

CLASS "C"
WATER AND/OR WASTEWATER UTILITIES

(Gross Revenue of Less Than \$150,000 Each)

ANNUAL REPORT

WU566
Heartland Utilities, Inc.
P. O. Box 1991
Sebring, FL 33871-1991

28

420-W

Certificate Number(s)

Submitted To The

STATE OF FLORIDA



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PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 1997

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**FINANCIAL
SECTION**

REPORT OF

HEARTLAND UTILITIES, INC.

(EXACT NAME OF UTILITY)

P. O. Box 1991 Sebring, FL 33871	10405 U.S. Highway 27 South Sebring, FL 33870	Highlands
Mailing Address	Street Address	County

Telephone Number (941) 655-3111 Date Utility First Organized 1989

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

Individual
 Sub Chapter S Corporation
 1120 Corporation
 Partnership

Name, Address and phone where records are located: 10405 U.S. Highway 27 South
Sebring, FL 33870

Name of subdivisions where services are provided: DeSoto City, Sebring Country Estates

CONTACTS:

Name	Title	Principle Business Address	Salary Charged Utility
Person to send correspondence: <u>Howard Short</u>	<u>President</u>	<u>P. O. Box 1991</u> <u>Sebring, FL 33871</u>	
Person who prepared this report: <u>The NCT Group CPA's, L.L.P.</u>	<u>CPA</u>	<u>435 S. Commerce Ave.</u> <u>Sebring, FL 33870</u>	
Officers and Managers: <u>Howard Short</u>	<u>President</u>	<u>Same</u>	\$ <u>35,100</u>
<u>Coleen Short</u>	<u>Vice-President</u>	<u>Same</u>	\$ <u>14,000</u>
			\$
			\$
			\$

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

Name	Percent Ownership in Utility	Principle Business Address	Salary Charged Utility
<u>Howard Short</u>	<u>50%</u>	<u>Same</u>	\$ <u>35,100</u>
<u>Coleen Short</u>	<u>50%</u>	<u>Same</u>	\$ <u>14,000</u>
			\$
			\$
			\$
			\$

UTILITY NAME: Heartland Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 1997

INCOME STATEMENT

Account Name	Ref. Page	Water	Wastewater	Other	Total Company
Gross Revenue:					
Residential -----		\$ 149,881.	\$ _____	\$ _____	\$ 149,881.
Commercial -----		_____	_____	_____	_____
Industrial -----		_____	_____	_____	_____
Multiple Family -----		_____	_____	_____	_____
Guaranteed Revenues -----		_____	_____	_____	_____
Other (Specify) <u>Re-Connect</u>		<u>3,863.</u>	_____	_____	<u>3,863.</u>
& Late fees		_____	_____	_____	_____
Total Gross Revenue -----		\$ 153,744.	\$ _____	\$ _____	\$ 153,744.
Operation Expense (Must tie to pages W-3 and S-3)	W-3 S-3				
-----		\$ 108,445	\$ _____	\$ _____	\$ 108,445
Depreciation Expense -----	F-5	<u>35,514.</u>	_____	_____	<u>35,514.</u>
CIAC Amortization Expense -----	F-8	<u>(27,825.)</u>	_____	_____	<u>(27,825.)</u>
Taxes Other Than Income -----	F-7	<u>16,062.</u>	_____	_____	<u>16,062.</u>
Income Taxes -----	F-7	<u>1,710.</u>	_____	_____	<u>1,710.</u>
Total Operating Expense		\$ 133,906	\$ _____	\$ _____	\$ 133,906
Net Operating Income (Loss)		\$ 19,838	\$ _____	\$ _____	\$ 19,838
Other Income:					
Nonutility Income -----		\$ _____	\$ _____	\$ _____	\$ _____
Interest Income -----		<u>92</u>	_____	_____	<u>92</u>
Other Deductions:					
Miscellaneous Nonutility Expenses -----		\$ _____	\$ _____	\$ _____	\$ _____
Interest Expense -----		<u>31,683.</u>	_____	_____	<u>31,683.</u>
Officers Life Insurance -----		<u>753.</u>	_____	_____	<u>753.</u>
Loan costs -----		<u>318.</u>	_____	_____	<u>318.</u>
Donations -----		<u>75.</u>	_____	_____	<u>75.</u>
Net Income (Loss)		\$ (12,899)	\$ _____	\$ _____	\$ (12,899)

UTILITY NAME: Heartland Utilities, Inc.

