Day from Source	Type of Source
Well B (1994)	1.728 mgd	.358 mgd	Ground
Well D (1994)	1.008 mgd	.358 mgd	Ground

W-11

Group	
System	

Utility Name: Southlake Utilities, Inc.
System Name/County: Lake

Year of Report:
December 31, 2003

Water Treatment Plant Information

(Provide a separate sheet for each water treatment facility)

Permitted Capacity of Plant (GPD): 2,916,000

Location of measurement of capacity
(I.e., wellhead, Storage Tank): Between wells and storage.

Type of Treatment (reverse osmosis, sedimentation, chemical, aerated, etc.): Disinfection using liquid chlorine.

Lime Treatment

Unit Rating (I.e., GPM. Pounds per Gallon): Not applicable.
Manufacturer: Not applicable.

Filtration

Type & Size of Area: Not applicable.

Pressure (in square feet): Not applicable. Manufacturer: Not applicable.

Gravity (in GPM/square feet): Not applicable. Manufacturer: Not applicable.

W-12
Group:
System:

Calculation of the Water System Meter Equivalents

Meter Size (a)	Type of Meter (b)	Equivalent Factor (c)	Number of Meters (d)	Total Number of Meter Equivalents (cxd) (e)
All Residential		1.0		-
5/8"	Displacement	1.0	1,465	1,465.0
3/4"	Displacement	1.5		-
1"	Displacement	2.5	58	145.0
1 1/2"	Displacement or Turbine	5.0	20	100.0
2"	Displacement, Compound or Turbine	8.0	56	448.0
3"	Displacement	15.0	3	45.0
3"	Compound	16.0		-
3"	Turbine	17.5		-
4"	Displacement or Compound	25.0	3	75.0
4"	Turbine	30.0		-
6"	Displacement or Compound	50.0	1	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 Water System Meter Equivalents				2,328.0

Calculation of the Water System Equivalent Residential Connections

Provide a calculation used to determine the value of one water equivalent residential connection (ERC).

Use one of the following methods:

- (a) If the actual flow data are available from the preceding 12-months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365 days.
- (b) If no historical flow data are available, use:

$$\text{ERC} = (\text{Total SFR gallons sold (omit ,000)} / 365 \text{ days} / 350 \text{ gallons per day})$$

ERC Calculation:	374,357,000 Annual Demand (Gals)
	365 Days
	1,025,636 Gals/Day
	350 Gals/ERC
	2,930 ERCs

W-13

Group: _____
 System: _____

Utility Name: Southlake Utilities, Inc.
System Name/County: Lake

Year of Report:
December 31, 2003

OTHER WATER SYSTEM INFORMATION

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

1. Present ERC's * the system can efficiently serve. 2,930

2. Maximum number of ERC's * which can be served. 12,336

3. Present system connection capacity (in ERC's *) using existing lines. 5,000

4. Future connection capacity (in ERC's *) upon service area buildout. 10,971

5. Estimated annual increase in ERC's*. 500

6. Is the utility required to have fire flow capacity? Yes
If so, how much capacity is required? 1,500 gpm - 4 hrs.

7. Attach a description of the fire fighting facilities. Hydrants and private fire lines.

8. Describe any plans and estimated completion dates for any enlargements or improvements of this system.

9. When did the company last file a capacity analysis report with the DEP? 2000

10. 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? _____
c. When will construction begin? _____
d. Attach plans for funding the required upgrading.
balance to be acquired debt. _____
e. Is this system under any Consent Order with DEP? No

11. Department of Environmental Protection ID# 3354916

12. Water Management District Consumptive Use Permit # WC35-251071
a. Is the system in compliance with the requirements of the CUP? Yes
b. If not, what are the utility's plans to gain compliance? N/A

* An ERC is determined based on the calculation n the bottom of page W-13.

**WASTEWATER
OPERATION
SECTION**

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

WASTEWATER LISTING OF SYSTEM GROUPS

List below the name of each reporting system and its certificate number. Those systems which have been consolidated under the same tariff should be assigned a group number. Each individual system which has not been consolidated should be assigned its own group number.

