

RECEIVED
OCT 23 1998
MAIL ROOM

HUNTER CREEK UTILITIES, LLC

1021/98

Florida Public Service Commission
The Director, Division of Records and Reporting
Tallahassee, Florida 32399-0850

Re: Docket No. 980731-WS, Hunter Creek Utilities LLC, letter Dated September 18, 1998

This letter is in response to your deficiency letter dated September 18, 1998.

1) Financial Ability: I have enclosed a copy of the year end financial report for Rivers Edge, Inc. the development company.

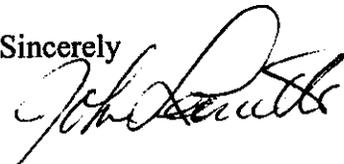
Consider this my letter of intent for the development company, Rivers Edge, Inc. to continue to provide financial support to the utility company until appropriate rates can be established by the commission.

John Leonette

President, Rivers Edge

2) Landownership: Enclosed is a copy of the warranty deed dated December 1, 1998 that you requested.

Sincerely



John Leonette

Partner, Hunter Creek Utilities, LLC

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG 1
- LN _____
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

DOCUMENT NUMBER - DATE

11885 OCT 23 98

FPSC-RECORDS/REPORTING

15.00
8525.00

Documentary Tax Pd. 8525.00
Intangible Tax Pd.
Barbara J. Scott, Clerk, Charlotte County
By: [Signature] D.C.

90 DEC 18 PM 4:59

RECORDED

Parcel ID Number:
Deeates #1 TIN:

[Space Above This Line For Recording Data]

Warranty Deed

This Indenture, Made this 14th day of December, 1990 A.D., Between ERNEST E. MacLACHLAN and ZOLA MAY MacLACHLAN, also known as ZOLA M. MacLACHLAN, husband and wife,

of the County of Charlotte, State of Florida, GRANTORS, and RIVERS EDGE, INC., a corporation existing under the laws of the state of Florida

whose address is: 1601 WOOD DUCK DRIVE, PUNTA GORDA, FL 33982

of the County of _____, State of _____, GRANTEE.

Witnesseth that the GRANTORS, for and in consideration of the sum of _____ TEN & NO/100 (\$10.00) DOLLARS,

and other good and valuable consideration to GRANTORS in hand paid by GRANTEE, the receipt whereof is hereby acknowledged, have granted, bargained and sold to the said GRANTEE and GRANTEE'S successors and assigns forever, the following described land, situate, lying and being in the county of Charlotte State of Florida to wit:

(SEE ATTACHED EXHIBIT "A")

Subject to restrictions, reservations and easements of record, if any, and taxes subsequent to 1990.

076515

CHARLOTTE COUNTY

U1135
DR BOOK
PAGE
000247

RECORD VERIFIED - Barbara T. Scott, Clerk
JEAN JONES
D.C.

and the grantors do hereby fully warrant the title to said land, and will defend the same against lawful claims of all persons whatsoever. In Witness Whereof the grantors have hereunto set their hands and seals this day and year first above written.

Signed, sealed and delivered in our presence
[Signature]
Witness as to Don
Pam S Foulk
Witness as to Both

Ernest E. MacLachlan (Seal)
ERNEST E. MacLACHLAN
Zola May MacLachlan (Seal)
ZOLA MAY MacLACHLAN also known as
ZOLA M. MacLACHLAN (Seal)

STATE OF Florida
COUNTY OF Charlotte

I HEREBY CERTIFY that on this day, before me, as officer duly qualified to take acknowledgements, personally appeared ERNEST E. MacLACHLAN and ZOLA MAY MacLACHLAN, also known as ZOLA M. MacLACHLAN, husband and wife

to me known to be the persons described in and who executed the foregoing instrument and they acknowledged before me that they executed the same.

WITNESS my hand and official seal in the County and State last aforesaid this 14th day of December
This Document Prepared By:
David E. Olmsted
OLMSTED, SCHWARTZ, EINHIL & CASANUEVA, P.A.
2327 Anco Street
Port Charlotte, FL 33952

Pam S Foulk
NOTARY PUBLIC, STATE OF Florida
My Commission Expires: _____
"OFFICIAL NOTARY SEAL"
PAM S. FOULK
MY COMM. EXP. 6/26/92



REC'D DEC 18 1990

8911/DBO:pf
© Copyright Notary, Inc. 1990
(415) 463-8383 from PL-0752

EXHIBIT 'A'

The Northeast Quarter of the Northwest Quarter of the Southwest Quarter of the Southwest Quarter, lying and being in Section 12, Township 40 South, Range 23 East, Charlotte County, Florida.