YEAR OF REPORT
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COMPARATIVE BALANCE SHEET

ACCOUNT NAME	Reference Page	Current Year	Previous Year
Assets:			
Utility Plant in Service (101-105) -----	F-5,W-1,S-1	\$ 1,201,959.	\$ 1,095,805.
Accumulated Depreciation and Amortization (108) -----	F-5,W-2,S-3	<u>415,785.</u>	<u>396,217.</u>
Net Utility Plant -----		\$ <u>786,174.</u>	\$ <u>699,588.</u>
Cash -----		<u>4,560.</u>	<u>7,492.</u>
Customer Accounts Receivable (141) -----		<u>3,750.</u>	<u>6,227.</u>
Other Assets (Specify): <u>Returned Checks</u> -----		<u>99.</u>	<u>28.</u>
Note Receivable -----		<u>4,000.</u>	<u>4,000.</u>
Due from Stockholder -----		<u>5,539.</u>	<u>3,003.</u>
Loan Costs -----		<u>1,428.</u>	<u>1,601.</u>
Prepaid Federal Income Tax -----		<u>-0-</u>	<u>315.</u>
Total Assets -----		\$ <u>805,550.</u>	\$ <u>722,254.</u>
Liabilities and Capital:			
Common Stock Issued (201) -----	F-6	<u>100.</u>	<u>100.</u>
Preferred Stock Issued (204) -----	F-6	<u>2,000.</u>	<u>2,000.</u>
Other Paid in Capital (211) -----		<u>(17,769)</u>	<u>(4,870.)</u>
Retained Earnings (215) -----	F-6	<u>(40,000.)</u>	<u>(40,000.)</u>
Proprietary Capital (Proprietary and partnership only) (218) <u>Treasury Stock</u> -----	F-6	<u>(55,669)</u>	<u>(42,770.)</u>
Total Capital -----		\$ <u>311,519.</u>	\$ <u>323,082.</u>
Long Term Debt (224) -----	F-6	<u>100.</u>	<u>100.</u>
Accounts Payable (231) -----		<u>4,683.</u>	<u>4,803.</u>
Notes Payable (232) -----		<u>1,238.</u>	<u>600.</u>
Customer Deposits (235) -----		<u>15,000.</u>	<u>-0-</u>
Accrued Taxes (236) -----			
Other Liabilities (Specify) <u>Accrued Salaries</u> -----			
Advances for Construction -----			
Contributions in Aid of Construction - Net (271-272) -----	F-8	<u>528,679.</u>	<u>436,439.</u>
Total Liabilities and Capital -----		\$ <u>805,550.</u>	\$ <u>722,254.</u>

UTILITY NAME: Heartland Utilities, Inc.

YEAR OF REPORT
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GROSS UTILITY PLANT

Plant Accounts: (101 - 107) inclusive	Water	Wastewater	Plant other Than Reporting Systems	Total
Utility Plant in Service (101) _____	\$ <u>1,201,959.</u>	\$ _____	\$ _____	\$ <u>1,201,959.</u>
Construction Work in Progress (105) _____	_____	_____	_____	_____
Other (Specify) _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Utility Plant _____	\$ <u><u>1,201,959.</u></u>	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u><u>1,201,959.</u></u>