The wastewater financial schedules (S-2 through S-10) should be filed for the group in total. The water engineering schedules (S-11 through S-12) must be filed for each system in the group. All of the following water pages (S-2 through S-12) should be completed for each group and arranged by group number.

SYSTEM NAME/COUNTY	CERTIFICATE NUMBER	GROUP NUMBER
Southlake Utilities, Inc./Lake County	464-S	

SCHEDULE OF YEAR END WASTEWATER RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)
101	Utility Plant In Service	S-4(a)	3,736,200
	Less:		
	Nonused and Useful Plant (1)		
108	Accumulated Depreciation	S-6(b)	708,063
110	Accumulated Amortization		-
271	Contributions In Aid of Construction	S-7	3,972,214
252	Advances for Construction	F-20	-
	Subtotal		\$ (944,077)
	Adds:		
272	Accumulated Amortization of CIAC	S-8(a)	637,659
	Subtotal		\$ (306,418)
	Plus or Minus:		
114	Acquisition Adjustments (2)	F-7	0
115	Accumulated Amortization of		
	Acquisition Adjustments (2)	F-7	0
	Working Capital Allowance (3)		65,840
	Other (Specify):		
	Wastewater Rate Base		\$ (240,578)
	Wastewater Operating Income	S-3	\$ (77,617)
	Achieved Rate of Return		0.00%

NOTES :

- (1) Estimate based on the methodology used in the last rate proceeding.
- (2) Include only those Acquisition Adjustments that have been approved by the Commission.
- (3) Calculation consistent with the last rate proceeding. In the absence of a rate proceeding, Class A utilities will use the Balance Sheet method and Class B utilities will use the one-eighth O&M expense method.

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2003

WASTEWATER OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME		
400	Operating Revenues	S-9(a)	448,329
530	Less: Guaranteed Revenue and AFPI	S-9(a)	0
	Net Operating Revenues		\$ 448,329
401	Operating Expenses	S-10(a)	\$ 526,724
403	Depreciation Expense	S-6(a)	98,811
	Less: Amortization of CIAC	S-8(a)	148,946
	Net Depreciation Expense		\$ (50,135)
406	Amortization of Utility Plant Acquisition Adjustment	F-7	0
407	Amortization Expense (Other than CIAC)	F-8	0
	Taxes Other Than Income:		
408.10	Utility Regulatory Assessment Fee		20,175
408.11	Property Taxes		24,530
408.12	Payroll Taxes		4,653
408.13	Other Taxes and Licenses		
408	Total Taxes Other Than Income		\$ 49,358
409.10	Income Taxes		0
410.10	Deferred Federal Income Taxes		0
410.11	Deferred State Income Taxes		0
411.10	Provision for Deferred Income Taxes - Credit		0
412.10	ITCs Deferred to Future Periods		0
412.11	ITC Restored to Operating Income		0
	Utility Operating Expenses		\$ 525,946
	Net Utility Operating Income		\$ (77,617)
	Add Back:		
530	Guaranteed Revenue and AFPI	S-9(a)	0
413	Income from Utility Plant Leased to Others		0
414	Gains (Losses) from Disposition of Utility Property		0
420	Allowance for Funds Used During Construction		0
	Total Utility Operating Income		\$ (77,617)

