

ORIGINAL

M E M O R A N D U M

February 9, 1999

TO: DIVISION OF RECORDS AND REPORTING
FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) *a*
RE: DOCKET NO. 981221-SU - SANDALHAVEN UTILITY, INC.
AUDIT REPORT - RATE BASE
AUDIT CONTROL NO. 98-313-4-1

The above-referenced audit report is forwarded. Audit exceptions document deviations from the Uniform System of Accounts, Commission rule or order, Staff Accounting Bulletin and generally accepted accounting principles. Audit disclosures show information that may influence the decision process.

The audit was prepared using a micro computer and has been recorded on one diskette. The diskette may be reviewed using IBM compatible equipment and LOTUS 1-2-3 software. There are no confidential working papers associated with this audit.

Please forward a complete copy of this audit report to:

Sandalhaven Utility, Inc.
Robert W. Spade
6800 Placida Road
Englewood, FL 34224-8708

DNV/sp

Attachment

cc: Legal Services
Division of Auditing and Financial Analysis (Devlin/Causseaux/
File Folder)
Division of Water and Wastewater (Johnson)
Miami District Office (Welch)

Research and Regulatory Review (Harvey)
Office of Public Counsel

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FPSC-RECORDS/REPORTING



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF AUDITING AND FINANCIAL ANALYSIS
BUREAU OF AUDITING*

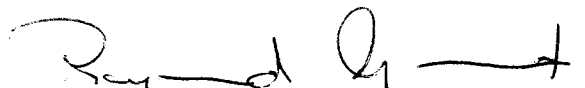
Miami District Office

SANDALHAVEN UTILITY


RATE BASE

YEAR END AUGUST 31, 1998

DOCKETED NO. 981221-SU
AUDIT CONTROL NO. 98-313-4-1



Raymond Grant, Audit Manager



Yen Ngo, Audit Staff



Kathy L. Welch, Audit Supervisor

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**DIVISION OF AUDITING AND FINANCIAL ANALYSIS
AUDITOR'S REPORT**

FEBRUARY 4, 1999

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have performed the procedures described later in this report to establish Rate Base for the historical 12-month period ended August 31, 1998, for Sandalhaven Utility.

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.

In our opinion, the schedules referred to above present fairly, in all material respects, the utility's books and records, maintained in conformity with the accounting practices prescribed by the Florida Public Service Commission. The attached findings discuss all differences and other matters which were noted during our examination.

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. The following definitions apply 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.

Verify - The item was tested for accuracy, and substantiating documentation was examined.

RATE BASE: Reviewed account balances for Utility Plant , Contribution in Aid of Construction (CIAC), accumulated depreciation, and accumulated amortization of CIAC from December 31, 1975 to August 31, 1998. Plant additions prior to 1985 were agreed to Charlotte County Rate Base schedules. Plant additions subsequent to 1985 were agreed to invoices and developers agreements. Verified ownership of land and tested the reasonableness of land recorded in the general ledger. Agreed contributed property and connection fees to developers agreements and invoices. Recalculated accumulated depreciation and accumulated amortization of CIAC for 1997 through August 31, 1998.

OTHER: Read external audit work papers and board of directors' minutes from 1993 through 1996. Looked for items related to regulatory issues.

EXCEPTIONS

Exception No. 1

Subject: Plant Additions Not Recorded

Statement of Fact: In 1991 and 1995, the company did not record plant assets totaling \$212,456 contributed by Eagle Preserve and Cape Haze Developers. The plant additions were for liftstations, lines force mains and services. The breakdown of the contributed plant based on invoices follows:

Eagle Preserve	\$109,017.25
Cape Haze	\$103,438.60
Total	<u>\$212,455.85</u>

Opinion: Staff calculations of depreciation expense and accumulated depreciation for the contributed plant assets that were not recorded is presented on the following page:

Recommendation: The following adjustments should be made to reflect the correct plant and accumulated depreciation balance.

Acct 360	Collection Force	\$31,402.50	
Acct 361	Collection Gravity	\$72,121.55	
Acct 362	Manholes	\$21,715.00	
Acct 363	Services	\$19,316.80	
Acct 371	Liftstations	\$67,900.00	
Acct 271	CIAC		\$212,455.85

To record difference between additions booked and invoice for Eagle Preserve and to record Cape Haze.

