

State of Florida



## Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

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**DATE:** April 4, 2002  
**TO:** Division of Economic Regulation (Moniz)  
**FROM:** Division of Auditing and Safety (Vandiver) *OV*  
**RE:** Docket # 020010-WS; The Woodlands of Lake Placid, L.P.; Audit Purpose: audit rate base, capital structure and net operating income for test year; Audit Control No. 02-029-4-3

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Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to the Division of the Commission Clerk and Administrative Services. There are no confidential work papers associated with this audit.

DNV/jcp  
Attachment

cc: Division of Auditing and Safety (Hoppe, District Offices, File Folder)  
Division of the Commission Clerk and Administrative Services (2)  
Division of Competitive Markets and Enforcement (Harvey)  
General Counsel  
Office of Public Counsel

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**FLORIDA PUBLIC SERVICE COMMISSION**

*Division of Auditing and Safety  
Bureau of Auditing*

*Miami District Office*

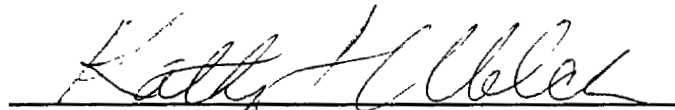
**WOODLANDS OF LAKE PLACID, L.P.  
STAFF ASSISTED RATE CASE**

**PERIOD ENDED DECEMBER 31, 2001**

**DOCKET NO. 020010-WS  
AUDIT CONTROL NO. 02-029-4-3**

  
\_\_\_\_\_  
*Yen Ngo, Audit Manager*

  
\_\_\_\_\_  
*Gabriela Leon, Audit Staff*

  
\_\_\_\_\_  
*Kathy Welch, District Audit Supervisor*

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**DIVISION OF AUDITING AND SAFETY  
BUREAU OF AUDITING**

**March 28, 2002**

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES**

We have applied the procedures described later in this report to prepare the accompanying schedules of Rate Base , Net Operating Income, and Cost of Capital as of December 31, 2001, for The Woodlands of Lake Placid, L.P. , as part of our work in Docket No. 020010-WS.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

## **SUMMARY OF SIGNIFICANT PROCEDURES**

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definition applies when used in this report.

**Scanned** - The documents or accounts were read quickly looking for obvious errors.

**Compiled** - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

**Reviewed** - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

**Examined** - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. Selective analytical review procedures were applied and account balances were tested to the extent further described.

**Confirmed** - Evidential matter supporting an account balance, transaction, or other information was obtained directly from an independent third party.

**Verified** - The items were tested for accuracy, and compared to the substantiating documentation.

**RATE BASE:** Verified account balances for utility plant-in-service (UPIS), CIAC, accumulated depreciation, and accumulated amortization of CIAC for the year 2001. Tested 100 percent of plant additions for the proper amount, classification, and period. Verified CIAC additions. Calculated accumulated depreciation and accumulated amortization per the Commission rule.

**NET OPERATING INCOME:** Determined revenues billed by the company and prepared a billing analysis for one month where meter readings occurred. Examined all expense invoices and reclassified according to the NARUC chart of accounts.

Calculated depreciation and amortization expense. Determined costs paid by the affiliate that related to the utility and allocated them.

**COST OF CAPITAL:** Prepared a cost of capital schedule for the utility and for Hivest, the affiliate company that provided most of the debt to the utility.

**OTHER:** Verified the existing rates, miscellaneous service charges, late charges, service availability charges, and customer deposits charged by the utility. Verified the number of residential and general service customers by service.

## **Audit Exception No. 1**

### **Subject: Adjust to Prior Audit Rate Base Balances**

**Statement of Fact:** The balances booked in the utility general ledger did not agree with the balances determined in the rate base audit done as of December 31, 2001.

**Opinion:** We compared the balances from the books to the audit and determined that the attached adjustment was necessary to bring the books to the appropriate balance. The differences can be found on the next page.

		DEBIT	CREDIT
303.10	Land & Land Rights	0.00	
304.00	Structures	0.00	
307.10	Wells and Springs	0.00	
309.10	Supply Mains		6,460.00
311.10	Pumping Equipment		3,000.00
320.00	Water Treatment Equipment		52,218.00
330.00	Dist. Res	0.00	
331.10	Trans. & Dist. Lines	0.00	
333.10	Services	0.00	
334.10	Meters & Meter Installations	0.00	
335.10	Hydrants	0.00	
336.10	Backflow Prevention Devices	0.00	
340.10	Office Furniture & Equip.	0.00	
343.10	Tools, Shop & Garage Equip.		600.00
353.20	Land & Land Rights	0.00	
353.30	Land		71,112.00
354.20	Structures & Improvements		57,824.00
354.30	Improvements		392,985.69
360.20	Collection Sewers - Force	0.00	
361.20	Collection Sewers - Gravity	0.00	
362.00	Special Collection	0.00	
363.20	Services	0.00	
371.20	Pumping Equip.		5,500.00
380.00	Treat/Disp	0.00	
389.30	Furniture & Fixtures		76,242.00
390.30	Equipment		12,187.00
393.00	Tools	0.00	
397.30	Clubhouse - New		42,933.47
398.30	Buildings		343,146.00
108.10	Accumulated Depreciation - Water		49,566.00
108.20	Accumulated Depreciation - Wastewater		115,220.00
	CIAC WATER		204,307.00
	CIAC WASTEWATER		65,600.00
	ACC. AMORT. CIAC WATER	26,096.40	
	ACC. AMORT. CIAC WASTEW.	0.00	
	NON-UTILITY PROPERTY	938,606.16	
	PARTNERS EQUITY		138,900.81

THIS ENTRY IS TO ADJUST THE COMPANY TRIAL BALANCE TO THE AMOUNTS DETERMINED IN THE TRANSFER AUDIT 01-075-3-1



## **Audit Exception No. 2**

**Subject:** LaGrow System Inc. Invoice

**Statement of Fact:** A statement was found for LaGrow Systems, Inc. for \$5,136.49 from March 18, 2001. It was paid with check number 1066 and the company recorded it in account 186.3. The statement was for several invoices but the company could not locate the actual invoices. The statement contained a handwritten note that indicated the invoices were for meters.

**Opinion:** We were unable to determine if the invoices were actually for meters. Because the company, after repeated requests, did not provide the information, we have recorded the invoice as non-utility expense.

### **Audit Exception No. 3**

#### **Subject: Plant Additions Charged to Wrong Account**

**Statement of Fact:** The company paid two invoices for plant additions. The first was for a 2" water line for \$4,573 that was charged to account 132.3. The invoice was from LaGrow Systems and paid with check 1055. The second was for meters and installation for \$552.00 and was charged to account 515.3. The invoice was also from LaGrow and paid with check 1076.

**Opinion:** These invoices should have been charged to account 331 and 334 respectively. They have been adjusted in adjustment number 6 in the attached journal entries.

## **Audit Exception No. 3A**

### **Subject: Depreciation and Amortization Expenses**

**Statement of Fact:** The company did not record depreciation and amortization for the utility for the year 2001.

The last audit workpapers did not break down contributed plant from cash contributions and thus amortization was computed using a composite rate for all Contributions in Aid of Construction (CIAC).

**Opinion:** The plant balances from the last audit were adjusted for the additions found in this audit and depreciation was calculated using rates in the commission rule. The schedules computing the depreciation are attached. The accumulated depreciation and depreciation expense needs to be increased by \$14,868 for water and \$13,396 for wastewater. They have been adjusted in adjustment 3 in the attached journal entries.

Another schedule is attached that shows the computation of amortization of CIAC if the contributed plant was separated out and amortized as the same rates as the plant. This would increase the beginning balance of Accumulated Amortization of CIAC for water by \$3,204. The same schedule also shows that amortization expense of \$6,164.68 for water and \$2,328.80 for wastewater needs to be recorded for 2001.

Company: The Woodland of Lake Placid  
 Title: Recalculation of Plant (Water)  
 Period: TYE 12/31/01

Source: Rate Base and Rates Audit Dkt. No. 990374-WS

2001		PLANT				ACCUMULATED DEPRECIATION				
Account No.	Description	2001 Beginning	Addition	Retirement	2001 Ending	Depreciation Rate	2001 Beginning	Depreciation Expense	Retirement	2001 Ending
303	Land	20,598	0	0	20,598	0	0	0	0	0
304	Structures	66,428	0	0	66,428	3.57%	0	2,371	0	2,371
307	Wells	41,707	0	0	41,707	3.70%	25,493	1,543	0	27,037
309	Sup. Mains	1,040	0	0	1,040	2.63%	5,739	27	0	5,767
310	Gen Eq	0	0	0	0	5.88%	41	0	0	41
311	E-Pump Eq	0	0	0	0	5.88%	0	0	0	0
320	Treat Eq	0	0	0	0	5.88%	0	0	0	0
330	Dist Res	32,416	0	0	32,416	3.03%	0	982	0	982
331	T & D Mains	201,739	4,573	0	206,312	2.63%	10,559	5,366	0	15,925
333	Services	58,563	0	0	58,563	2.86%	38,398	1,675	0	40,073
334	Met & Inst	44,480	552	0	45,032	5.88%	17,216	2,632	0	19,848
335	Hydro	5,364	0	0	5,364	2.50%	4,086	134	0	4,220
336	Backflow	1,254	0	0	1,254	5.88%	1,442	74	0	1,515
340	Off F&E	946	0	0	946	6.67%	208	63	0	271
341	Trans Eq	0	0	0	0	16.67%	32	0	0	32
#343	Tools	0	0	0	0	6.67%	0	0	0	0
<b>TOTAL</b>		<b>474,535</b>	<b>5,125</b>	<b>0</b>	<b>479,660</b>		<b>103,213</b>	<b>14,868</b>	<b>0</b>	<b>118,081</b>

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Company: Woodlands of Lake Placid LP.  
 Title: Recalculation of Plant (Wastewater)  
 Period: TYE 12/31/01