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2003

WASTEWATER UTILITY PLANT ACCOUNTS

WASTEWATER UTILITY PLANT MATRIX

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	ADJUSTMENTS (f)	CURRENT YEAR (g)	INTANGIBLE PLANT (h)	(2)	(3)	(4)	(5)
		YEAR (c)	(d)	(e)	(f)	YEAR (g)	PLANT (h)	COLLECTION PLANT (i)	SYSTEM PUMPING PLANT (j)	TREATMENT AND DISPOSAL PLANT (k)	GENERAL PLANT (l)
	Misc. Intangible Plant	0	0	0	0	0	\$ -				
351	Organization	250	0	0	0	250	250				
352	Franchises	50,438	0	0	0	50,438	50,438				
353	Land and Land Rights	507,861	0	0	0	507,861		0	0	507,861	0
354	Structures and Improvements	505,279	125,449	0	0	630,728		0	0	630,728	0
360	Collection Sewers - Force	171,501	26,487	0	0	197,988		197,988			
361	Collection Sewers - Gravity	730,808	159,597	0	0	890,405		890,405			
362	Special Collecting Structures	212,454	120,602	0	0	333,056		333,056			
363	Services to Customers	71,819	79,167	0	0	150,986		150,986			
364	Flow Measuring Devices	0	0	0	0	0		0			
365	Flow Measuring Installations	0	0	0	0	0		0			
370	Receiving Wells	0	0	0	0	0		0	0		
371	Pumping Equipment	23,789	1,896	0	0	25,685			25,685		
375	Reuse Mains	0	0	0	0	0				0	
380	Treatment and Disposal Equip.	904,740	1,153	0	0	905,893				905,893	
381	Plant Sewers	0	0	0	0	0				0	
382	Outfall Sewer Lines	0	0	0	0	0				0	
389	Other Plant and Miscellaneous Equipment	16,748	3,881	0	0	20,629		0		20,629	
390	Office Furniture and Equip.	20,369	600	0	0	20,969					20,969
391	Transportation Equipment	0	0	0	0	0					0
392	Stores Equipment	0	0	0	0	0					0
393	Tools, Shop and Garage Equip	0	0	0	0	0					0
394	Laboratory Equipment	0	0	0	0	0					0
395	Power Operated Equipment	236	0	0	0	236					236
396	Communication Equipment	0	0	0	0	0					0
397	Miscellaneous Equipment	0	0	0	0	0					0
398	Other Tangible Plant	1,075	0	0	0	1,075					1,075
	Unclassified Plant	0	0	0	0	0					0
	Rounding	0	0	0	0	0					0
	Total Sewer Plant	3,217,367	518,833	0	0	3,736,200	\$ 50,688	\$ 1,572,435	\$ 25,685	\$ 2,065,112	\$ 22,280

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

BASIS FOR WASTEWATER 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 (e)
354	Structures and Improvements	32		3.13%
360	Collection Sewers - Force	30		3.33%
361	Collection Sewers - Gravity	45		2.22%
362	Special Collecting Structures	40		2.50%
363	Services to Customers	38		2.63%
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
371	Pumping Equipment	25		4.00%
380	Treatment and Disposal Equipment	18		5.56%
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Miscellaneous Equipment	18		5.56%
390	Office Furniture and Equipment	15		6.67%
391	Transportation Equipment			
392	Stores Equipment			
393	Tools, Shop and Garage Equipment			
394	Laboratory Equipment			
395	Power Operated Equipment	12		8.33%
396	Communication Equipment			
397	Miscellaneous Equipment			
398	Other Tangible Plant	10		10.00%
*	Sewer Plant Composite Depreciation Rate			