Acct 403	Depreciation Expense	\$4,429.99	
Acct 215	Retained Earnings	\$30,278.76	
Acct 108	Accum. Dep.-Force		\$3,800.33
Acct 108	Accum. Dep.-Gravity		\$11,335.22
Acct 108	Accum. Dep. Manholes		\$3,246.40
Acct 108	Accum. Dep. Services		\$3,081.74
Acct 108	Accum. Dep. Liftstation		\$13,245.06

To record accumulated depreciation on the assets above.

Continuation of Exception No.1

Accumulated Amort. - Force	\$3,800.33	
Accumulated Amort. - Gravity	\$11,335.22	
Accumulated Amort. - Manholes	\$3,246.40	
Accumulated Amort. - Services	\$3,081.74	
Accumulated Amort. - Liftstation	\$13,245.06	
Amortization Expense		\$4,429.99
Retained Earnings		\$30,278.76

To record amortization of Contribution in Aid of Construction for the above plant additions.

Company: Sandalhaven
 Title: Depreciation
 Period: TYE 1998

ACCT. NO.	ACQ YR	LIFE IN YRS	ORIGINAL COST	DEPRECIATION 1991		DEPRECIATION 1992		DEPRECIATION 1993		DEPRECIATION 1994		DEPRECIATION 1995		DEPRECIATION 1996		DEPRECIATION 1997		DEPRECIATION 1 TO 8/1998		
				EXPENSE	Accum Dep 1991	EXPENSE	Accum Dep 1992	EXPENSE	Accum Dep 1993	EXPENSE	Accum Dep 1994	EXPENSE	Accum Dep 1995	EXPENSE	Accum Dep 1996	EXPENSE	Accum Dep 1997	EXPENSE	Accum Dep 1997	EXPENSE
360 COLLECTION SEWERS-FORCE																				
1	1991	35	\$8,392.50	119.89	119.89	239.79	359.68	239.79	599.46	239.79	839.25	239.79	1,079.04	239.79	1,318.82	239.79	1,558.61	159.86	\$1,718.46	
2	1995	35	\$23,010.00									328.71	328.71	657.43	986.14	657.43	1,643.57	438.29	2,081.86	
			\$31,402.50	119.89	119.89	239.79	359.68	239.79	599.46	239.79	839.25	568.50	1,407.75	897.21	2,304.96	897.21	3,202.18	598.14	3,800.32	
361 COLLECTION SEWERS-GRAVITY																				
1	1991	35	\$42,086.95	601.24	601.24	1,202.48	1,803.73	1,202.48	3,006.21	1,202.48	4,208.70	1,202.48	5,411.18	1,202.48	6,613.66	1,202.48	7,816.15	801.66	\$8,617.80	
2	1995	35	\$30,034.60									429.07	429.07	858.13	1,287.20	858.13	2,145.33	572.09	2,717.42	
			\$72,121.55	601.24	601.24	1,202.48	1,803.73	1,202.48	3,006.21	1,202.48	4,208.70	1,631.55	5,840.25	2,060.62	7,900.86	2,060.62	9,961.48	1,373.74	11,335.22	
362 COLLECTIONS SEWER-MANHOLES																				
1	1991	35	\$11,215.00	160.21	160.21	320.43	480.64	320.43	801.07	320.43	1,121.50	320.43	1,441.93	320.43	1,762.36	320.43	2,082.79	213.62	\$2,296.40	
2	1995	35	\$10,500.00									150.00	150.00	300.00	450.00	300.00	750.00	200.00	950.00	
			\$21,715.00	160.21	160.21	320.43	480.64	320.43	801.07	320.43	1,121.50	470.43	1,591.93	620.43	2,212.36	620.43	2,832.79	413.62	3,246.40	
363 SERVICE																				
1	1991	35	\$11,672.80	166.75	166.75	333.51	500.26	333.51	833.77	333.51	1,167.28	333.51	1,500.79	333.51	1,834.30	333.51	2,167.81	222.34	\$2,390.14	
	1995	35	\$7,644.00									109.20	109.20	218.40	327.60	218.40	546.00	145.60	691.60	
			\$19,316.80	166.75	166.75	333.51	500.26	333.51	833.77	333.51	1,167.28	442.71	1,609.99	551.91	2,161.90	551.91	2,713.81	367.94	3,081.74	
371 LIFT STATIONS																				
1	1991	27	\$35,650.00	660.19	660.19	1,320.37	1,980.56	1,320.37	3,300.93	1,320.37	4,621.30	1,320.37	5,941.67	1,320.37	7,262.04	1,320.37	8,582.41	880.25	\$9,462.65	
2	1995	27	\$32,250.00									597.22	597.22	1,194.44	1,791.67	1,194.44	2,986.11	796.30	3,782.41	
			\$67,900.00	660.19	660.19	1,320.37	1,980.56	1,320.37	3,300.93	1,320.37	4,621.30	1,917.59	6,538.89	2,514.81	9,053.70	2,514.81	11,568.52	1,676.54	13,245.06	
			\$212,455.85	\$1,708.29	\$1,708.29	\$3,416.58	\$5,124.87	\$3,416.58	\$8,541.44	\$3,416.58	\$11,958.02	\$5,030.78	\$16,988.80	\$6,644.98	\$23,633.78	\$6,644.98	\$30,278.76	\$4,429.99	\$34,708.75	
Eagle Preserve Addition Not Recorded			\$109,017.25																	
Cape Haze Additions Not Recorded			\$103,438.60																	
			\$212,455.85																	

