

ORIGINAL

040801-SU

August 29, 2005

Florida Public Service Commission
Division of Clerk and Administrative Services
Attn: Pat Brady
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RE: Vantage Oaks Development Corporation
Status of Accounting System

Dear Commission:

We are writing today to give an update to the Commission in regard to the fiscal record keeping of our utility system as related to the regulatory requirements.

As you know, our utility system was under the regulation of Okeechobee County until mid-2004. At that time we became governed by the FPSC. Due to the change in regulation we have asked U.S. Water Services to consult with us in order to accommodate the requirements of the FPSC. The Vantage Oaks Development Corporation has always maintained manual accounting records and provided disbursement information to the CPA Firm annually which, in turn, files tax forms, etc.

At this time, we are continuing with manual record keeping. The staff of U.S. Water has assisted us in establishing disbursement record keeping with proper account titles and account numbers as indicated by your regulations, and explained the need to record the addition, replacement, as well as depletion and retirement of the capital components of the utility system. Given that the Corporation also maintains other business activities along with the utility system, we also visited why it is important to maintain the utility system expense, income and investment records separate from any other business activities.

We feel we are essentially in compliance with the accounting requirements and plan to enhance that compliance with increased sophistication of the manual record keeping system, or possibly upgrading to a computerized accounting program. Automating our accounting process is not required to continue the operation of the corporation in general and putting this in place would be a direct cost related to the reporting requirements of the utility system.

I feel we are making progress at I am hopeful that this information is helpful to the Commission. Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

Print: Joe HAZELLIOS
For: Vantage Oaks Development Corporation

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COMMISSION CLERK

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