Source: Rate Base and Rates Audit Dkt. No. 990374-WS

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2001		PLANT			ACCUMULATED DEPRECIATION					
Account No.	Description	2001 Beginning	Addition	Retirement	2001 Ending	Depreciation Rate	2001 Beginning	Depreciation Expense	Retirement	2001 Ending
353	Land	36,000	0	0	36,000	0	0	0	0	0
354	Structures	42,176	0	0	42,176	3.70%	0	1,561	0	1,561
360	Collect (F)	11,557	0	0	11,557	3.70%	16,776	428	0	17,203
361	Collect (G)	141,605	0	0	141,605	2.50%	4,176	3,540	0	7,716
362	Special Collection	1,040	0	0	1,040	2.70%	37,955	28	0	37,983
363	Services	111,860	0	0	111,860	2.86%	42	3,199	0	3,241
364	Flow Meas	0	0	0	0	20.00%	34,391	0	0	34,391
370	Rcv Wells	0	0	0	0	4.00%	0	0	0	0
380	Treat/Disp	68,622	0	0	68,622	6.67%	0	4,577	0	4,577
389	Oth/Misc	0	0	0	0	6.67%	48,156	0	0	48,156
390	Off F&E	0	0	0	0	6.67%	0	0	0	0
391	Trans Eq	0	0	0	0	16.67%	0	0	0	0
393	Tools	947	0	0	947	6.67%	0	63	0	63
395	Pow Op Eq	0	0	0	0	10.00%	32	0	0	32
398	Oth Tang P	0	0	0	0	10.00%	0	0	0	0
999	Misc	0	0	0	0	16.67%	0	0	0	0
<b>TOTAL</b>		<b>413,807</b>	<b>0</b>	<b>0</b>	<b>413,807</b>		<b>141,528</b>	<b>13,396</b>	<b>0</b>	<b>154,923</b>

Company: The Woodland of Lake Placid  
 Title: CIAC Amortization  
 Period: TYE 3/31/90 to 12/31/2001

Source: Rate Base and Rates Audit Dkt. No.990374-WS

**WATER**

Year	Average Balance	Less Plant	Cash Contribution	Rate	Cash Annual Amortization	Property Annual Amortization	Amortization Balance	Account	CIAC Balance	Depreciation Rates	Depreciation Exp
1990	1,300		1,300	3.10%	30.23		30.23				
1991	4,800		4,800	3.10%	148.80		148.80				
1992	11,900		11,900	3.10%	368.90		517.70				
1993	20,100		20,100	3.10%	623.10		623.10				
1994	25,400		25,400	3.10%	787.40		1,410.50				
1995	96,999	65,699	31,300	2.56%	801.28	1,893.92	4,105.70	331	118,727	0.0263	3,123
1996	167,873	131,398	36,475	3.03%	1,105.19	3,787.85	8,998.74	333	2,640	0.0286	76
1997	169,348	131,398	37,950	3.03%	1,149.89	3,787.85	13,936.47	334	9,450	0.0588	556
1998	169,648	131,398	38,250	3.03%	1,158.98	3,787.85	18,883.30	336	581	0.0588	34
1999	170,048	131,398	38,650	3.01%	1,163.37	3,787.85	23,834.51				
2000	187,328	131,398	55,930	3.00%	1,677.89	3,787.85	29,300.24	Total	131,398		3,788
2001	204,307	131,398	72,909	3.26%	2,376.83	3,787.85	35,464.92				
Total Cash & Property 2001 Amortization						6,164.68					

**SEWER**

Year	Average Balance	Rate	Annual Amortization	Amortization Balance
1990	2600	3.54%	69.03	69.03
1991	9,600	3.54%	339.84	339.84
1992	23,800	3.54%	842.52	1,182.36
1993	40,200	3.54%	1,423.08	1,423.08
1994	50,800	3.54%	1,798.32	3,221.40
1995	56,600	3.54%	2,003.64	5,225.04
1996	60,200	3.54%	2,131.08	2,200.11
1997	62,400	3.54%	2,208.96	4,409.07
1998	63,000	3.54%	2,230.20	6,639.27
1999	63,800	3.53%	2,252.14	8,891.41
2000	65,000	3.54%	2,301.00	11,192.41
2001	65,600	3.55%	2,328.80	13,521.21

	Water	Wastewater
Per Transfer Audit 12/00	26,096	11,192
Per Above	29,300	11,192
Difference	(3,204)	0

## **Audit Exception No. 4**

### **Subject: LaGrow Invoices**

**Statement of Fact:** An analysis was made of all invoices paid to LaGrow. The company recorded these invoices in several different accounts that included Special Deposits, Miscellaneous Deferred Debits, Purchased Water, Purchased Power, Materials and Supplies and Repairs and Maintenance.

**Opinion:** The accounts used do not conform with the NARUC chart of accounts. An analysis of what accounts the company recorded the invoices in and what accounts we have assigned the amounts to is on the following page. It includes the plant additions discussed in exception two. The entry to correct for these amounts can be found in number 6 of the attached journal entries. According to the staff engineer, the invoice to replace the headshaft and bearings of the well of \$2,807.17 should be deferred and amortized. The entry amortizes the invoice over four years or \$701.79 a year. The other invoices increase the water plant accounts by \$4,573 for lines and \$552 for meters, the material supply account for water by \$587.01, contract service expense for water by \$1,334.77, and non-utility expense by \$5,136.49. Accounts receivable was increased by \$112.20 because the utility paid twice for the same invoice.

Company: The Woodland of Lake Placid  
 Title: LaGrow System, Inc.  
 Period: TYE 12/31/01

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Vendor	Description	Company Account	Date	Invoice No.	Check No.	Account A/R	Account 186 Misc. Def. Debits	Account 331&334 Plant	Account 620 Materials & Supplies	Account 630 Contractual Service	Non-Utility	Total
LaGrow Systems, Inc.	Replaced 2" water line in 2000 to replace 1"	132.3	01/02/01	4782	1055			4,573.00				4,573.00
LaGrow Systems, Inc.	Repairs to 25 HP 3 phase motor, replaced beari	515.3	03/06/01	4809	1063					569.09		569.09
LaGrow Systems, Inc.	Meter/Coupling	186.3	03/27/01	4823	1071				108.67			108.67
LaGrow Systems, Inc.	Materials & Labor to Grout 2 well heads	186.3	03/21/01	4821	1071					80.00		80.00
LaGrow Systems, Inc.	Company did not provide backup, see Disclosur	186.3	03/18/01		1066						5,136.49	5,136.49
LaGrow Systems, Inc.	Meter & Meter Installation	515.3	10/01/01		1076			552.00				552.00
LaGrow Systems, Inc.	Meter/ Coupling	515.3	04/13/01		1089				112.20			112.20
LaGrow Systems, Inc.	Replaced APCO Air Release Valve on Hydro ta	515.1	07/27/01	4854	1122					325.68		325.68
LaGrow Systems, Inc.	Replaced headshaft & bearings	515.1	07/27/01	4857	1123		2,807.17					2,807.17
LaGrow Systems, Inc.	Labor to Prime Pumps @ wells	515.1	08/07/01	4864	1131					360.00		360.00
LaGrow Systems, Inc.	Meter/ Coupling (A.)	515.1	09/12/01	4877	1146	112.20						112.20
LaGrow Systems, Inc.	Meter Box & washer	520.3	10/12/01	4892	1155				30.05			30.05
LaGrow Systems, Inc.	Pump - Replacement	581.3	11/16/01	4431	1168				336.09			336.09
Total						112.20	2,807.17	5,125.00	587.01	1,334.77	5,136.49	15,102.64

A. This amount was paid twice & reimbursed to the company by the vendor.



## **Audit Exception No. 5**

### **Subject: Accounting Services**

**Statement of Fact:** The accounting services were not separated between water and wastewater.

**Opinion:** According to the accountant, the services provided on the invoices relate mainly to the water and wastewater business. A schedule breaking down the invoices using the number of customers follows this exception. The total costs of \$3,730.60 were allocated using number of customers at \$2,033.18 for water and \$1,697.42 for wastewater.

Company: The Woodland of Lake Placid  
 Title: Accounting Fee  
 Period: TYE 12/31/01

Vendor	Description	Acc't 531.3	Date	Invoice No.	Check No.	Amount	Acc't 630 54.50% Water Allocation	Acc't 730 45.50% Wastewater Allocation
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	12/14/00	855	1038	22.00	11.99	10.01
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	01/26/01	928	1043	57.20	31.17	26.03
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	02/01/01	1027	1064	39.60	21.58	18.02
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	03/20/01	1202	1077	1,227.70	669.10	558.60
	S corp. tangible return	Acc't 531.3						
	Individual tax preparation	Acc't 531.3						
	Partnership tax preparation	Acc't 531.3						
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	04/18/01	1321	1095	1,014.20	552.74	461.46
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	05/31/01	1371	1103	250.80	136.69	114.11
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	06/29/01	1407	1118	897.60	489.19	408.41
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	07/31/01	1450	1130	98.30	53.57	44.73
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	08/31/01	1488	1142	30.80	16.79	14.01
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	10/31/01	1582	1163	61.60	33.57	28.03
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	11/30/01	1611	1180	30.80	16.79	14.01
Total						3,730.60	2,033.18	1,697.42

JE

630

Contractual Services - Water

2,033.18

730

Contractual Services - Wastewater

1,697.42

531.3

Contractual Services - Professional

3,730.60

## **Audit Exception No. 6**

### **Subject: Amounts Paid by Affiliate Companies**

**Statement of Fact:** Several bills were paid by affiliate companies such as Camp Florida or Hivest that relate to the utility company. They are:

1. Property and general liability insurance was paid by Camp Florida. A separate amount of \$561 was shown on the bill for the utility under liability insurance. An allocation of the property coverage of \$9,556 was made using the liability insurance ratio of utility to total of 8.28%. \$791.98 was added to the \$561 for a total of \$1,352.98. This amount was allocated using the customer ratio and \$737.37 has been charged to water and \$615.61 to wastewater on the attached journal entries (number 8).
2. Salaries and wages and employment taxes were paid by Camp Florida. Employees were interviewed to determine the amount of time they spent working on utility business and their W-2's were obtained. This may increase now that metered billing will be done. No provision was made for this in the attached schedules. The attached schedules show the current amounts and percentages. The entry to correct payroll can be found in the attached journal entries (number 10). The entry records salary at \$14,055.99 for water and \$8,865 for wastewater. Taxes associated with these salaries amount to \$1,075.28 for water and \$678.17 for wastewater. These total \$2,265.81 more than what is in the company salary account of \$22,408.63.
3. Office supplies and garbage pickup for the office were paid by Camp Florida. These costs have been allocated based on office space used for the utility. A schedule is attached and the adjusting entry can be found in the attached journal entries (number 12). They increase miscellaneous expense by \$240.57 for water and \$200.90 for wastewater. The schedule also shows the alarm monitoring invoices which can be found in the adjusting journal entries ( number 13) and increase water miscellaneous expense by \$10.56 and wastewater by \$8.76.
4. Wireless telephone expenses for the utility employees were allocated based on the percent of time spent doing utility work. A schedule of the allocation is attached. The correcting entry can be found in the attached journal entries (number 14). The entry increases water miscellaneous expense by \$223.01 and wastewater by \$186.18.
5. The utility offices are maintained in the Camp Florida sales/rental office. The office space for people doing work on utility business was allocated based on the time they spent on utility business. Using this allocation, 129 square feet of the space relates to the utility. According to a local real estate agent, rental space in the area rents for an average of \$8.125 per square foot. Rent of \$1,053.01 has been included in the attached schedules (see journal entry number 30). It was allocated based on number of customers or \$573.89 to water and \$479.12 to wastewater. If the utility were to have stand alone offices, rent would be higher.
6. The manager of the park and the utility has a truck. Hivest pays for the lease and the gasoline. The costs were allocated based on the manager's time. A schedule is attached. This is charged to the utility on the attached entries (number 31). It charges \$993.46 to water and \$829.41 to wastewater.

COMPANY: WOODLANDS OF LAKE PLACID  
 TITLE: SALARY DETAIL  
 PERIOD: TEST YEAR ENDED 12/31/01

EMPLOYEE	POSITION	PAID BY	TOTAL WAGES	ALLOCATION PERCENTAGE	UTILITY RELATED	AMOUNT WATER	AMOUNT WASTEWATER
JOHN LOVELETEE	MANAGER/BILLING/COLLECT/ COMPLAINTS/OVERSEE MTC.	HIVEST CORP.	\$36,400.00	25.00%	\$9,100.00	\$4,959.50	\$4,140.50
TERESA LOVELETT	PAYS BILLS/POSTS	HIVEST CORP.	\$42,432.00	9.23%	\$3,916.47	\$2,134.48	\$1,782.00
PATRICIA DASILVA	DEPOSITS/POST RECEIVABLE COLLECTIONS	HIVEST CORP.	\$18,200.00	12.50%	\$2,275.00	\$1,239.88	\$1,035.13
LARRY KORZEP	METER READING/MTC.	CAMPER CORRAL	\$17,654.50	9.23%	\$1,629.51	\$1,222.13	\$407.38
ROGER GOODMAN	MOW THE PONDS/FIX BREAKS/ REPLACE VALVES	CAMPER CORRAL	\$20,000.00	30.00%	\$6,000.00	\$4,500.00	\$1,500.00
FICA					\$22,920.98	\$14,055.99	\$8,865.00
						\$1,075.28	\$678.17

40 HOUR WORKWEEK		2080	
JOHN	2 HRS./DAY	520	25.00%
TERRY	2 DAYS/MONTH	192	9.23%
LARRY	2 DAYS/MONTH	192	9.23% 75% WATER
ROGER	12 HRS/WEEK	624	30.00% 75% WATER
PAT'S MAX. 2 DAYS/WK		832	
PAT	2 HOURS/WEEK	104	12.50%

CUSTOMER RATIO USED FOR OFFICE STAFF:

TOTAL CUSTOME	193	
WATER	193	54.50%
WASTEWATER	161	45.50%
		100.00%

Company: The Woodland of Lake Placid  
 Title: Common Expenses  
 Period: TYE 12/31/01  
**Common Expense - Allocation (6%)**

Vendor	Description	Date	Invoice No.	Check No.	Amount	6.00% Utility Allocation	54.50% Water Allocation	45.50% Wastewater Allocation
Staples	Office supplies	12/07/01	L723516001	2963	107.67	6.46	3.52	2.94
	Office supplies	12/07/01	L723516003		1.44	0.09	0.05	0.04
	Office supplies	12/07/01	L723516004		3.16	0.19	0.10	0.09
Staples	Office supplies	01/15/01	AE00416001	3008	316.59	19.00	10.36	8.65
	Office supplies	01/15/01	AE00416002		141.59	8.50	4.63	3.87
	Office supplies	01/15/01	4126		33.30	2.00	1.09	0.91
	Office supplies	01/15/01	AE00416004		23.52	1.41	0.77	0.64
	Office supplies	01/15/01	1977		127.73	7.66	4.17	3.49
Staples	Office supplies	02/07/01	B71341001	3064	300.12	18.01	9.82	8.19
Staples	Office supplies	03/22/01	CL12452001		91.36	5.48	2.99	2.49
		03/22/01	CL12452002		25.46	1.53	0.83	0.70
		03/22/01	CQ10461001		220.36	13.22	7.20	6.02
Staples	Office supplies	05/03/01	E300947011	3100	192.59	11.56	6.30	5.26
		05/03/01	E300947002		58.84	3.53	1.92	1.61
		05/03/01	E300947001		36.74	2.20	1.20	1.00
		05/03/01	E808637001		186.83	11.21	6.11	5.10
		05/03/01	EP00500001		70.68	4.24	2.31	1.93
		05/03/01	F413763001		27.81	1.67	0.91	0.76
Staples	Office supplies	06/25/01	FO04273001	3158	192.58	11.55	6.29	5.26
		06/25/01	FO04273003		64.18	3.85	2.10	1.75
		06/25/01	FO04273002		149.79	8.99	4.90	4.09
		06/25/01	FO04273004		855.98	51.36	27.99	23.37
Staples	Office supplies	11/16/01	KF09433001	3193	114.61	6.88	3.75	3.13
BFI/FL Recycling Service	Trash Pickup Monthly Service - Jan.	12/31/00	12000-1452	2957	332.44	19.95	10.87	9.08
BFI/FL Recycling Service	Trash Pickup Monthly Service - Feb.	01/31/01	01001-1452	2999	332.44	19.95	10.87	9.08
BFI/FL Recycling Service	Trash Pickup Monthly Service - March	02/28/01	001831	3074	325.92	19.56	10.66	8.90
	Trash Pickup Monthly Service - April	04/27/01	002983	3127	418.90	25.13	13.70	11.43
BFI/FL Recycling Service	Trash Pickup Monthly Service - May	04/27/01	002983	3149	325.92	19.56	10.66	8.90
BFI/FL Recycling Service	Trash Pickup Monthly Service - June	05/15/01	003420	3154	325.92	19.56	10.66	8.90
BFI/FL Recycling Service	Trash Pickup Monthly Service (2 Mons.) - Ju	06/01/01	003983	3194	685.23	41.11	22.40	18.71
BFI/FL Recycling Service	Trash Pickup Monthly Service - August	07/01/01	004353	3276	178.93	10.74	5.85	4.89
	Solid Waste	07/01/01	004551		325.92	19.56	10.66	8.90
	Yard Waste	06/30/01	004317		60.69	3.64	1.98	1.66
BFI/FL Recycling Service	Trash Pickup Monthly Service - October	09/01/01	005695	3313	325.92	19.56	10.66	8.90
BFI/FL Recycling Service	Trash Pickup Monthly Service - December	11/01/01	006731	3391	375.92	22.56	12.30	10.26

Company: The Woodland of Lake Placid  
 Title: Common Expenses  
 Period: TYE 12/31/01

**Common Expense - Allocation (6%)**

Vendor	Description	Date	Invoice No.	Check No.	Amount	6.00% Utility Allocation	54.50% Water Allocation	45.50% Wastewater Allocation
Staples	Office supplies	12/07/01	L723516001	2963	107.67	6.46	3.52	2.94
	Office supplies	12/07/01	L723516003		1.44	0.09	0.05	0.04
	Office supplies	12/07/01	L723516004		3.16	0.19	0.10	0.09
Staples	Office supplies	01/15/01	AE00416001	3008	316.59	19.00	10.36	8.65
	Office supplies	01/15/01	AE00416002		141.59	8.50	4.63	3.87
						<u>441.47</u>	<u>240.58</u>	<u>200.90</u>

675	Misc. Expense - Water			240.58	
775	Misc. Expense - Wastewater			200.90	
	233	Payable to affiliate company			441.47
	To record common cost				

Protection One	Alarm Monitoring	01/18/01	901	2975	26.75	1.61	0.88	0.73	
Protection One	Alarm Monitoring	02/14/01	778	3010	26.75	1.61	0.88	0.73	
Protection One	Alarm Monitoring	03/14/01	1159	3062	26.75	1.61	0.88	0.73	
Protection One	Alarm Monitoring	04/07/01	838	3103	26.75	1.61	0.88	0.73	
Protection One	Alarm Monitoring	05/14/01	774	3133	26.75	1.61	0.88	0.73	
Protection One	Alarm Monitoring	06/14/01	1148	3167	26.75	1.61	0.88	0.73	
Protection One	Alarm Monitoring	07/14/01			26.75	1.61	0.88	0.73	
Protection One	Alarm Monitoring	08/14/01	730	3251	26.75	1.61	0.88	0.73	
Protection One	Alarm Monitoring	09/14/01	1105	3287	26.75	1.61	0.88	0.73	
Protection One	Alarm Monitoring	10/14/01	757	3324	26.75	1.61	0.88	0.73	
Protection One	Alarm Monitoring	11/14/01	713	3352	26.75	1.61	0.88	0.73	
Protection One	Alarm Monitoring	12/14/01	1115	3393	26.75	1.61	0.88	0.73	
						<u>321.00</u>	<u>19.32</u>	<u>10.56</u>	<u>8.76</u>