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

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 2003

ANALYSIS OF ENTRIES IN WASTEWATER ACCUMULATED DEPRECIATION

ACCT. NO.	ACCOUNT NAME (b)	RESERVE BALANCE AT BEGINNING OF YEAR (c)	ACCRUALS BOOKED TO RESERVE (d)	OTHER CREDITS TO RESERVE * (e)	TOTAL CREDITS TO RESERVE (d + e) (f)	PLANT RETIRED (g)	SALVAGE AND INSURANCE (h)	COST OF REMOVAL (i)	OTHER CHARGES TO RESERVE * (j)	TOTAL CHARGES TO RESERVE (g+h+i+j) (k)	RESERVE BALANCE AT END OF YEAR (c+f-k) (l)
	Miscellaneous Intangible Plant	0			0					0	0
352	Franchises	0			0				0	0	0
354	Structures and Improvements	20,810	15,953		15,953	0		0	0	0	36,763
360	Collection Sewers - Force	33,843	5,711		5,711				0	0	39,554
361	Collection Sewers - Gravity	86,299	16,224		16,224				0	0	102,523
362	Special Collecting Structures	31,694	5,311		5,311				0	0	37,005
363	Services to Customers	9,873	1,889		1,889				0	0	11,762
364	Flow Measuring Devices	0			0				0	0	0
365	Flow Measuring Installations	0			0				0	0	0
370	Receiving Wells	0			0				0	0	0
371	Pumping Equipment	2,301	955		955	0		0	0	0	3,256
375	Reuse Mains	0			0			0	0	0	0
380	Treatment and Disposal Equip	416,383	50,326		50,326	0		0	0	0	466,709
381	Plant Sewers	0			0	0			0	0	0
382	Outfall Sewer Lines	0			0				0	0	0
389	Other Plant and Miscellaneous Equipment	2,812	940		940	0		0	0	0	3,752
390	Office Furniture and Equip.	4,593	1,374		1,374	0		0	0	0	5,967
391	Transportation Equipment	0			0	0		0	0	0	0
392	Stores Equipment	0			0	0		0	0	0	0
393	Tools, Shop and Garage Equip	0			0	0		0	0	0	0
394	Laboratory Equipment	0			0	0		0	0	0	0
395	Power Operated Equipment	166	20		20	0		0	0	0	186
396	Communication Equipment	0			0	0		0	0	0	0
397	Miscellaneous Equipment	0			0	0		0	0	0	0
398	Other Tangible Plant	480	108		108	0		0	0	0	588
	Rounding	(2)			0	0		0	0	0	(2)
	Total Depreciable Sewer Plant In Service	609,252	98,811	0	98,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 708,063

UTILITY NAME: Southlake Utilities, Inc.

YEAR ENDING: DECEMBER 31, 2003

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271)

DESCRIPTION (a)	REFERENCE (b)	WATER (c)
Balance first of Year		\$ 2,952,189
Add Credits During Year:		
Contributions received from capacity, Main extension and customer connection charges	S-8(a)	\$ 530,621
Contributions received from developer or contractor agreements in cash or property	S-8(b)	\$ 489,404
Total Credits		\$ 1,020,025
Less Debits Charged During the Year:		
(All debits charged during the year must be explained below)		\$ -
Total Contributions in Aid of Construction		\$ 3,972,214
If any prepaid CIAC has been collected, provide a supporting schedule showing how the amount is determined. Explain below all debits charged to Account 271 during the year: _____ _____ _____ _____ _____ _____ _____ _____ _____ _____		

UTILITY NAME: Southlake Utilities, Inc.

YEAR ENDING: DECEMBER 31, 2003

WASTEWATER CIAC SCHEDULE "A"

Additions to CIAC received during the year from capacity, main extension and customer connection charges.

DESCRIPTION OF CHARGE (a)	NUMBER OF CONNECTIONS (b)	CHARGE PER CONNECTION (c)	AMOUNT (d)
Plant Capacity Charges	517	\$ 970.00	\$ 501,221
Collection Mains/Other			29,401
Total Credits			\$ 530,621

ACCUMULATED AMORTIZATION OF WASTEWATER CIAC (Acct. 272)

Description (a)	Water (W-8(a)) (b)
Balance first of year	488,713
Debits during year:	
Accruals charged to Account 272	148,946
Other debits (specify):	
Total Debits:	148,946
Credits during the year(specify):	
Total Credits:	\$ -
Balance end of Year	\$ 637,659

WASTEWATER CIAC SCHEDULE "B"

Additions to CIAC received from all developers or contractors agreements from which cash or property was received during the year.

DESCRIPTION (a)	INDICATE "CASH" OR "PROPERTY" (b)	AMOUNT (c)
Sunrise Commercial	Property	28,364
Silver Creek - Unit One	Property	115,137
Southlake Complex LLC	Property	19,549
High Grove - Unit One	Property	177,581
Sunrise Lakes Unit 2A	Property	92,259
Summer Bay Parcel 14	Property	56,514
Total Credits		\$489,404

UTILITY NAME: Southlake Utilities, Inc.