Exception No. 2

Subject: Missing Invoices For Plant Additions

Statement of Fact: The company could not provide the invoices to support the following plant additions, because these invoices were stored in a shed that was damaged by water.

Acct No.	Description	Acq Year	Cost
354	Effluent Disposal-Wildflower	1996	\$48,275.45
380	Blowers and Pumps	1986	\$33,752.05
380	Electric	1986	\$6,163.07
380	Plant Improvements	1993	\$36,251.20

Opinion: No adjustment was made to the attached rate base schedule.

Exception No. 3

Subject: Contributions in Aid of Construction (CIAC) - Connection Fees Not Recorded

Statement of Fact: The company did not record connection fees of \$1,250 received in 1995 on its CIAC schedule. The company's 1995's Cash Receipt Summary showed the collected connection fees of \$93,115. The amount recorded on the CIAC schedule was \$91,865.

Also, Order 98-1142-FOF issued in 1998 required a refund of \$28,059 in gross-up collections for 1995, because the company did not include CIAC collected on their tax return. The utility refunded CIAC of \$486 to a related construction company and \$27,573 to Cape Haze Marina. The company did not record anything to the books after December 1996. Therefore, these refunds were not booked in the General Ledger.

Opinion: The following adjustment should be made to reflect the correct CIAC balance.

(1)	Cash	\$1250.00	
	Accumulated Amortization	\$98.95	
	CIAC-Connection Fees		\$1,250.00
	Amortization Expense		\$20.83
	Retained Earnings		\$78.12
	To record connection fees received but not recorded and the amortization.		
(2)	CIAC Connection Fees	\$28,059.00	
	Cash		\$27,573.00
	Accumulated Depreciation		\$486.00
	To record connection fees refunded to the developer in 1998.		

Exception No. 4

Subject: Depreciation and Amortization

Statement of Fact: The company has not made any entries to the general ledger for 1997 and 1998.

Opinion: Staff computed depreciation and amortization using the company balances and service life. The computations are attached.

Recommendation: The following entries should be made:

(1)	Depreciation Expense		\$24,944.72
	Retained Earnings		\$37,417.07
	Acc. Dep. Structures		\$15,377.69
	Acc. Dep. Collection Force		\$3,011.87
	Acc. Dep. Collection Gravity		\$16,578.70
	Acc. Dep. Manholes		\$4,793.55
	Acc. Dep. Service		\$2,446.32
	Acc. Dep. Liftstation		\$14,332.22
	Acc. Dep. Transmission & Dist.		\$5,821.44

To record depreciation expense for 1997 and to August 31, 1998.