AND

The Southeast Quarter of the Northwest Quarter of the Southwest Quarter of the Southwest Quarter, lying and being in Section 12, Township 40 South, Range 23 East, Charlotte County, Florida.

AND

The Northwest Quarter of the Southwest Quarter of Section 12, Township 40 South, Range 23 East, and that portion of Government Lot 2, Section 12, Township 40 South, Range 23 East, lying South of Lee Branch and all of Government Lot 5, lying South of Lee Branch, Section 11, Township 40 South, Range 23 East, Charlotte County, Florida; LESS portion plat as HUNTER CREEK VILLAGE PHASE I, as recorded in Plat Book 15, Page 54, of the Public Records of Charlotte County, Florida.

AND

All of HUNTER CREEK VILLAGE PHASE I, a subdivision according to the plat thereof as recorded in Plat Book 15, Page 54, of the Public Records of Charlotte County, Florida, LESS the following sold lots: Lots 110, 111, 112, 113, 114, 115, 116, 117, 118, 120, 121, 124, 132 and 146.

AND

The Westerly 30 feet of the Southwest Quarter of the Southwest Quarter of Section 12, Township 40 South, Range 23 East, of the Public Records of Charlotte County, Florida.

AND

TRACT 3 of unrecorded plat of PUNTA GORDA RANCHES, being more particularly described as: Commence at the Northeast corner of the Northwest Quarter of Section 13, Township 40 South, Range 23 East, Charlotte County, Florida; thence North 88°25'30" West along the North line of said Section 13, 293.0 feet; thence North 3°04'30" East along the Westerly right of way of A.C.L.R.R., 1573.36 feet for a Point of Beginning; thence continue North 3°04'30" East 360.32 feet; thence North 88°25'30" West 606.14 feet; thence South 0°16'35" West 360.0 feet; thence South 88°25'30" East 588.45 feet to the Point of Beginning. All lying in Section 12, Township 40 South, Range 23 East, Charlotte County, Florida. Subject to an easement across the West 25 feet for road.

AND

TRACT 4 of unrecorded plat of PUNTA GORDA RANCHES, being more particularly described as: Commence at the Northeast corner of the Northwest Quarter of Section 13, Township 40 South, Range 23 East, Charlotte County, Florida; thence North 88°25'30" West along the North line of said Section 13, 293.0 feet; thence North 3°04'30" East along the Westerly right of way of A.C.L.R.R., 1203.04 feet for a Point of Beginning; thence continue North 3°04'30" East, 370.32 feet; thence North 88°25'30" West, 588.45 feet; thence South 0°16'35" West, 370.0 feet; thence South 88°25'30" East, 570.27 feet to the Point of Beginning. All lying in Section 12, Township 40 South, Range 23 East, Charlotte County, Florida. Subject to an easement across the West 25 feet for road.

LESS AND EXCEPT ALL OF THE FOLLOWING DESCRIBED PARCELS:

All that tract or parcel of land lying in Government Lot 5, Section 11 and Government Lot 2, Section 12, Township 40 South, Range 23 East, Charlotte County, Florida, and being more particularly described as follows:

Commencing at the Southeast corner of Government Lot 2, Section 12, Township 40 South, Range 23 East, run North 0°14'0" East, 657.38 feet to a concrete monument; thence North 88°46'30" West, 329.75 feet to a concrete monument; said monument lying on the Northerly right of way line of the Florida Power and Light Company; thence N 85°35'12" West along the Northerly right of way line of the Florida Power and Light Company 980.00 feet to an iron pin and the Point of Beginning; thence continue North 85°35'12" West along said right of way line 353.00 feet, plus or minus, to its Point of Intersection with the Mean High Water Line of HUNTER CREEK VILLAGE PHASE I; thence in a Northeasterly direction following the meanderings of the Mean High Water Line of HUNTER CREEK VILLAGE PHASE I, 485.00 feet, plus or minus, to its Point of Intersection with a line running North 4°24'48" East, from the Point of Beginning; thence South 4°24'40" West, 322.00 feet, plus or minus, to an iron pin and the Point of Beginning; together with 10 feet along and adjacent to the Southerly boundary of said property; said 10 foot strip constituting a portion of the easement described in Official Records Book 372, Page 403, of the Public Records of Charlotte County, Florida.