SEWER OPERATING REVENUE

YEAR OF REPORT DECEMBER 31, 2003

ACCT. NO. (a)	(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	0	0	0
	Measured Revenues:			
522.1	Residential Revenues	607	976	\$ 127,071
522.2	Commercial Revenues	580	465	321,258
522.3	Industrial Revenues			
522.4	Revenues From Public Authorities			
522.5	Multiple Family Dwelling Revenues			
	Total Measured Revenues	1,187	1,441	448,329
523	Revenues From Public Authorities			
524	Revenues From Other Systems			
525	Interdepartmental Revenues			
	Totals	1,187	1,441	448,329
	Other Sewer Revenues:			
530	Guaranteed Revenues			
532	Forfeited Discounts			
534	Rents From Sewer Property			
535	Interdepartmental Rents			
536	Other Sewer Revenues (Unbilled Revenue)			
	Total Other Wastewater Revenues			0
	Total Wastewater Operating Revenues			\$ 448,329

UTILITY NAME: Southlake Utilities, Inc.

YEAR OF REPORT DECEMBER 31, 2003

WASTEWATER OPERATING REVENUE

ACCT. NO. (a)	(b)	BEGINNING YEAR NO. CUSTOMERS (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNT (e)
	Reclaimed Water Sales			
	Flat Rate Reuse Revenues:			
540.1	Residential Reuse Revenues			
540.2	Commercial Reuse Revenues			
540.3	Industrial Reuse Revenues			
540.4	Public Authorities Reuse Revenues			
540.5	Other Revenues			
540	Total Flat Rate Revenues			
	Measured Reuse Revenues:			
541.1	Residential Reuse Revenues			
541.2	Commercial Reuse Revenues			
541.3	Industrial Reuse Revenues			
541.4	Public Authorities Reuse Revenues			
541	Total Measured Reuse Revenues			
544	Reuse Revenues from Other Systems			
	Total Reclaimed Water Sales			
	Total Other WasteWater Revenues			0
	Total WasteWater Operating Revenues			\$ 448,329
* customer is defined by Rule 25-30.210(1), Florida Administrative Code.				

UTILITY NAME: Southlake Utilities, Inc.
 SEWER UTILITY EXPENSE ACCOUNTS
 YEAR OF REPORT
 DECEMBER 31, 2003

SEWER EXPENSE ACCOUNT MATRIX

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	.1 COLLECTION EXPENSES - OPERATIONS (d)	.2 COLLECTION EXPENSES - MAINTENANCE (e)	.3 PUMPING EXPENSES - OPERATIONS (f)	.4 PUMPING EXPENSES - MAINTENANCE (g)	.5 TREATMENT & DISPOSAL EXPENSES - OPERATIONS (h)	.6 TREATMENT & DISPOSAL EXPENSES - MAINTENANCE (i)	.7 CUSTOMER ACCOUNTS EXPENSE (j)	.8 A&G EXPENSES (k)
701	Salaries and Wages - Employees and Majority Stockholders	52,387	7,484	7,484	7,484	7,484	7,484	7,484	0	7,484
703	Employee Pensions and Benefits	0	0	0	0	0	0	0	0	0
704	Purchased Sewage Treatment	0								
710	Sludge Removal Expense	72,570					72,570			
715	Purchased Power	48,324					48,324			
716	Fuel for Purchased Power	0								
718	Chemicals	6,950					6,950			
720	Materials and Supplies	2,889	481	481	481	481	481	481		
731	Contractual Services - Engineering	56,705								56,705
732	Contractual Services - Accounting	15,457								15,457
733	Contractual Services - Legal	61,226								61,226
734	Contractual Services - Management Fees	60,739								60,739
735	Contractual Services - Testing	1,710	0	0	0	0	1,710	0	0	0
735	Contractual Services - Other	66,697	0	0	0	0	0	0	0	66,697
741	Rental of Building and Real Property	45,174								45,174
742	Rental of Equipment	0								0
750	Transportation Expenses	4,063								4,063
756	Insurance - Vehicle	0								0
757	Insurance - General Liability	0								0
758	Insurance - Worker's Compensation	9,377								9,377
759	Insurance - Other	0								0
760	Advertising Expense	0								0
766	Amortization of Rate Case Expense	0								0
767	Regulatory Commission Expenses - Other	0								0
770	Bad Debt Expense	953							953	
775	Miscellaneous Expenses	21,505	0	0	0	0	0	0	0	21,505
	Rounding	0								0
	Total Sewer Utility Expenses	\$ 526,724	\$ 7,965	\$ 7,965	\$ 7,965	\$ 7,965	\$ 137,518	\$ 7,965	\$ 953	\$ 348,426

* NOTE: Southlake Utilities, Inc. did not incur any reclaimed water treatment or distribution expenses.