426	Misc. Nonutility Expense			301.68	
675	Misc. Expense - Water			10.56	
775	Misc. Expense - Wastewater			8.76	
	581.3	Repairs & Maintenance			321.00
	To correct Security expense				

Company: The Woodland of Lake Placid  
 Title: Wireless Telephone Bills (Nextel)  
 Period: TYE 12/31/01

User Name	Jan 01	Feb 01	Mar 01	April 01	May 01	June 01	July 01	Aug 01	Sept 01	Oct 01	Nov 01	Dec 01	Total	Utility Allocation Percentage	Utility Allocation	Water Allocation Percentage	Wastewater Allocation Percentage
Tina	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	599.40				
Dale	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	599.40				
Dale 1							85.47	49.99	49.99	49.99	49.99		285.43				
Unit A							85.47	49.99	49.99	49.99	49.99		285.43				
Highest Corp	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	599.40				
Pat	42.53	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	109.76	71.05	49.95	672.89	12.50%	84.11	45.84	38.27
Tony	117.99	111.69	97.28	83.10	81.80	102.23	75.95	137.40	290.19	291.00	200.87		1,589.50				
Terry	95.92	85.48	81.05	82.57	80.15	82.00	124.74	122.47	187.11	263.39	96.82	118.34	1,420.04	9.23%	131.07	71.43	59.64
John	67.37	59.95	59.95	61.05	59.95	59.95	59.95	59.95	65.23	98.05	59.95	64.67	776.02	25.00%	194.00	105.73	88.27
<b>Total</b>	<b>473.66</b>	<b>456.92</b>	<b>438.08</b>	<b>426.52</b>	<b>421.70</b>	<b>443.98</b>	<b>631.38</b>	<b>619.60</b>	<b>842.31</b>	<b>1,012.03</b>	<b>678.52</b>	<b>382.80</b>	<b>6,827.50</b>		<b>409.19</b>	<b>223.01</b>	<b>186.18</b>

The expense only allocated to water related employees.

Water 54.50%  
 Wastewater 45.50%

Company: The Woodlands of Lake Placid  
 Title: Management Fee  
 Period: TYE 12/31/01

Description	Amount	25.0% Utility Allocation	54.5% Water Allocation	45.5% Wastewater Allocation
Nissan Lease Payment	4,759.44	1,189.86	648.47	541.39
Gas	994.04	248.51	135.44	113.07
Automobile Insurance	1,538.00	384.50	209.55	174.95
	<u>7,291.48</u>	<u>1,822.87</u>	<u>993.46</u>	<u>829.41</u>

JE

650 Transportation - Water	993.46	
750 Transportation - Wastewater	829.41	
233 ffiliate company		1,822.87
To record transportation expense		



Company: The Woodland of Lake Placid  
 Title: Lease Payment  
 Period: TYE 12/31/01

The Nissan truck is being used by John Lovelette

Month	Amount	Utility Allocation Percentage	Utility Allocation	54.50% Water Allocation	45.50% Wastewater Allocation
Jan	396.62	25.00%	99.16	54.04	45.12
Feb	396.62	25.00%	99.16	54.04	45.12
Mar	396.62	25.00%	99.16	54.04	45.12
Apr	396.62	25.00%	99.16	54.04	45.12
May	396.62	25.00%	99.16	54.04	45.12
June	396.62	25.00%	99.16	54.04	45.12
July	396.62	25.00%	99.16	54.04	45.12
August	396.62	25.00%	99.16	54.04	45.12
September	396.62	25.00%	99.16	54.04	45.12
October	396.62	25.00%	99.16	54.04	45.12
November	396.62	25.00%	99.16	54.04	45.12
December	396.62	25.00%	99.16	54.04	45.12
<b>Total</b>	<b>4,759.44</b>		<b>1,189.86</b>	<b>648.47</b>	<b>541.39</b>

Executive Corporate Card (Gasoline)

Month	Amount	Utility Allocation Percentage	Utility Allocation	Water Allocation	Wastewater Allocation
Jan	91.95	25.00%	22.99	12.53	10.46
Feb	102.75	25.00%	25.69	14.00	11.69
Mar	72.52	25.00%	18.13	9.88	8.25
Apr	46.25	25.00%	11.56	6.30	5.26
May	151.78	25.00%	37.95	20.68	17.26
June	94.48	25.00%	23.62	12.87	10.75
July		25.00%	0.00	0.00	0.00
August	108.84	25.00%	27.21	14.83	12.38
September	93.62	25.00%	23.41	12.76	10.65
October	153.83	25.00%	38.46	20.96	17.50
November	78.02	25.00%	19.51	10.63	8.87
December		25.00%	0.00	0.00	0.00
<b>Total</b>	<b>994.04</b>		<b>248.51</b>	<b>135.44</b>	<b>113.07</b>

**Audit Exception No. 7**

**Subject: Purchased Power**

**Statement of Fact:** The utility did not allocate purchased power between water and wastewater and non-utility operations and did not include the December invoice.

**Opinion:** An analysis of the electric bills are attached. The company's books were adjusted in the attached journal entries (number 9). Total electric bills for the water plants are \$4,079.53 and the wastewater plant are \$3,421.69.

Company: The Woodland of Lake Placid  
 Title: Billing - Electricity  
 Period: TYE Dec 31, 2001

Acc't. No.	Description	Check #	Check #	Check #	Check #	Check #	Check #	Check #	Check #	Check #	Check #	Check #	Check #	TOTAL
		1051&1052	1061	1078	1091	1109	1119	1133	1141	1157	1167	1181	1197	
		January 2001	February 2001	March 2001	April 2001	May 2001	June 2001	July 2001	August 2001	September 2001	October 2001	November 2001	December 2001	
<b>Water</b>														
92015 19592	160 County Rd 29 Pump	13.48	12.96	12.96	12.96	14.10	18.48	13.93	16.12	27.40	13.14	13.23	14.85	183.59
73147 46272	1818 Lake Placid, US 27 Pump	111.83	102.11	114.09	96.93	87.55	89.84	69.79	74.69	71.02	70.93	83.71	88.39	1,060.68
68191 38582	1818 Lake Placid, Camp FL Water Plant	63.17	88.50	103.75	90.54	70.40	84.76	55.87	71.02	55.69	69.52	109.44	89.55	952.21
16803 71449	1818 Lake Placid Pump, Camp Corral	152.88	215.24	184.36	160.20	157.92	147.55	129.90	143.68	126.02	140.16	145.62	179.52	1,883.05
	TOTAL	341.14	418.81	415.16	360.63	329.97	340.63	269.49	305.51	280.13	293.75	352.00	372.31	4,079.53
<b>Wastewater</b>														
62849 65533	1818 Lake Placid, Camp FL Lift Station	50.90	61.67	62.87	44.40	33.82	31.18	38.46	35.39	31.09	43.34	41.59	48.23	522.74
45579 53370	1818 Lake Placid, Camp FL Sewage	344.88	339.03	475.47	281.83	168.37	162.12	156.82	163.68	134.94	187.02	216.60	288.19	2,898.95
	TOTAL	395.78	400.70	538.34	306.23	201.99	193.30	195.28	199.07	166.03	230.36	258.19	336.42	3,421.69
Total Water & Wastewater		736.92	819.51	953.50	666.86	531.96	533.93	464.77	504.58	446.16	524.11	610.19	708.73	7,501.22
Per WP 12-1 Acc't 515 3		1,099.49	1,139.65	1,318.52	1,118.23	922.77	943.63	1,112.27	1,073.08	1,012.19	552.33	654.49	1,379.89	12,326.54
Non-Utility Allocation		382.57	320.14	365.02	451.37	390.81	409.70	647.50	568.50	566.03	28.22	44.30	671.16	4,825.32

Acc't. No.	KWH Description	January 2001	February 2001	March 2001	April 2001	May 2001	June 2001	July 2001	August 2001	September 2001	October 2001	November 2001	December 2001	TOTAL
		<b>Water</b>												
92015 19592	160 County Rd 29 Pump	6	0	0	0	13	63	11	36	165	2	3	22	321
73147 46272	1818 Lake Placid, US 27 Pump	1,181	1,067	1,155	959	852	878	649	705	663	682	808	871	10,450
68191 38582	1818 Lake Placid, Camp FL Water Plant	601	904	1,037	886	656	820	490	663	488	646	1,102	895	9,188
16803 71449	1818 Lake Placid Pump, Camp Corral	1,681	2,423	1,955	1,691	1,653	1,479	1,254	1,485	1,189	1,426	1,729	2,147	20,112
	Total	3,469	4,394	4,147	3,536	3,174	3,240	2,404	2,889	2,505	2,736	3,642	3,935	40,071
<b>Wastewater</b>														
62849 65533	1818 Lake Placid, Camp FL Lift Station	454	583	570	359	236	208	291	56	207	347	327	412	4,050
45579 53370	1818 Lake Placid, Camp FL Sewage	5,205	4,495	6,480	3,394	1,828	1,794	1,705	1,820	1,268	16	2,349	3,441	33,795
	Total	5,659	5,078	7,050	3,753	2,064	2,002	1,996	1,876	1,475	363	2,676	3,853	37,845
Total Water & Wastewater		9,128	9,472	11,197	7,289	5,238	5,242	4,400	4,765	3,980	3,099	6,318	7,788	77,916

The 12/01 billing statement for acc't 73147 46272 was not provided by the company  
 Staff took the average of 11 mons for the 12/01 billing amount

972.29  
 88.39  
 9,579.00  
 870.82

Acc't. No.	Description	Location	Meter No.
92015 19592	160 County Rd 29 Pump	Located on the north side of Country Rd 29 (sewage plant)	5254442
73147 46272	1818 Lake Placid, US 27 Pump	Irrigation pump in front of main office	3185762
68191 38582	1818 Lake Placid, Camp FL Water Plant	Located in the RV Park, Hidden Cove	4922332
62849 65533	1818 Lake Placid, Camp FL Lift Station	Located in the RV Park, Freedom Way	4623216
45579 53370	1818 Lake Placid, Camp FL Sewage	Located on the north side of Country Rd 29	4628973
16803 71449	1818 Lake Placid Pump, Camp Corral	Located adjacent to the office	4628173

## **Audit Exception No. 8**

### **Subject: Short Utility Service**

**Statement of Fact:** The utility booked the invoices for its operator service in purchased water and purchased power accounts.