(2)	Account 108	Accum. Amort.-Force	\$2,673.92
	Account 108	Accum. Amort.-Gravity	\$14,662.13
	Account 108	Accum. Amort.-Manholes	\$4,325.74
	Account 108	Accum. Amort.-Services	\$2,024.32
	Account 108	Accum. Amort.-Liftstation	\$12,312.59
	Account 272	Accum. Amort-Transmission & Dist. Plant	\$27,369.03
	Account 407	Amortization Expense	\$25,347.09
	Account 215	Retained Earnings	\$38,020.64

Company: Sandalhaven Utility, Inc.
 Title: Utility Plant in Service
 Period: ty 8/31/98

ACCT. NO.	DESCRIPTION	ACQ YR	LIFE IN YRS	ORIGINAL COST	DEPRECIATION			1997 EXPENSE	ACCUM. 12/31/97	1/98 to 8/98 EXPENSE	ACCUM. 8/31/98	TOTAL EXP. 97 +98
					ACCUM. 12/31/95	1996 EXPENSE	ACCUM. 12/31/96					
351 INTANGIBLE PLANT												
	Organization	1983	5	4,986.00	4,986.00	0.00	4,986.00					0.00
	Organization	1984	5	9,960.00	9,960.00	0.00	9,960.00					0.00
	Rate Case Adj. 84	1984	5	(2,000.00)	(2,000.00)	0.00	(2,000.00)					0.00
	Organization	1984	5	4,074.63	4,074.63	0.00	4,074.63					0.00
	TOTAL INTANGIBLE PLANT			17,020.63	17,020.63	0.00	17,020.63					0.00
352 FRANCHISE COST												
		1984	5	12,478.00	12,478.00	0.00	12,478.00					0.00
	TOTAL FRANCHISE COST			12,478.00	12,478.00	0.00	12,478.00					0.00
353 LAND AND LAND RIGHTS												
		1993	N/A	225,000.00	0.00	0.00	0.00					0.00
	TOTAL LAND AND LAND RIGHTS			225,000.00	0.00	0.00	0.00					0.00
354 STRUCTURES & IMPROVEMENTS												
	Engineering	1986	27	27,540.85	10,200.31	1,020.03	11,220.34	1,020.03	12,240.37	680.02	12,920.39	1,700.05
	Slab and Piping	1986	27	50,258.95	18,614.41	1,861.44	20,475.85	1,861.44	22,337.30	1,240.96	23,578.26	3,102.40
	Wall Erection	1986	27	57,750.00	21,388.89	2,138.89	23,527.78	2,138.89	25,666.67	1,425.93	27,092.59	3,564.81
	Tanks	1986	27	4,405.85	1,631.80	163.18	1,794.98	163.18	1,958.16	108.79	2,066.95	271.97
	U.S. Mechanical Draws	1986	27	33,343.24	12,349.32	1,234.93	13,584.25	1,234.93	14,819.19	823.29	15,642.48	2,058.22
	Painting	1986	27	735.55	272.41	27.24	299.65	27.24	326.90	18.16	345.06	45.40
	Fill and Landscaping	1986	27	4,756.01	1,761.49	176.15	1,937.64	176.15	2,113.79	117.43	2,231.22	293.58
	Miscellaneous	1986	27	18,014.48	6,672.01	667.20	7,339.21	667.20	8,006.42	444.80	8,451.22	1,112.00
	Effluent Disposal-Wildflower	1993	27	4,038.22	373.91	149.56	523.47	149.56	673.04	99.71	772.75	249.27
	Effluent Disposal-Wildflower	1996	27	48,275.45	0.00	893.99	893.99	1,787.98	2,681.97	1,191.99	3,873.96	2,979.97
	TOTAL STRUCTURES & IMPROVEMENTS			249,118.60	73,264.55	8,332.63	81,597.18	9,226.61	90,823.79	6,151.08	96,974.87	15,377.69

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Company: Sandalhaven Utility, Inc.
 Title: Utility Plant in Service
 Period: ye 8/31/98