ACCUMULATED DEPRECIATION (A/D) AND CIAC AMORTIZATION OF UTILITY PLANT

Account 108	Water	Wastewater	A/D & CIAC AM Other Than Reporting Systems	Total
Balance First of Year _____	\$ <u>396,217.</u>	\$ _____	\$ _____	\$ <u>396,217.</u>
Add Credits During Year:				
Accruals charged to depreciation account _____	\$ <u>35,514.</u>	\$ _____	\$ _____	\$ <u>35,514.</u>
Salvage _____	_____	_____	_____	_____
Other Credits (specify) _____	_____	_____	_____	_____
Total Credits _____	\$ <u><u>35,514.</u></u>	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u><u>35,514.</u></u>
Deduct Debits During Year:				
Book cost of plant retired _____	\$ <u>15,946.</u>	\$ _____	\$ _____	\$ <u>15,946.</u>
Cost of removal _____	_____	_____	_____	_____
Other debits (specify) _____	_____	_____	_____	_____
Total Debits _____	\$ <u><u>15,946.</u></u>	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u><u>15,946.</u></u>
Balance End of Year _____	\$ <u><u>415,785.</u></u>	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u><u>415,785.</u></u>

UTILITY NAME: Heartland Utilities, Inc.

**YEAR OF REPORT
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CAPITAL STOCK (201 - 204)

	Common Stock	Preferred Stock
Par or stated value per share _____	<u>1.00</u>	_____
Shares authorized _____	<u>100</u>	_____
Shares issued and outstanding _____	<u>100</u>	_____
Total par value of stock issued _____	<u>100</u>	_____
Dividends declared per share for year _____	<u>-0-</u>	_____

RETAINED EARNINGS (215)

	Appropriated	Un-Appropriated
Balance first of year _____	\$ _____	\$ (4,870)
Changes during the year (Specify):		
<u>Net Income/(Loss) - EYE 12/31/97</u>	_____	(12,899)
_____	_____	_____
Balance end of year _____	\$ _____	\$ (17,769)

**PROPRIETARY CAPITAL (218)
TREASURY STOCK**

	Proprietor Or Partner Common Stock	Partner
Balance first of year _____	\$ 40,000.	\$ _____
Changes during the year (Specify):		
_____	_____	_____
_____	_____	_____
Balance end of year _____	\$ 40,000.	\$ _____

LONG TERM DEBT (224)

Description of Obligation (Including Nominal Date of Issue and Date of Maturity):	Interest		Principal per Balance Sheet Date
	Rate	# of Pymts	
<u>Note Payable to Bank (Issued 5/92)</u>	9.0	180	\$ 278,787.
<u>Note Payable to Bank (Issued 9/96)</u>	9.0	60	27,475.
<u>Note Payable to Bank (Issued 1/97)</u>	10.0	30	5,257.
Total _____			\$ 311,519.

UTILITY NAME: Heartland Utilities, Inc.

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TAXES ACCRUED (236)

(a)	Water (b)	Wastewater (c)	Other (d)	Total (e)
1. Balance first of year	\$ 600.	\$	\$	\$ 600.
Add Accruals charged:				
State ad valorem tax	\$	\$	\$	\$
Local property tax	5,554.			5,554.
Federal income tax	1,530.			1,530.
State income tax	180.			180.
Regulatory assessment fee	6,401.			6,401.
Other (Specify) Licenses	829.			829.
Intangible Taxes	102.			102.
Payroll Taxes	3,176.			3,176.
2. Total Taxes Accrued	\$ 17,772.	\$	\$	\$ 17,781
Deduct Taxes Paid:				
State ad valorem tax	\$	\$	\$	\$
Local property tax	5,554.			5,554.
Federal income tax	1,216.			1,216.
State income tax	180.			180.
Regulatory assessment fee	6,401.			6,401.
Other (Specify) Licenses	829.			829.
Intangible taxes	102.			102.
Payroll Taxes	2,852.			2,852.
3. Total Taxes Paid	\$ 17,134.	\$	\$	\$ 17,134.
4. Balance end of year (1 + 2 - 3 = 4)	\$ 1,238.	\$	\$	\$ 1,238.