**Opinion:** A schedule of the invoices follows this exception and includes the accounts staff determined the amounts should be recorded in. The cost of the operating service increased during the year so a proforma adjustment was made to the attached schedules, increasing water operation by \$150 and wastewater operation by \$75. The entry to correct these invoices can be found in the journal entries attached to this report (number 11). It increases water chemicals by \$1,410.50, water operation by \$3,210, water lab expenses by \$1,404, wastewater chemicals by \$3,014.17, wastewater operation by \$3,105, wastewater lab by \$1,788.10 and wastewater sludge testing by \$360. These invoices had been charged to water and purchased power and the adjusting entry removes them from those accounts.

Company: The Woodland of Lake Placid  
 Title: Short Utility Service, Inc.  
 Period: TYE 12/31/01

Vendor	Description	Company Account	Date	Invoice No.	Check No.	Account 618.00 Water Chemical	Account 630 Water Operation	Account 635.00 Water Lab	Account 718 Wastewater Chemical	Account 730 Wastewater Operation	Account 735 Wastewater Lab	Account 735 Wastewater Sludge Ana.	Total
Short Utility Service, Inc.	Operation - December	515.3	01/03/01	1432	1032	128.50	250.00	80.00	268.28	250.00	148.20		1,124.98
Short Utility Service, Inc.	Operation - January	515.3	01/30/01	1459	1045	0.00	250.00	120.00	328.50	250.00	148.20		1,098.70
Short Utility Service, Inc.	Operation & Sludge Analysis - February	515.3	03/05/01	1500	1062	257.00	250.00	80.00	295.65	250.00	148.20	360.00	1,640.85
Short Utility Service, Inc.	Operation, & Well #1 Clearance - March	515.3	04/03/01	1529	1072	128.50	250.00	300.00	273.75	250.00	148.20		1,350.45
Short Utility Service, Inc.	Operation - April	515.3	05/03/01	1571	1088	0.00	250.00	80.00	284.70	250.00	148.20		1,012.90
Short Utility Service, Inc.	Operation - May	515.1	05/29/01	1607	1102	128.50	280.00	264.00	240.90	265.00	148.20		1,326.60
Short Utility Service, Inc.	Operation - June	515.3	06/29/01	1642	1116	128.50	280.00	80.00	202.58	265.00	148.20		1,104.28
Short Utility Service, Inc.	Operation - July	515.1	07/31/01	1676	1124	254.00	280.00	80.00	219.00	265.00	148.20		1,246.20
Short Utility Service, Inc.	Operation - August	515.1	08/30/01	1704	1138	0.00	280.00	80.00	219.00	265.00	148.20		992.20
Short Utility Service, Inc.	Operation - September	515.1	09/30/01	1741	1150	128.50	280.00	80.00	106.93	265.00	148.20		1,008.63
Short Utility Service, Inc.	Operation - October	515.1	10/29/01	1781	1159	128.50	280.00	80.00	262.80	265.00	148.20		1,164.50
Short Utility Service, Inc.	Operation - November	515.1	11/30/01	1817	1175	128.50	280.00	80.00	312.08	265.00	157.90		1,223.48
Total						1,410.50	3,210.00	1,404.00	3,014.17	3,105.00	1,788.10	360.00	14,291.77

JE			
618	Water Chemical		1,410.50
630	Water operation		3,210.00
635	Water Lab		1,404.00
718	Wastewater Chemical		3,014.17
730	Wastewater Operation		3,105.00
735	Wastewater Lab		2,148.10
	515.1	Purchased Water	7,330.16
	515.3	Purchased Power	6,961.61

Proforma Adjustment		
630	Water operation	150.00
730	Wastewater Operation	75.00
To adjust increase in operation		

To properly record water & wastewater operation

## **Audit Exception No. 9**

### **Subject: Non-Utility Expense**

**Statement of Fact:** In reviewing the general ledger, there were several expenses that the company did not provide invoices for and told us that they were not related to the utility.

**Opinion:** Since the company does not use the NARUC chart of accounts, several entries have been made to move these expenses to non-utility accounts. They can be found on the attached journal entries (number 15, 16, 18, 19, 22, and 29).

**Audit Exception No. 10**

**Subject: Allocation between Water and Wastewater**

**Statement of Fact:** Several accounts contained costs that were related to the utility but not allocated between water and wastewater.

**Opinion:** These costs have been allocated using a customer ratio of 54.5% water and 45.5% wastewater. The entries to correct these accounts can be found in the attached journal entries (number 17, 21, 23, and 24).

## **Audit Exception No. 11**

### **Subject: Organization Costs**

**Statement of Fact:** The utility paid invoices related to forming a separate company for water and wastewater and costs to obtain foreign representation. These costs were included in the company account 531.3-contractual services.

**Opinion:** The costs related to the organization of the new company of \$760 have been allocated between water and wastewater and charged to organization costs. The amounts related to foreign representation were charged to non-utility expense. The organization costs were depreciated over 40 years. See the attached journal entries (number 20) for the adjustment made to the attached schedules. It increases water organization costs by \$414.20 and wastewater by \$345.80. Depreciation of \$10.36 for water and \$8.65 for wastewater have also been increased for this adjustment.



## **Audit Exception No. 12**

### **Subject: Mis-classification of Expenses**

**Statement of Fact:** Several accounts contained invoices that were for water, wastewater and non-utility expenses that were grouped together in one account.

**Opinion:** These accounts were analyzed and charged to the proper account in the attached journal entries (number 25, 26, and 27). Entry 27 adjusts regulatory assessment fees for prior years of \$15,294.90 to the capital account.

## **Audit Exception No. 13**

### **Subject: Postage**

**Statement of Fact:** The company did not charge postage to the utility. It is either paid by Camp Florida or Highvest.

**Opinion:** Since the utility will now have to send bills because the customers will be metered we included this cost in our adjustment. The expense was computed using 193 bills and 12 accounts payable each month or 205 mailings per month at 34 cents each. This would total \$69.70 per month or \$836.40 a year. This amount was allocated using the number of customer allocation. The attached journal entries (number 28) adjusts expenses for this amount.

## **Audit Exception No. 14**

### **Subject: Property Tax**

**Statement of Fact:** Property tax was reconciled to the land deeds. The water plant called "Water Plant #2" and the wastewater treatment plant land are both owned by the Woodlands. The land for "Water Plant #2" is part of a large parcel of land that is not utility related. The land for water plant number one, is owned by Camp Florida resorts. The invoices were not paid until 3/01. Based on the information from the court clerk, the taxes were reduced by 4% for interest paid.

**Opinion:** The property tax bill for land that includes "Water Plant #2" was allocated at 2.54% based on the total water plant acreage to total land in the parcel. The Camp Florida tax bill for "Water Plant #1" was included in taxes other than income. A schedule of taxes is attached. The expense was adjusted in the attached journal entries (number 32) and increases water taxes other than income by \$453.79 and wastewater by \$3,607.50..

Company: The Woodlands of Lake Placid  
 Title: Recalculation of Property Tax  
 Period: TYE 12/31/01

The court clerk was unable to pull the property tax for the period ended 11/00 due to the set up of the information.

The tax amount would increase 4% if it was paid in 3/01.

Account No.	Reference	03/31/01 Amount	Less: 4%	11/30/00 Amount	
<b>Water Plant</b>					
C173730-040D0000000		117.85	104.00%	109.12	Water Plant 1
C173730-A0000200000	*	372.24	104.00%	344.67	Water Plant 2
<b>TOTAL</b>		<u>490.09</u>		<u>453.79</u>	
<b>Wastewater Plant</b>					
C083730-A0001300020		3,896.10	104.00%	3,607.50	Wastewater 1
<b>TOTAL</b>		<u>3,896.10</u>		<u>3,607.50</u>	

\* Allocated @ 2.54 %

## **Audit Exception No. 15**

### **Subject: Revenue**

**Statement of Fact:** The company could not provide documentation to support its revenue amounts. It did not use metered rates in the test year. Meter readings were available for one month in 2002. These readings showed that there were 188 residential customers. Since two were added during the year, 186 should have been in service at the beginning of the year. The utility has four general service customers that they have been billing at metered rates and 7 kiosks, a pool house and the Camp Florida office building that were not. The utility also provides service for lots rented. No revenues are recorded for these rentals. No records were kept of these rentals so revenues could not be imputed.

**Opinion:** Although revenue will change once a tariff is developed, revenue was estimated using the above information times the rates the utility claims to use. A schedule is attached. The regulatory assessment fee has been adjusted to these revenues. The adjustment for this schedule can be found in the attached journal entries (number 33).

WOODLANDS OF LAKE PLACID  
 ANALYSIS OF REVENUE  
 TEST YEAR ENDED 12/31/01

RESIDENTIAL	CUSTOMERS		FLAT RATE		ESTIMATED REVENUE		TOTAL
	WATER	WASTE-WATER	WATER	WASTE-WATER	WATER	WASTE-WATER	
PARK	153	153	\$22.00	\$13.00	\$40,392.00	\$23,868.00	64,260
KIOSKS	7	7	\$22.00	\$13.00	\$1,848.00	\$1,092.00	2,940
POOLHOUSE	1	1	\$22.00	\$13.00	\$264.00	\$156.00	420
WOODLANDS BLDG.	1	1	\$22.00	\$13.00	\$264.00	\$156.00	420
OFFICE	1	1	\$22.00	\$13.00	\$264.00	\$156.00	420
NEW CUSTOMER SEPTEMBER	1	1	\$22.00	\$13.00	\$88.00	\$52.00	140
NEW CUSTOMER	1	1	\$22.00	\$13.00	\$88.00	\$52.00	140
	165	165					
CUSTOMERS LAKE RIDGE	33		\$22.00		\$8,712.00	\$0.00	8,712
	198				\$51,920.00	\$25,532.00	\$77,452.00

COMMERCIAL							
FOOD LION					\$1,134.49		1,134
LAKE GRASSY					\$1,570.00		1,570
LAKE PLACID FASHION					\$590.93		591
SHOPS OF LAKE PLACID					\$611.74		612
					\$55,827.16	\$25,532.00	\$81,359.16

PER GENERAL LEDGER  
 DIFFERENCE

	\$76,602.31	
	\$4,756.85	
Accounts Receivable		4,757
Non-utility Revenue		76,602

SHOULD KIOSKS AND POOL HOUSE AND OFFICE BE COMMERCIAL? Recorded as General Service here.