ACCT. NO.	DESCRIPTION	ACQ YR	LIFE IN YRS	ORIGINAL COST	DEPRECIATION						TOTAL EXP. 97 +98	
					ACCUM. 12/31/95	1996 EXPENSE	ACCUM. 12/31/96	1997 EXPENSE	ACCUM. 12/31/97	1/98 to 8/98 EXPENSE		ACCUM. 8/31/98
360 COLLECTION SEWERS-FORCE												
	Sandalhaven Estate-Org.	1975	35	1,997.00	1,255.21	57.06	1,312.27	57.06	1,369.32	38.04	1,407.36	95.10
	Wildflower Unit I (CIAC)	1978	35	5,500.00	2,877.19	157.14	3,034.33	157.14	3,191.48	104.76	3,296.24	261.90
	Harbortown Village (CIAC)	1985	35	21,181.50	6,354.45	605.19	6,959.64	605.19	7,564.82	403.46	7,968.28	1,008.64
	Fiddlers Green I-Org	1985	35	5,100.00	1,699.99	145.71	1,845.70	145.71	1,991.42	97.14	2,088.56	242.86
	Fiddlers Green STP Piping	1985	35	1,126.00	375.33	32.17	407.50	32.17	439.67	21.45	461.12	53.62
	1995 Retirement of F.G. STP Piping	1985	35	(1,126.00)	(375.33)	(32.17)	(407.50)	(32.17)	(439.67)	(21.45)	(461.12)	(53.62)
	Fiddlers Green II (CIAC)	1986	35	900.00	244.29	25.71	270.00	25.71	295.72	17.14	312.86	42.86
	Eagle Preserve I (CIAC)	1990	35	28,570.75	4,489.69	816.31	5,306.00	816.31	6,122.30	544.20	6,666.51	1,360.51
	Eagle Preserve IIA (CIAC)	1991	35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL COLLECTION SEWERS-FORCE			63,249.25	16,920.82	1,807.12	18,727.94	1,807.12	20,535.06	1,204.75	21,739.81	3,011.87
361 COLLECTIONS SEWERS-GRAVITY												
	Sandalhaven Estate-Org.	1975	35	34,039.00	19,199.85	972.54	20,172.39	972.54	21,144.94	648.36	21,793.30	1,620.90
	Wildflower Unit I (CIAC)	1978	35	38,776.00	17,931.01	1,107.89	19,038.90	1,107.89	20,146.78	738.59	20,885.37	1,846.48
	Wildflower Unit II (CIAC)	1979	35	19,467.00	8,519.76	556.20	9,075.96	556.20	9,632.16	370.80	10,002.96	927.00
	Wildflower Unit Cluster Phase I (CIAC)	1980	35	24,434.00	10,080.49	698.11	10,778.60	698.11	11,476.72	465.41	11,942.13	1,163.52
	Wildflower Unit Cluster Phase II (CIAC)	1981	35	7,327.00	2,838.73	209.34	3,048.07	209.34	3,257.42	139.56	3,396.98	348.90
	Wildflower Unit III (CIAC)	1982	35	8,534.00	3,092.50	243.83	3,336.33	243.83	3,580.16	162.55	3,742.71	406.38
	Sandalhaven Estates-Unit II (CIAC)	1983	35	3,786.00	1,278.50	108.17	1,386.67	108.17	1,494.84	72.11	1,566.96	180.29
	Fiddlers Green	1985	35	6,209.00	1,862.72	177.40	2,040.12	177.40	2,217.52	118.27	2,335.79	295.67
	Harbortown Village (CIAC)	1985	35	27,121.00	8,136.30	774.89	8,911.19	774.89	9,686.07	516.59	10,202.66	1,291.48
	Fiddlers Green II (CIAC)	1986	35	20,719.00	5,623.73	591.97	6,215.70	591.97	6,807.67	394.65	7,202.32	986.62
	Sandalhaven Estates Ph. IIB (CIAC)	1989	35	23,141.50	4,297.71	661.19	4,958.90	661.19	5,620.08	440.79	6,060.87	1,101.98
	Sanctuary (CIAC)	1990	35	2,871.00	451.16	82.03	533.19	82.03	615.22	54.69	669.90	136.71
	Golden Tee (CIAC)	1990	35	35,602.50	5,594.68	1,017.21	6,611.89	1,017.21	7,629.11	678.14	8,307.25	1,695.36
	Eagle Preserve I (CIAC)	1990	35	7,940.68	1,247.82	226.88	1,474.70	226.88	1,701.57	151.25	1,852.82	378.13
	Eagle Preserve IIA (CIAC)	1991	35	22,069.00	2,837.44	630.54	3,467.98	630.54	4,098.53	420.36	4,518.89	1,050.90
	Shamrock Shores (CIAC)	1991	35	66,116.00	8,500.63	1,889.03	10,389.66	1,889.03	12,278.69	1,259.35	13,538.04	3,148.38
	TOTAL COLLECTIONS SEWERS-GRAVITY			348,152.68	101,493.03	9,947.22	111,440.25	9,947.22	121,387.47	6,631.48	128,018.95	16,578.70