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Report all information concerning outside rate, management, construction, advertising, labor relations, public relations, or other similiar professional services rendered the respondent for which aggregate payments during the year to any corporation, partnership, individual, or organization of any kind whatever amounting to \$500 or more.

Name of Recipient	Water Amount	Wastewater Amount	Description of Service
Larry Howard	\$ 2,654.	\$	Operations & Maintenance
Keith Stuart	\$ 1,420.	\$	Operations & Maintenance
Thomas Nemeth	\$ 1,003.	\$	Operations & Maintenance
Short Utility Service	\$ 981.	\$	Operations & Maintenance
E. R. Somers & Sons	\$ 1,666.	\$	Operations & Maintenance
Short Environmental Labs	\$ 1,735.	\$	Water Testing
The NCT Group CPA's,L.L.P.	\$ 3,145.	\$	Accounting & Consulting
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	

UTILITY NAME: Heartland Utilities, Inc.

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CONTRIBUTIONS IN AID OF CONSTRUCTION (271)

(a)	Water (b)	Wastewater (c)	Total (d)
1) Balance first of year _____	\$ 858,826.	\$ _____	\$ 858,826.
2) Add credits during year _____	\$ 120,065.	\$ _____	\$ 120,065.
3) Total _____	978,891.	_____	978,891.
4) Deduct charges during the year _____	_____	_____	_____
5) Balance end of year _____	978,891.	_____	978,891.
6) Less Accumulated Amortization _____	(450,212.)	_____	(450,212.)
7) Net CIAC _____	\$ 528,679.	\$ _____	\$ 528,679.

ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION DURING YEAR (CREDITS)

Report below all developers or contractors agreements from which cash or property was received during the year.	Indicate "Cash" or "Property"	Water	Wastewater
<u>Service Connections</u>	Cash	2,980.	_____
<u>State/County/Local Grants</u>	Cash	112,585.	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Sub-total _____	_____	\$ 115,565.	\$ _____
Report below all capacity charges, main extension charges and customer connection charges received during the year.			
Description of Charge	Number of Connections	Charge per Connection	
Tap Fees	9	\$ 500.	\$ 4,500.
_____	_____	_____	_____
_____	_____	_____	_____
Total Credits During Year (Must agree with line # 2 above.) _____			\$ 120,065.

ACCUMULATED AMORTIZATION OF CIAC

	Water	Wastewater	Total
Balance First of Year _____	\$ 422,387.	\$ _____	\$ 422,387.
Add Credits During Year: _____	27,825.	_____	27,825.
Deduct Debits During Year: _____	_____	_____	_____
Balance End of Year (Must agree with line #6 above.) _____	\$ 450,212.	\$ _____	\$ 450,212.

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

UTILITY NAME: Heartland Utilities, Inc.

YEAR OF REPORT
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N/A

SCHEDULE "A"

SCHEDULE OF COST OF CAPITAL USED FOR AFUDC CALCULATION (1)

Class of Capital (a)	Dollar Amount (b)	Percentage of Capital (c)	Actual Cost Rates (d)	Weighted Cost [c x d] (e)
Common Equity	\$ _____	_____ %	_____ %	_____ %
Preferred Stock	_____	_____ %	_____ %	_____ %
Long Term Debt	_____	_____ %	_____ %	_____ %
Customer Deposits	_____	_____ %	_____ %	_____ %
Tax Credits - Zero Cost	_____	_____ %	0.00 %	_____ %
Tax Credits - Weighted Cost	_____	_____ %	_____ %	_____ %
Deferred Income Taxes	_____	_____ %	_____ %	_____ %
Other (Explain)	_____	_____ %	_____ %	_____ %
Total	\$ _____	100.00 %		_____ %

(1) 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:	_____

**WATER
OPERATING
SECTION**

UTILITY NAME: Heartland Utilities, Inc.