General Service Water	6,547
Residential Water	49,280
Residential Wastewater	25,532

THE PARK HAS 397 LOTS. 232 ARE NOT SOLD. THEY ARE RENTED AND NO WATER OR WASTEWATER FEE IS CHARGED FOR THESE LOTS. ACCORDING TO THE COMPANY, OF THE 165 LOTS THAT ARE SOLD, 15 HOMES TAKE UP TWO LOTS. THAT LEAVES 150 CUSTOMER, 2 OF WHICH WERE ADDED IN 2001. HOWEVER, THE BILLING BY METER FOR THE ONE MONTH IN 2002 SHOWS 188.

	Per G/L	Difference
Regulatory Assessment Fee water	2,512	1,879
Reg. Assessment Fee wastewater	1,149	1,506
Total due		276

NO METER READINGS WERE DONE ON RESIDENTIAL UNTIL JANUARY 2002. THE COMPANY DOES NOT BREAK DOWN BETWEEN WATER AND WASTEWATER. A BILLING ANALYSIS WAS DONE FOR THE ONE MONTH AVAILABLE IN 2002 FOR RESIDENTIAL CUSTOMERS AND THE 12 MONTHS OF 2001 FOR THE 4 COMMERCIAL CUSTOMERS.

## **Audit Disclosure No. 1**

### **Subject: Future Plant Additions**

**Statement of Fact:** The company has plans to add plant additions in the near future. They did not provide us with supporting documentation for them.

**Opinion:** The staff engineer, Lee Munroe agreed to obtain and review the information related to these additions. The costs need to be added to the attached schedules.

## **Audit Disclosure No. 2**

### **Subject: Contributions in Aid of Construction (CIAC)**

**Statement of Fact:** The company did not record CIAC for its two new customers in 2001. There is no tariff rate. The current sales agreement does not contain any language that indicates there is a connection fee for these lots.

**Opinion:** Because we were unable to determine that CIAC was collected and there was no tariff rate to use to impute the amount, no adjustment has been made to the attached exhibits.



**Audit Disclosure No. 3**

**Subject: Annual Report**

**Statement of Fact:** Annual report revenues and expenses do not agree with the general ledger because the ledger includes non-utility accounts. These amounts have been corrected in the exceptions in this audit.

## Audit Disclosure No. 4

### Subject: Cost of Capital

**Statement of Fact:** Most of the utility's debt comes from Hivest or other affiliate companies. Therefore, the Hivest Capital Structure was used to calculate the Cost of Capital.

The company did not provide debt instruments for the following debt but its accountant did provide the rates:

Account	Description
318	Long Term Debt-Ford Ranger
319	Long Term Debt-Ford Taurus
320	Long Term Debt-Windstar
320.1	Long Term Debt-Kubota Cr. Tractor
333.4	Long Term Debt-Nancy Ayres
334	Long Term Debt-Anbeth Inc.
334.5	Long Term Debt-Patricia Silva
335	Long Term Debt-Wilkins and Huffman
346.1	Investment Loan Payable-Nancy Ayres
346.2	Investment Loan Payable-Anbeth

According to Pete Lester, a finance analyst at the Commission, the interest rate used whenever the company does not provide the debt instruments should be 2% plus the prime rate. The average prime rate for 2000 and 2001 is 5.415%. None of the rates provided by the accountant were over the 7.415% recommended.

The company's common equity ratio is -7.526%, therefore according to Commission order, PSC-01-2514-FOF-WS, if the equity ratio is 40% or less the return on equity should be 11.34%.

## **EXHIBITS**

- 1. Rate Base**
- 2. Net Operating Income Water**
- 3. Net Operating Income Wastewater**
- 4. Cost of Capital**
- 5. Adjusting Journal Entries**

WOODLANDS OF LAKE PLACID  
 RATE BASE  
 TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/00	STAFF ADJUSTMENTS	ADJ. NO.	ADJUSTED BALANCE 00	BALANCE 12/31/01	STAFF ADJUSTMENTS	ADJ. NO.	PROFORMA ADJUSTMENT	ADJUSTED BALANCE 01	AVERAGE BALANCE
	WATER PLANT	192,358.00	282,177.00	ADJ 1	474,535.00	192,358.00	287,716.20	ADJ. 1, 20, 5		480,074.20	477,304.60
	ACCUMULATED DEPRECIATION WAT	(53,647.00)	(49,566.00)	ADJ 1	(103,213.00)	(53,647.00)	(64,444.36)	ADJ 1, 3, 20		(118,091.36)	(110,652.18)
	CIAC WATER		(204,307.00)	ADJ 1	(204,307.00)		(204,307.00)	ADJ 1		(204,307.00)	(204,307.00)
	ACC AMORT. CIAC WATER		29,300.40	ADJ 1, 4	29,300.40		35,465.08	ADJ 1, 4, 5		35,465.08	32,382.74
	WORKING CAPITAL ALLOWANCE										4,117.58
	TOTAL WATER RATE BASE	138,711.00	57,604.40		196,315.40	138,711.00	54,429.92		0.00	193,140.92	198,845.74
	WASTEWATER PLANT	1,098,285.16	(684,478.16)	ADJ 1	413,807.00	1,098,286.16	(684,132.36)	ADJ 1		414,152.80	413,979.90
	ACCUMULATED DEP. WASTEWATER	(26,308.00)	(115,220.00)	ADJ 1	(141,528.00)	(26,308.00)	(128,624.65)	ADJ 1, 3, 20		(154,932.65)	(148,230.33)
	CIAC WASTEWATER		(65,600.00)	ADJ 1	(65,600.00)		(65,600.00)	ADJ 1		(65,600.00)	(65,600.00)
	ACC. AMORT CIAC WASTEWE		11,192.41	ADJ 1	11,192.41		13,521.21	ADJ. 1, 5		13,521.21	12,356.81
	WORKING CAPITAL ALLOWANCE										3,440.21
	TOTAL WASTEWATER RATE BASE	1,071,977.16	(854,105.75)		217,871.41	1,071,978.16	(864,835.80)		0.00	207,141.36	215,946.59

WOODLANDS OF LAKE PLACID  
NET OPERATING INCOME  
TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/01	STAFF ADJUSTMENTS	ADJ. NO.	PROFORMA ADJUSTMENT	ADJUSTED BALANCE 01
400 00	Residential Revenues - Water		(49,280.00)	Adj 33		(49,280.00)
400.00	General Service Revenue Water		(6,547.00)	Adj 33		(6,547.00)
	Total Water Revenue	0 00	(55,827.00)		0.00	(55,827.00)
Operation and Maintenance Expenses						
515.10	Purchased Water	10,569.66	(10,566.66)	Adj 6, 11		3 00
515 30	Purchased Power	21,229 82	(21,229.82)	Adj 6, 9,11,18		0.00
520.30	Materials & Supplies	1,319.65	(1,319.65)	Adj 6,19		0.00
531.30	Contractual Services - Professional	4,685.60	(4,685.60)	Adj 7,20		0.00
536.30	Contractual Services - Other	22,408 63	(22,408.63)	Adj 10		0 00
540.30	Rents	1,661 34	(1,661.34)	Adj 15		0.00
554.30	Advertising	1,451.40	(1,451.40)	Adj 16		0.00
555.30	Telephone	436.16	(436.16)	Adj 17		0.00
576.30	Bank Charges	66.15	(66.15)	Adj 21		0.00
578.30	Resort Entertainment Expense	747.25	(747.25)	Adj 22		0.00
579 30	Office Expense	247.32	(247.32)	Adj 23		0 00
580 30	Postal Expense	12.15	(12.15)	Adj 24		0.00
581.30	Repairs & Maintenance	6,759.31	(6,759.31)	Adj 6, 13,25		0.00
601.00	Salaries & Wages - Employees (Water)		14,055.99	Adj 10		14,055 99
615.00	Purchased Power - Water		4,079 53	Adj 9		4,079.53
618.00	Water Chemical		1,410 50	Adj 11		1,410.50
620.00	Materials & Supplies - Water		587.01	Adj 6		587.01
630.00	Contractual Services - Water		7,339 74	Adj 6, 7,11,25	150.00	7,489.74
635.00	Water Lab		1,404.00	Adj 11		1,404 00
650.00	Transportation - Water		993.46	Adj 31		993 46
640.00	Rent - Water		573.89	Adj 30		573 89
655.00	Water Insurance		737.37	Adj 8		737.37
665.10	Regulatory Commission Exp.	18,254 06	(18,254 06)	Adj 27		0.00
675.00	Misc. Exp - Water		1,606.14	Adj 12,13,14,16,17,21,23,24,26,28		1,606 14
	Total	89,848.50	(57,057.87)		150.00	32,940 63
403.00	Depreciation Expense - Water		14,878.36	Adj 3,20		14,878.36
403.00	Amortization CIAC - water		(6,164.68)	Adj 5		(6,164 68)
	Total Depreciation and Amortization	0.00	8,713 68		0.00	8,713.68
408.00	Taxes Other than Income - Water		4,041.27	Adj 10,26,32,33		4,041.27
	Total Expenses Water	89,848.50	(44,302.92)		150.00	45,695.58
	Net Operating (Income) Loss Water	89,848 50	(100,129.92)		150.00	(10,131.42)