Utility Name: Southlake Utilities, Inc.
 System Name/County: Lake

Year of Report:
 December 31, 2003

Calculation of the Water System Meter Equivalents

Meter Size (a)	Type of Meter (b)	Equivalent Factor (c)	Number of Meters (d)	Meter Equivalents (cxd) (e)
All Residential		1.0		-
5/8"	Displacement	1.0	1,300	1,300.0
3/4"	Displacement	1.5		-
1"	Displacement	2.5	58	145.0
1 1/2"	Displacement or Turbine	5.0	20	100.0
2"	Displacement, Compound or Turbine	8.0	56	448.0
3"	Displacement	15.0	3	45.0
3"	Compound	16.0		-
3"	Turbine	17.5		-
4"	Displacement or Compound	25.0	3	75.0
4"	Turbine	30.0		-
6"	Displacement or Compound	50.0	1	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 WasteWater System Meter Equivalents				2,163.0

Calculation of the WasteWater System Equivalent Residential Connections

Provide a calculation used to determine the value of one wastewater equivalent residential connection (ERC).

Use one of the following methods:

(a) If the actual flow data are available from the preceding 12-months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365 days.

(b) If no historical flow data are available, use:

$$ERC = (\text{Total SFR gallons sold (omit ,000)} / 365 \text{ days} / 280 \text{ gallons per day})$$

NOTE: Total gallons treated includes both treated and purchased treatment.

ERC Calculation:	112,485,000 Annual Demand (Gals)
	365 Days
	308,178 Gals/Day
	280 Gals/ERC
	1,101 ERCs

S-11

Group: _____
 System: _____

Utility Name:
System Name/County:

Southlake Utilities, Inc.
Lake

Year of Report:
December 31, 2003

WASTEWATER TREATMENT PLANT INFORMATION

Provide a separate sheet for each wastewater treatment facility.

Permitted Capacity	.600 mgd
Basis of Permit Capacity (1)	AADF
Manufacturer	Sanitair
Type (2)	Extended Aeration
Hydraulic Capacity	
Average Daily Flow	485,512
Total Gallons of Wastewater Treated	177,212,000
Method of Effluent Disposal	Perc Pond

(1) Basis of permitted capacity as stated on the Florida DEP WWTP Operating Permit.
(i.e., average annual daily flow, etc.)

(2) Contact stabilization, advanced treatment, etc.

S-12

Group: _____

System: _____

Utility Name:
System Name/County:

Southlake Utilities, Inc.
Lake

Year of Report:
December 31, 2003

OTHER WASTEWATER SYSTEM INFORMATION

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

1. Present ERC's * the system can efficiently serve.	<u>1,101</u>
2. Maximum number of ERC's * which can be served.	<u>2,000</u>
3. Present system connection capacity (in ERC's *) using existing lines.	<u>3,000</u>
4. Future connection capacity (in ERC's *) upon service area buildout.	<u>11,694</u>
5. Estimated annual increase in ERC's*.	<u>500</u>
6. Describe any plans and estimated completion dates for any enlargements or improvements of this system. <u>Expansion Phase 1 - .600 mgd (2002 - completed), Phase 2 - 1.5 mgd (2004) under FDEP permitting 3/04.</u>	
<hr/>	
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 this requirement? _____	
10. When did the company last file a capacity analysis report with the DEP?	<u>2002</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?	_____
c. When will construction begin?	_____
d. Attach plans for funding the required upgrading.	
e. Is this system under any Consent Order with DEP?	<u>No</u>
12. Department of Environmental Protection ID#	<u>FLA010634</u>

* An ERC is determined based on the calculation on S-11.

S-13
Group _____
System _____