DR BOOK

PAGE

000740

Rivers Edge, Inc.
Financial Statements
December 31, 1997
Compiled

Rivers Edge, Inc.

Table of Contents

Accountant's Compilation Report.....	1
Balance Sheet.....	2
Statement of Income and Retained Earning	3
Statement of Cash Flows	4
Notes to Compiled Financial Statements	5 - 9
Schedule 1 - Cost of Goods Sold.....	10
Schedule 2 - General and Administrative.....	11

Independent Accountant's Report

Board of Directors
Rivers Edge, Inc.
1601 Hunter Creek Drive
Punta Gorda, FL 33982

Gentlemen:

We have compiled the accompanying balance sheet of Rives Edge, Inc. (an "S" Corporation) as of December 31, 1997 and 1996, and the related statements of income, retained earnings, and cash flows for the years then ended, and the supplementary information appearing on pages 10 and 11, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary information and, accordingly, do not express an opinion or any other form of assurance on them.

Kevin P. Findley, CPA

July 23, 1998

K FINDLEY

CERTIFIED PUBLIC ACCOUNTANT, PLLC

42 Kelmore Street Walden New York 12586 • 914.778.2420 phone • 914.778.5668 fax • kpfcpa@frontiernet.net e-mail

Rivers Edge, Inc.

Balance Sheet

As of December 31.

See Accountant's Compilation Report

	<u>1997</u>	<u>1996</u>
<u>Assets</u>		
Current Assets:		
Cash	\$ 10,473	\$ 577
Inventory	10,071	71,096
Accounts Receivable	3,798	859
Due from Employee	1,500	1,500
Stock Subscription Receivable	8,551	8,551
	<u>34,393</u>	<u>82,583</u>
Fixed Assets:		
Land and Improvements	1,447,775	1,453,048
Building and Improvements	482,976	482,976
Machinery and Equipment	38,144	38,144
Furniture and Fixtures	19,245	19,245
	<u>1,988,140</u>	<u>1,993,413</u>
Less: Accumulated Depreciation	<u>548,188</u>	<u>469,759</u>
	<u>1,439,952</u>	<u>1,523,654</u>
Other Assets:		
Unamortized Costs	22,752	23,752
Due from Affiliate	4,770	14,100
Due from Homeowner's Assoc.	69,347	66,251
Unamortized lease expense	3,335	3,565
	<u>100,204</u>	<u>107,668</u>
Total Assets	<u>\$ 1,574,549</u>	<u>\$ 1,713,905</u>

Liabilities and Stockholder's Equity

Current Liabilities:

Mortgage Payable	\$ 1,055	\$ 966
Notes Payable	97,293	143,566
Accounts Payable	36,926	31,907
Accrued Expenses and Taxes	119,653	100,235
Customer Deposits Payable	9,600	5,940
	<u>264,527</u>	<u>282,614</u>

Long-Term Liabilities

Mortgage Payable	169,381	169,549
Notes Payable	250,000	250,000
Due to Officers	1,672,346	1,672,346
Due to Affiliate	328,645	320,885
	<u>2,420,372</u>	<u>2,412,780</u>

Stockholder Equity

Capital stock - 1,000 shares no par value common stock authorized; 263.72 shares issued and outstanding	300,500	300,500
Additional Paid-In-Capital	144,500	144,500
Retained earnings/ (deficit)	<u>(1,555,350)</u>	<u>(1,426,489)</u>
	<u>(1,110,350)</u>	<u>(981,489)</u>

Total Liabilities and Stockholder's Equity

<u>\$ 1,574,549</u>	<u>\$ 1,713,905</u>
---------------------	---------------------

Rivers Edge, Inc.

Statement of Income and Retained Earnings

For The Year Ended December 31.