WOODLANDS OF LAKE PLACID  
NET OPERATING INCOME  
TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/01	STAFF ADJUSTMENTS	ADJ. NO.	PROFORMA ADJUSTMENT	ADJUSTED BALANCE 01
521.10	Residential Revenues - Wastewater		(25,532.00)	Adj 33		(25,532.00)
701.00	Salaries & Wages - Employees (Wastewater)		8,865.00	Adj 10		8,865.00
711.00	Sludge Removal Expense		1,683.44	Adj 25		1,683.44
715.00	Purchased Power - Wastewater		3,421.69	Adj 9		3,421.69
718.00	Wastewater Chemical		3,014.17	Adj 11		3,014.17
730.00	Contractual Services - Wastewater		5,049.22	Adj 7,11,25	75.00	5,124.22
735.00	Wastewater lab		2,148.10	Adj 11		2,148.10
740.00	Rent - Wastewater		479.12	Adj 30		479.12
750.00	Transportation - Wastewater		829.41	Adj 31		829.41
755.00	Wastewater Insurance		615.61	Adj 8		615.61
775.00	Misc. Expense - Wastewater		1,340.91	Adj 12,13,14,16,17,21,23,24,26,28		1,340.91
903.30	Interest Expense	0.00				0.00
904.30	Insurance Expense	0.00				0.00
916.30	Miscellaneous Expense	211.14	(211.14)	Adj 29		0.00
939.30	Survey Expense	0.00				0.00
		<b>211.14</b>	<b>27,235.53</b>		<b>75.00</b>	<b>27,521.67</b>
403.00	Depreciation Expense - Wastewater		13,404.65	Adj 3,20		13,404.65
403.00	Amortization CIAC - wastewater		(2,328.80)	Adj 5		(2,328.80)
		<b>0.00</b>	<b>11,075.85</b>		<b>0.00</b>	<b>11,075.85</b>
408.00	Taxes Other than Income - Wastewater		5,434.73	Adj 10,26,32,33		5,434.73
	Total Expenses	<b>211.14</b>	<b>43,746.11</b>		<b>75.00</b>	<b>44,032.25</b>
	Net Operating (Income) Loss Wastewater	<b>211.14</b>	<b>18,214.11</b>		<b>75.00</b>	<b>18,500.25</b>
401.30	Nonutility Income	(76,602.31)	76,602.31	Adj 33		0.00
402.30	Other Income	0.00				0.00
426.00	Nonutility Expense		44,693.86	Adj 6,9,13,15,16,18,19,22,25,26,27,29,20,32		44,693.86
627.30	Interest Expense, Highvest	63,000.00				63,000.00
603.30	Depreciation Expense - Nonutility	51,852.00				51,852.00
607.30	Amortization Expense - Nonutility	3,552.00				3,552.00
608.30	Taxes Other Than Income	24,859.66	(24,859.66)	Adj 26,32		0.00
	Total Non-utility	<b>66,661.35</b>	<b>96,436.51</b>		<b>0.00</b>	<b>163,097.86</b>

WOODLANDS OF LAKE PLACID  
CAPITAL STRUCTURE  
12/31/01

ACCOUNT NUMBER	DESCRIPTION	12-31-00 AMOUNT	12-31-01 AMOUNT	AVERAGE	% of TOTAL	RATE BASE	INTEREST	WEIGHTED COST OF CAPITAL
318	Long Term Debt-Ford Credit 99-Ford Ranger	\$8,353.41	\$5,269.36	\$6,811.39	0.042%	\$173.13	0.910%	0.0004%
319	Long Term Debt-Ford Credit 99-Ford Taurus	\$14,730.46	\$9,308.90	\$12,019.68	0.074%	\$305.52	3.989%	0.0029%
320	Long Term Debt-Ford Credit -2001 Ford Windstar	\$32,362.28	\$21,518.66	\$26,940.47	0.165%	\$684.78	1.950%	0.0032%
320.1	Long Term Debt-Kubota Credit-Tractor	\$27,285.99	\$20,630.23	\$23,958.11	0.147%	\$608.98	6.990%	0.0103%
331.1	Long Term Debt-National City Bank 9-37-9367-7	\$1,080,000.00		\$530,000.00	3.248%	\$13,471.72	6.230%	0.2023%
331.2	Long Term Debt-National City Bank 9-36-4070	\$2,000,000.00		\$1,000,000.00	6.128%	\$25,418.33	4.930%	0.3021%
331.3	Long Term Debt-National City Bank 9-37-2803	\$2,131,614.15		\$1,065,807.08	6.531%	\$27,091.04	4.930%	0.3220%
333.4	Long Term Debt-Nancy Ayres		\$5,271,614.15	\$2,635,807.08	16.152%	\$66,997.82	7.415%	1.1977%
334	Long Term Debt-ANBETH INC.	\$721,622.76	\$1,062,388.37	\$892,005.57	5.466%	\$22,673.29	7.415%	0.4053%
334.5	Long Term Debt-Patricia Silva		\$32,949.02	\$16,474.51	0.101%	\$418.75	7.415%	0.0075%
335	Long Term Debt-Wilkins & Huffman	\$220,000.00	\$220,000.00	\$220,000.00	1.348%	\$5,592.03	7.415%	0.1000%
337.5	Long Term Debt-WSB 44933-6	\$471,811.02	\$461,811.02	\$466,811.02	2.861%	\$11,865.56	5.750%	0.1645%
337.6	Long Term Debt-WSB 49933-5	\$204,392.25	\$137,264.98	\$170,828.62	1.047%	\$4,342.18	9.500%	0.0994%
337.8	Long Term Debt-NCB 9-38-6114-AVRNT	\$598,173.07	\$592,935.02	\$595,554.05	3.650%	\$15,137.99	8.500%	0.3102%
340.5	Less: Current Portion of LTD	(\$224,000.00)	(\$224,000.00)	(\$224,000.00)	-1.373%	(\$5,693.71)	6.136%	-0.0842%
346.1	Long Term Debt- Investment Loan Payable Nancy Ayres	\$6,066,197.00	\$6,056,197.00	\$6,061,197.00	37.143%	\$154,065.51	7.415%	2.7541%
346.2	Long Term Debt-Investment Loan Payable ANBETH	\$4,046,593.72	\$4,046,593.72	\$4,046,593.72	24.797%	\$102,857.66	7.415%	1.8387%
		\$17,379,136.11	\$17,714,480.43	\$17,546,808.27	107.526%	\$446,010.69		7.636%
351	Capital Stock	\$6,000.00	\$6,000.00	\$6,000.00	0.037%	\$162.51		
354	Retained Earnings	(\$1,517,644.05)	(\$933,147.87)	(\$1,225,395.96)	-7.51%	(\$31,147.52)		
356	Other Comprehensive Income	(\$32,869.46)	\$15,303.67	(\$8,782.90)	-0.054%	(\$223.25)		
		(\$1,550,513.51)	(\$917,844.20)	(\$1,234,178.86)	-7.563%	(\$31,370.77)	11.34%	
	TOTAL	\$15,834,622.60	\$16,802,636.23	\$16,318,629.42	100.000%	\$414,792.33		

INDEX

\* The company provided the bill, not the debt instrument.

(A) 2% + LIBOR (4.230%)

(B) .70of 1% + LIBOR (4.230%)

(C) 2% + PRIME (5.415%)

AVERAGE RATE BASE

WATER	\$198,845.74
WASTEWATER	\$215,946.59
	\$414,792.33

WOODLANDS OF LAKE PLACID  
 AVERAGE TRIAL BALANCE  
 TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/00	STAFF ADJUSTMENTS	ADJ. NO.	ADJUSTED BALANCE 00
				DEBIT	CREDIT
	<b>1</b>				
303.10	Land & Land Rights			15,598.00	
304.00	Structures			66,428.00	
307.10	Wells and Springs			18,707.00	
309.10	Supply Mains				6,460.00
311.10	Pumping Equipment				3,000.00
320.00	Water Treatment Equipment				52,218.00
330.00	Dist. Res			32,416.00	
331.10	Trans. & Dist. Lines			107,829.00	
333.10	Services			57,693.00	
334.10	Meters & Meter Installations			42,480.00	
335.10	Hydrants			1,764.00	
336.10	Backflow Prevention Devices			854.00	-
340.10	Office Furniture & Equip.			686.00	
343.10	Tools, Shop & Garage Equip.				600.00
353.20	Land & Land Rights			16,000.00	
353.30	Land				71,112.00
354.20	Structures & Improvements				57,824.00
354.30	Improvements				392,985.69
360.20	Collection Sewers - Force			5,378.00	
361.20	Collection Sewers - Gravity			116,605.00	
362.00	Special Collection			1,040.00	
363.20	Services			108,860.00	
371.20	Pumping Equip.				5,500.00
380.00	Treat/Disp			68,622.00	
389.30	Furniture & Fixtures				76,242.00
390.30	Equipment				12,187.00
393.00	Tools			947.00	
397.30	Clubhouse - New				42,933.47
398.30	Buildings				343,146.00
108.10	Accumulated Depreciation - Water				49,566.00
108.20	Accumulated Depreciation - Wastewater				115,220.00
	CIAC WATER				204,307.00
	CIAC WASTEWATER				65,600.00
	ACC. AMORT. CIAC WATER			26,096.40	
	ACC. AMORT. CIAC WASTEW.			11,192.41	
	NON-UTILITY PROPERTY			938,606.16	
	PARTNERS EQUITY				138,900.81