**YEAR OF REPORT
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WATER UTILITY PLANT ACCOUNTS

Acct. No. (a)	Account Name (b)	Previous Year (c)	Additions (d)	Retirements (e)	Current Year (f)
301	Organization	\$ 15,946.	\$	\$ 15,946.	\$ -0-
302	Franchises				
303	Land and Land Rights	9,850.			9,850.
304	Structures and Improvements	120,738.			120,738.
305	Collecting and Impounding Reservoirs				
306	Lake, River and Other Intakes	257,708.			257,708.
307	Wells and Springs				
308	Infiltration Galleries and Tunnels				
309	Supply Mains	12,000.			12,000.
310	Power Generation Equipment				
311	Pumping Equipment	78,475.	320.		78,795.
320	Water Treatment Equipment	8,511.			8,511.
330	Distribution Reservoirs and Standpipes	117,649.			117,649.
331	Transmission and Distribution Lines	312,499.	109,509.		422,008.
333	Services	78,942.			78,942.
334	Meters and Meter Installations	66,684.			66,684.
335	Hydrants				
339	Other Plant and Miscellaneous Equipment				
340	Office Furniture and Equipment	5,471.	2,477.		7,948.
341	Transportation Equipment	6,853.	9,044.		15,897.
342	Stores Equipment				
343	Tools, Shop and Garage Equipment				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant	4,479.	750.		5,229.
	Total Water Plant	\$ 1,095,805.	\$ 122,100.	\$ 15,946.	\$ 1,201,959.

UTILITY NAME: Heartland Utilities, Inc.

YEAR OF REPORT
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ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WATER

Acct. No. (a)	Account (b)	Average Service Life in Years (c)	Average Salvage In Percent (d)	Depr. Rate Applied (e)	Accumulated Depreciation Balance Previous Year (f)	Debits (g)	Credits (h)	Accum. Depr. Balance End of Year (f-g+h=i) (i)
304	Structures and Improvements	28	%	3.57	\$ 29,321.	\$ 4,592.	\$	\$ 33,913.
305	Collecting and Impounding Reservoirs		%					
306	Lake, River and Other Intakes		%					
307	Wells and Springs	27	%	3.70	103,089.	8,668.		111,757.
308	Infiltration Galleries & Tunnels		%					
309	Supply Mains	32	%	3.13	3,335.	375.		3,710.
310	Power Generating Equipment		%					
311	Pumping Equipment	27	%	3.70	15,218.	2,904.		18,122.
320	Water Treatment Equipment	17	%	5.88	2,285.	303.		2,588.
330	Distribution Reservoirs & Standpipes	33	%	3.03	39,122.	3,595.		42,717.
331	Trans. & Dist. Mains	40	%	2.50	136,332.	8,460.		144,792.
333	Services	40	%	2.86	11,881.	2,053.		13,934.
334	Meter & Meter Installations	17	%	5.88	31,376.	1,944.		33,320.
335	Hydrants		%					
339	Other Plant and Miscellaneous Equipment		%					
340	Office Furniture and Equipment	15	%	6.67	595.	473.		1,068.
341	Transportation Equipment	5	%	20.00	4,880.	1,693.		6,573.
342	Stores Equipment		%					
343	Tools, Shop and Garage Equipment		%					
344	Laboratory Equipment		%					
345	Power Operated Equipment		%					
346	Communication Equipment		%					
347	Miscellaneous Equipment		%					
348	Other Tangible Plant	10	%	10.00	2,837.	454.		3,291.
	Organization Costs	40	%	2.50	15,946.	-0-	15,946.	-0-
	Totals				\$ 396,217.	\$ 35,514.	\$ 15,946.	\$ 415,785.

* This amount should tie to Sheet F-5.

UTILITY NAME: Heartland Utilities, Inc.