See Accountant's Compilation Report

	<u>1997</u>	<u>1996</u>
Income	\$ 314,241	\$ 222,904
Cost of Goods Sold - Schedule 1	<u>244,064</u>	<u>181,951</u>
Gross Profits	70,177	40,953
General and Administrative Expenses	<u>190,331</u>	<u>212,948</u>
Operating Loss	(120,154)	(171,995)
Other Income and (Expense):		
Gain on Sale of Assets	38,227	64,478
Cancellation of debt	5,358	
Interest Income	-	152
Interest Expense	<u>(52,292)</u>	<u>(79,588)</u>
Net Loss	(128,861)	(186,953)
Retained Earnings - January 1	(1,426,489)	(1,239,536)
Retained Earning - December 31	<u>\$ (1,555,350)</u>	<u>\$ (1,426,489)</u>

Rivers Edge, Inc.

Statement of Cash Flows

For the Year Ended December 31.

See Accountant's Compilation Report

	1997	1996
Cash flows from operating Activities:		
Net Loss	(128,861)	\$ (186,953)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	78,429	82,918
Amortization	1,230	1,230
Gain on Sale of Assets	(38,227)	(64,478)
Changes in assets and liabilities:		
Decrease in stock subscriptions receivable	-	40,000
Increase in accounts receivable	(2,939)	(859)
Decrease in inventory	61,025	66,366
Increase in due from Homeowner's Association	(3,096)	(7,253)
Increase in accounts payable	5,019	712
Increase in accrued expenses and taxes payable	19,418	28,705
Increase in due to officer	-	255
Increase in customer deposits payable	3,660	2,940
Decrease in due from Affiliate	9,330	-
Increase in due to affiliate	7,760	-
Total adjustments	141,609	150,536
Net cash provided by operating activities	12,748	(36,417)
Cash flow from investing activities		
Acquisition of fixed assets	-	(11,719)
Proceeds from sale of assets	43,500	117,600
Net Cash provided by Investing Activities	43,500	105,881
Cash flow from financing activities:		
Principal payments	(46,352)	(131,413)
Proceeds of financing	-	56,135
Net cash provided by financing activities	(46,352)	(75,278)

Net increase/(decrease) in cash	9,896	(5,814)
Cash - January 1	<u>577</u>	<u>6,391</u>
Cash - December 31	<u>\$ 10,473</u>	<u>\$ 577</u>

Note to Compiled Financial Statements

December 31, 1997

Note 1. Accounting Policies

The following represents the more significant accounting policies used by Company.

A. Fixed Assets

Fixed assets are stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets ranging from five to forty years. Maintenance and repairs are charged to operations as incurred. Additions and betterment's are capitalized.

B. Income Taxes

The company has elected to be taxed under the Sub Chapter S of the Internal Revenue Code. As a result, the stockholders will include their respective share of taxable income of the Company in their individual tax returns. No provision for federal taxes has been made; however, New York State franchise tax is reflected in this account.

C. Inventory

Inventory is stated at the lower of cost (first-in, first-out method) or market.

Note 2. Due From Affiliate and Related Party Transactions

The shareholders of Rivers Edge, Inc. are also the shareholders of Whispering Pines Community, Inc. and the partners of Whispering Pines. The amount due from Whispering Pines Community, Inc. is \$4,869 and \$14,100 at December 31, 1997 and 1996, respectively.

Currently there are no written repayment schedules.

Rivers Edge, Inc.

Note to Compiled Financial Statements

December 31, 1997

Note 3. Notes Payable

Notes payable are summarized as follows:

	<u>Total</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
A. Ann Conway	\$ 6,700	\$ 6,700	0
B. J.S. Brangaccio Tr.	25,000	0	25,000
C. V.F. Brangaccio Tr.	225,000	0	225,000
D. MacLachlan	26,300	26,300	0
E. Advanta Business	8,657	8,657	0
F. Harold & Gilda McTighe	44,141	44,141	0
G. P. Leonette	<u>11,495</u>	<u>11,495</u>	<u>0</u>
	<u>\$ 347,293</u>	<u>\$ 97,293</u>	<u>\$ 250,000</u>
Less: Prepaid Interest	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 347,293</u>	<u>\$ 97,293</u>	<u>\$ 250,000</u>

- A. Demand note payable with interest at 12.0%.
- B. Demand note payable with interest at 8.0%.
- C. Demand note payable with interest at 8.0%.
- D. Demand note payable with interest at 9.0%.
- E. Demand note payable.
- F. Demand note payable with interest at 9.0%.
- G. Demand note payable.