THIS ENTRY IS TO ADJUST THE COMPANY TRIAL BALANCE TO THE AMOUNTS DETERMINED IN THE TRANSFER AUDIT 01-075-3-1

**2**  
**Not Used**



WOODLANDS OF LAKE PLACID  
AVERAGE TRIAL BALANCE  
TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/00	STAFF ADJUSTMENTS	ADJ. NO.	ADJUSTED BALANCE 00
	<b>3</b>				
	Depreciation Expense Water			14,868.00	
	Depreciation Expense Sewer			13,396.00	
	Accumulated Depreciation Water				14,868.00
	Accumulated Depreciation Sewer				13,396.00
	To record 2001 expense				
	<b>4</b>				
	Accumulated Amortization CIAC Water			3,204.00	
	Proprietary Capital				3,204.00
	To correct transfer audit amount based on rule for contributed plant - Beginning & Ending				
	<b>5</b>				
	Acc. Amort of CIAC Water			6,164.68	
	Acc. Amort of CIAC Wastewater			2,328.80	
	Amort Expense Water				6,164.68
	Amort Expense Wastewater				2,328.80
	To record amount expense for 2001				
	<b>6</b>				
331.00	Transmission Lines			4,573.00	
186.00	Misc. Deferred Debits			2,807.17	
334.00	Meters & Meter Installations			552.00	
620.00	Materials & Supplies - Water			587.01	
630.00	Contractual Services - Water			1,334.77	
	Acc't Receiv			112.20	
426.00	Nonutility expense			5,136.49	
	132.30	Special Deposits - Water Meters			4,573.00
	186.30	Misc. Deferred Debits - Water Permit			5,325.16
	515.10	Purchased Water - Deferred Debit			3,605.05
	515.30	Purchased Power			1,233.29
	520.30	Materials & Supplies			30.05
	581.30	Repairs & Maintenance			336.09
	To record plant, materials & supplies, Contractual services, and cash. LaGrow				
630.00	Contractual Services - Water			701.79	
	186.00	Misc. Deferred Debit			701.79
	To amortize line replacement over 4 yrs. in Acc.t 515.10				
	<b>7</b>				
630.00	Contractual Services - Water			2033.18	
730.00	Contractual Services - Wastewater			1697.42	
	531.30	Contractual Services - Professional			3,730.60
	To record accounting services				

WOODLANDS OF LAKE PLACID  
 AVERAGE TRIAL BALANCE  
 TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/00	STAFF ADJUSTMENTS	ADJ. NO.	ADJUSTED BALANCE 00
	<b>8</b>				
655.00	Water Insurance			737.37	
755.00	Wastewater Insurance			615.61	
	233.00	Payable to Affiliate Co. (Camp Florida)			1,352.98
	To record insurance				
	<b>9</b>				
426.00	Misc. Non-Utility Purchased Power			4,825.32	
615.00	Purchased Power - Water			4,079.53	
715.00	Purchased Power - Wastewater			3,421.69	
	Retained Earnings (12/00 billing)			952.47	
	515.30	Purchased Power			11,899.12
	233	Payable to Affiliate Company			1,379.89
	To record purchased power				
	<b>10</b>				
408-WATER	Taxes Other Than Income			1,075.28	
08-WASTEWATE	Taxes Other Than Income			678.17	
601.00	Salaries & Wages - Employees			14,055.99	
701.00	Salaries & Wages - Employees			8,865.00	
	536.30				22,408.63
	233.00	Payable to Affiliate Co. (Camp Florida)			2,265.81
	To record FICA & Salaries Camp Fla				
	<b>11</b>				
618.00	Chemical - Water			1,410.50	
630.00	Contractual Services - Water			3,210.00	
635.00	Lab - Water			1,404.00	
718.00	Chemical - Wastewater			3,014.17	
730.00	Contractual Services - Wastewater			3,105.00	
735.00	Lab - Wastewater			2,148.10	
	515.10	Purchased Water			6,961.61
	515.30	Purchased Power			7,330.16
	To properly record water & wastewater operation Short Utilities				

WOODLANDS OF LAKE PLACID  
AVERAGE TRIAL BALANCE  
TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/00	STAFF ADJUSTMENTS	ADJ. NO.	ADJUSTED BALANCE 00
	<b>12</b>				
675.00	Misc. Expense - Water			240.57	
775.00	Misc. Expense - Wastewater			200.90	
		233.00	Payable to affiliate company		441.47
	To record common cost Staples & BFI Trucking				
	<b>13</b>				
426.00	Misc. Nonutility Expense			301.68	
675.00	Misc. Expense - Water			10.56	
775.00	Misc. Expense - Wastewater			8.76	
		581.30	Repairs & Maintenance		321.00
	To correct Security expense Protection One				
	<b>14</b>				
675.00	Misc. Expense - Water			223.01	
775.00	Misc. Expense - Wastewater			186.18	
		233.00	Payables to Affiliate Company (Camp Fla)		409.19
	To record wireless telephone expense				
	<b>15</b>				
426.00	Misc. Nonutility Expense			1,661.34	
		540.30	Rents		1,661.34
	To remove nonutility expense				
	<b>16</b>				
426.00	Misc. Nonutility Expense			1,372.00	
675.00	Misc. Expense - Water			43.27	
775.00	Misc. Expense - Wastewater			36.13	
		554.30	Advertising		1,451.40
	To correct advertising expense				
	<b>17</b>				
675.00	Misc. Expense - Water			259.91	
775.00	Misc. Expense - Wastewater			216.99	
		233.00	Payables to Affiliate Company (Camp Florida)		40.74
		555.30	Telephone		436.16
	To record telephone expense				
	<b>18</b>				
426.00	Misc. Non-Utility			767.25	
		515.3	Purchased Power		767.25
	To remove Pugh Utility to Non-Utility Expense				

WOODLANDS OF LAKE PLACID  
 AVERAGE TRIAL BALANCE  
 TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/00	STAFF ADJUSTMENTS	ADJ. NO.	ADJUSTED BALANCE 00
	<b>19</b>				
426.00	Misc. Non-Utility			1,289.60	
	520.3	Materials & Supplies			1,289.60
	To remove non-utility materials & supplies				
	<b>20</b>				
301.00	Organization Cost - Water			414.20	
351.00	Organization - Wastewater			345.80	
426.00	Nonutility Expense			195.00	
	531.3	Contractual Services			955.00
	To record foreign representation				
408.00	Depreciation Expense - Water			10.36	-
408.00	Depreciation Expense - Wastewater			8.65	
	108	Accumulated Depreciation - Water			10.36
		Accumulated Depreciation - Wastewater			8.65
	Depreciation over 40 yrs.				
	<b>21</b>				
675.00	Misc. Expense - Water			36.05	
775.00	Misc. Expense - Wastewater			30.10	
	576.3	Bank Charges			66.15
	To correct bank charge				
	<b>22</b>				
426.00	Misc. Nonutility Expense			747.25	
	578.3	Resort Entertainment Expense			747.25
	To remove Nonutility expense				
	<b>23</b>				
675.00	Misc. Expense - Water			134.79	
775.00	Misc. Expense - Wastewater			112.53	
	579.3	Office Expense			247.32
	To record checks & billing cards				
	<b>24</b>				
675.00	Misc. Expense - Water			6.62	
775.00	Misc. Expense - Wastewater			5.53	
	580.3	Postal Expense			12.15
	To book postal expense				

WOODLANDS OF LAKE PLACID  
 AVERAGE TRIAL BALANCE  
 TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/00	STAFF ADJUSTMENTS	ADJ. NO.	ADJUSTED BALANCE 00
	<b>25</b>				
426.00	Misc. Nonutility Expense			4,111.98	
630.00	Contractual Services - water			60.00	
711.00	Sludge Removal Expense			1,683.44	
730.00	Contractual Services - Wastewater			246.80	
	581.3		Repairs & Maintenance		6,102.22
	To adjust repairs & maintenance				
	<b>26</b>				
408.00	Taxes Other Than Income - Water			1,879.20	
408.00	Taxes Other Than Income - Wastewater			1,506.06	
426.00	Misc. Nonutility Expense			303.24	
675.00	Misc. Expense - Water			195.52	
775.00	Misc. Expense - Wastewater			163.23	
	608.3		License & Permits		4,047.25
	To correct gross receipt tax				
	<b>27</b>				
426.00	Misc. Nonutility Expense			2,959.16	
	Proprietary Capital			15,294.90	
	665.1		Regulatory Commission Exp		18,254.06
	To correct Regulatory Assessment Fee prior year.				
	<b>28</b>				
675.00	Misc. Expense - Water			455.84	
775.00	Misc. Expense - Wastewater			380.56	
	Payable to associated co.				836.40
	To record postage paid by an affiliate company (193*.34)+(12*.34) No. of customers' bills & No. of bills paid by the company				
	69.70 per month times 12 months				
	<b>29</b>				
426.00	Misc. Nonutility Expense			211.14	
	916.3		Misc. Expense		211.14
	To remove nonutility expense				

WOODLANDS OF LAKE PLACID  
AVERAGE TRIAL BALANCE  
TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/00	STAFF ADJUSTMENTS	ADJ. NO.	ADJUSTED BALANCE 00
	<b>30</b>				
640.00	Rent Water			573.89	
740.00	Rent Wastewater			479.12	
	233 Payable to Affiliate Company				1,053.01
	To allocate 6% of the office space to the utility at an average annual rental rate of 8.125/sq. ft. per local real est agent.				
	<b>31</b>				
650.00	Transportation- Water			993.46	
750.00	Transportation - Wastewater			829.41	
	233 Payable to Affiliate Company				1,822.87
	To record transportation expense				
	<b>32</b>				
426.00	Misc. Nonutility Expense			20,812.41	
408 Water	Taxes Other than Income			453.79	
408 Wastewater	Taxes Other than Income			3,607.50	
	608.3 Taxes Other than Income				20,812.41
	233 Payable to Affiliate Company				4,061.29
	<b>33</b>				
401.30	Nonutility			76,602.31	
141.00	Customer Accounts Receivable			4,756.85	
	400.00 Residential Revenues - Water				49,280.00
	400.00 Commercial Revenues - water				6,547.00
	521.10 Residential - Wastewater				25,532.00
	To record revenues				
408.00	Regulatory Assessment Fee Water			633.00	
	408 Regulatory Assessment Fee WW				357.00
	233 Accounts Payable				276.00
	To record regulatory assessment fees to match revenues				
	TOTAL			<u>1,898,954.51</u>	<u>1,898,954.35</u>
	<b>Proforma adjustment</b>				
630.00	Water Operation			150.00	
730.00	Wastewater Operation			75.00	
	To Adjust increase in operation				