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WATER OPERATION AND MAINTENANCE EXPENSE

Acct. No.	Account Name	Amount
601	Salaries and Wages - Employees	\$ 5,140.
603	Salaries and Wages - Officers, Directors, and Majority Stockholders	49,100
604	Employee Pensions and Benefits	
610	Purchased Water	8,239
615	Purchased Power	895
616	Fuel for Power Production	413.
618	Chemicals	4,933.
620	Materials and Supplies	
630	Contractual Services:	
	Operator and Management	7,748
	Testing	1,735
	Other	3,145.
640	Rents	514.
650	Transportation Expense	6,387.
655	Insurance Expense	6,510.
665	Regulatory Commission Expenses (Amortized Rate Case Expense)	
670	Bad Debt Expense	
675	Miscellaneous Expenses Office Exp., Meals, Entertainment, R&M, Misc.	13,686.
	Total Water Operation And Maintenance Expense	\$ 108,445 *

* This amount should tie to Sheet F-3.

WATER CUSTOMERS

Description (a)	Type of Meter ** (b)	Equivalent Factor (c)	Number of Active Customers		Total Number of Meter Equivalents (c x e) (f)
			Start of Year (d)	End of Year (e)	
5/8"	D	1.0	637	661	661.0
3/4"	D	1.5	12	12	18.0
1"	D	2.5	5	7	17.5
1 1/2"	D,T	5.0	3	3	15.0
2"	D,C,T	8.0			
3"	D	15.0			
3"	C	16.0			
3"	T	17.5			
4"	D,C	25.0			
4"	T	30.0			
6"	D,C	50.0			
6"	T	62.5			
Other (Specify):					
Unmetered Customers					
Total			657	683	711.5

** D = Displacement
C = Compound
T = Turbine

UTILITY NAME: Heartland Utilities, Inc.

YEAR OF REPORT
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SYSTEM NAME: N/A

PUMPING AND PURCHASED WATER STATISTICS

(a)	Water Purchased For Resale (Omit 000's) (b)	Finished Water From Wells (Omit 000's) (c)	Recorded Accounted For Loss Through Line Flushing Etc. (Omit 000's) (d)	Total Water Pumped And Purchased (Omit 000's) [(b)+(c)-(d)] (e)	Water Sold To Customers (Omit 000's) (f)
January		5065	923	4142	4142
February		4620	31	4589	4589
March		5821	1544	4277	4277
April		5029	78	4951	4951
May		5728	1262	4466	4466
June		5987	1079	4908	4908
July		4828	(156)	4984	4984
August		5403	1456	3947	3947
September		5161	(75)	5236	5236
October		5309	743	4566	4566
November		4798	307	4491	4491
December		4921	1154	3767	3767
Total for Year	-0-	62670	8346	54324	54324

If water is purchased for resale, indicate the following:

Vendor N/A

Point of delivery N/A

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

N/A

MAINS (FEET)

Kind of Pipe (PVC, Cast Iron, Coated Steel, etc.)	Diameter of Pipe	First of Year	Added	Removed or Abandoned	End of Year
PVC	2"	10,575	2,353	0	12,928
PVC	4"	37,695	6,334	0	44,029
PVC	6"	6,350	2,198	0	8,548
Galv	2"	1,000	0	700	300
Galv	3"	3,000	0	0	3,000
Transite	6"	10,250	0	0	10,250

UTILITY NAME: Heartland Utilities, Inc.

YEAR OF REPORT
DECEMBER 31, 1997

SYSTEM NAME: N/A

**WELLS AND WELL PUMPS
(If Available)**

(a)	(b)	(c)	(d)	(e)
Year Constructed	Unknown	Unknown	1987	1987
Types of Well Construction and Casing	Steel	Steel	Steel	Steel
Depth of Wells	1200'	120'	1500'	1500'
Diameters of Wells	12"	4"	8"	8"
Pump - GPM	300	30	300	300
Motor - HP	20	1.5	10	10
Motor Type *				
Yields of Wells in GPD	504,000	43,200	360,000	360,000
Auxiliary Power				

* Submersible, centrifugal, etc.