Rivers Edge, Inc.,

Note to Compiled Financial Statements

December 31, 1997

Note 3. Notes Payable - Continued

The amounts of long term debt outstanding at December 31, 1997, maturing during the next five years are as follows:

1998	\$	97,293
1999		0
2000		0
2001		0
2002		0
Thereafter		<u>250,000</u>
Total	\$	<u>347,293</u>

Note 4. Mortgages Payable

Mortgages Payable are summarized as follows:

	<u>Total</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
A. Ernest & Zula MacLachlan	\$ 120,000	\$ 0	\$ 120,000
B. Theresa M. Lincoln	<u>50,435</u>	<u>1,055</u>	<u>49,381</u>
Total	<u>\$ 170,435</u>	<u>\$ 1,055</u>	<u>\$ 169,381</u>

- A. Payable in monthly installments with interest at 9.0%.
- B. Payable in monthly installments of \$452.18 with interest at 8.75%.

Rivers Edge, Inc.

Note to Compiled Financial Statements

December 31, 1997

Note 4. Mortgages Payable - Continued

The amounts of long term mortgage debt outstanding at December 31, 1997, maturing during the five years are as follows:

1998	\$	1,055
1999		1,151
2000		1,256
2001		1,370
2002		1,595
Thereafter		<u>164,008</u>
Total	\$	<u>170,435</u>

Note 5. Accrued Expenses and Taxes

Accrued expense and taxes consist of the following at December 31:

	<u>1997</u>	<u>1996</u>
Commissions Payable	\$ 10,804	\$ 10,804
Payroll Taxes Payable	1,839	990
Sales Tax Payable	16,342	12,578
Accrued Interest Expense	<u>90,668</u>	<u>75,866</u>
Total	<u>\$ 119,653</u>	<u>\$ 100,238</u>

Note 6. Due to Affiliate and Related Party Transactions

Due to affiliate consist of the following at December 31:

	<u>1997</u>	<u>1996</u>
Whispering Pines	\$ 258,841	\$ 251,341
Whispering Pines Development	<u>69,804</u>	<u>69,544</u>
Total	<u>\$ 328,645</u>	<u>\$ 320,855</u>

Rivers Edge, Inc.

Note to Compiled Financial Statements

December 31, 1997

Note 7. Due to Officers

The amount due to John and Pat Leonette is \$1,672,346 at December 31, 1997 and 1996. Currently there is no written repayment schedule.

Rivers Edge, Inc.

Schedule 1 - Cost of Goods Sold

For the Year Ended December 31.

See Accountant's Compilation Report

	<u>1997</u>	<u>1996</u>
Inventory - January 1	\$ 71,096	\$ 137,462
Purchases	171,188	90,717
Permits and Fees	7,666	15,098
Commissions and Incentives	4,185	9,770
	<hr/> 254,135	<hr/> 253,047
Less: Inventory - December 31	<hr/> 10,071	<hr/> 71,096
	<hr/> <u>\$ 244,064</u>	<hr/> <u>\$ 181,951</u>

Rivers Edge, Inc.

Schedule 2 - General and Administrative Expenses

For the Year Ended December 31.

See Accountant's Compilation Report

	<u>1997</u>	<u>1996</u>
Payroll	\$ 17,326	\$ 14,300
Lake Treatment	111	-
Light and Heat	6,961	7,868
Telephone	5,623	7,206
Professional Service	4,000	6,506
Advertising	1,161	12,715
Vehicle Expense	4,514	9,125
Supplies	1,084	954
Depreciation	78,429	82,918
Amortization	1,230	1,230
Office Expense	2,825	3,178
Travel	919	1,353
Materials	523	1,370
Property Taxes	32,403	29,700
House Lease Back	6,566	9,315
Bank Charges	345	605
Licenses and Fees	2,287	3,664
Shop expense	120	148
Diesel Fuel	158	370
Insurance	15,121	14,957
Payroll tax expense	802	1,464
Repairs and Maintenance	7,823	4,002
	<u>\$ 190,331</u>	<u>\$ 212,948</u>