RESERVOIRS

(a)	(b)	(c)	(d)	(e)
Description (steel, concrete)	Steel	Steel Pneumatic	Steel Pneumatic	
Capacity of Tank	11,000	10,000	10,000	
Ground or Elevated	Ground	Ground	Ground	

HIGH SERVICE PUMPING

(a)	(b)	(c)	(d)	(e)
Motors				
Manufacturer	U.S.E.M.	U.S.E.M.		
Type	Electric	Electric		
Rated Horsepower	15	15		
Pumps				
Manufacturer	Peerless	Peerless		
Type	H/S Centrifugal	H/S Centrifugal		
Capacity in GPM	240	240		
Average Number of Hours Operated Per Day	6	6		
Auxiliary Power	65 KW	75 KW		

UTILITY NAME: Heartland Utilities, Inc.

YEAR OF REPORT
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SOURCE OF SUPPLY

List for each source of supply (Ground, Surface, Purchased Water etc.)			
Gals. per day of source	<u>148,833</u>	_____	_____
Type of Source	<u>Ground Water</u>	_____	_____

WATER TREATMENT FACILITIES

List for each Water Treatment Facility:			
Type	<u>Chlorine Gas</u>	<u>Chlorine Gas</u>	_____
Make	<u>Regal 216</u>	<u>Regal 216</u>	_____
Gals. per day capacity	<u>100 lbs.</u>	<u>100 lbs.</u>	_____
High service pumping	_____	_____	_____
Gallons per minute	_____	_____	_____
Reverse Osmosis	_____	_____	_____
Lime Treatment	_____	_____	_____
Unit Rating	_____	_____	_____
Filtration	_____	_____	_____
Pressure Sq. Ft.	_____	_____	_____
Gravity GPD/Sq.Ft.	_____	_____	_____
Disinfection	_____	_____	_____
Chlorinator	_____	_____	_____
Ozone	_____	_____	_____
Other	_____	_____	_____
Auxiliary Power	_____	_____	_____

OTHER WATER SYSTEM INFORMATION

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

- Present ERCs * now being served 425
- Maximum ERCs ** that system can efficiently serve 1800
- Present system connection capacity (in ERC's) using existing lines _____
- Future connection capacity (in ERC's) upon service area buildout 1800
- Estimated annual increase in ERCs * 10
- List fire fighting facilities and capacities (including number of fire hydrants) _____
4 hydrants @ 500 gals/min.
- List percent of certificated area where service connections are installed (total for each county)
75%
- What is the current need for system upgrading and/or expansion? Larger lines, loop dead ends, meter change outs
- What are plans for future system upgrading and/or expansion? Meter change out program, install larger lines
Expand into Sebring Lakes - new water plant
- Have questions 8 and 9 been discussed with an engineer? (if so, state name and address)
Yes
- Has an application for a construction permit been filed with the DEP? (if so, explain) No
- Department of Environmental Protection ID # _____
Water Management District ID # _____

* ERC = (Total Gallons Sold / 365 days) / 350 Gallons Per Day
** Total Plant Capacity / 350 gallons

WASTEWATER OPERATING SECTION

Note: This utility is a water only service; therefore, Pages S-1 through S-6 have been omitted from this report.


CERTIFICATION OF ANNUAL REPORT

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

- | | | |
|--|--------------------------------|---|
| YES
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 1. The utility is in substantial compliance with the Uniform System of Accounts prescribed by the Florida Public Service Commission in Rule 25-30.115 (1), Florida Administrative Code. |
| YES
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 2. The utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission. |
| YES
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 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
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 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.
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>



 (signature of chief executive officer of the utility)
 Howard Short, President

1.	2.	3.	4.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 (signature of 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.