Company: Sandalhaven Utility, Inc.
 Title: Utility Plant in Service
 Period: ty 8/31/98

ACCT. NO.	DESCRIPTION	ACQ YR	LIFE IN YRS	ORIGINAL COST	DEPRECIATION			1997 EXPENSE	ACCUM. 12/31/97	1/98 to 8/98 EXPENSE	ACCUM. 8/31/98	TOTAL EXP. 97 +98
					ACCUM. 12/31/95	1996 EXPENSE	ACCUM. 12/31/96					
362 COLLECTIONS SEWER-MANHOLES												
	Sandalhaven Estate-Org.	1975	35	7,839.00	5,362.16	223.97	5,586.13	223.97	5,810.10	149.31	5,959.42	373.29
	Wildflower Unit I (CIAC)	1978	35	5,087.00	2,801.53	145.34	2,946.87	145.34	3,092.22	96.90	3,189.11	242.24
	Wildflower Unit II (CIAC)	1979	35	3,547.00	1,830.85	101.34	1,932.19	101.34	2,033.54	67.56	2,101.10	168.90
	Wildflower Unit Cluster Phase I (CIAC)	1980	35	11,328.00	5,477.81	323.66	5,801.47	323.66	6,125.12	215.77	6,340.90	539.43
	Wildflower Unit Cluster Phase II (CIAC)	1981	35	4,431.00	1,995.60	126.60	2,122.20	126.60	2,248.80	84.40	2,333.20	211.00
	Wildflower Unit III (CIAC)	1982	35	3,240.00	1,350.00	92.57	1,442.57	92.57	1,535.14	61.71	1,596.86	154.29
	Sandalhaven Estates-Unit II (CIAC)	1983	35	2,242.00	859.87	64.06	923.93	64.06	987.98	42.70	1,030.69	106.76
	Fiddlers Green	1985	35	1,985.00	661.67	56.71	718.38	56.71	775.10	37.81	812.91	94.52
	Harbortown Village (CIAC)	1985	35	8,385.50	2,515.65	239.59	2,755.24	239.59	2,994.82	159.72	3,154.55	399.31
	Fiddlers Green II (CIAC)	1986	35	7,465.00	2,026.21	213.29	2,239.50	213.29	2,452.78	142.19	2,594.97	355.48
	Sandalhaven Estates Ph. IIB (CIAC)	1989	35	7,840.00	1,456.00	224.00	1,680.00	224.00	1,904.00	149.33	2,053.33	373.33
	Sanctuary (CIAC)	1990	35	1,500.00	235.71	42.86	278.57	42.86	321.42	28.57	350.00	71.43
	Golden Tee (CIAC)	1990	35	3,100.00	487.14	88.57	575.71	88.57	664.28	59.05	723.33	147.62
	Eagle Preserve I (CIAC)	1990	35	12,360.00	1,942.29	353.14	2,295.43	353.14	2,648.58	235.43	2,884.00	588.57
	Eagle Preserve IIA (CIAC)	1991	35	7,170.00	921.86	204.86	1,126.72	204.86	1,331.57	136.57	1,468.15	341.43
	Shamrock Shores (CIAC)	1991	35	13,145.00	1,690.07	375.57	2,065.64	375.57	2,441.21	250.38	2,691.59	625.95
	TOTAL MANHOLES			100,664.50	31,614.42	2,876.13	34,490.55	2,876.13	37,366.68	1,917.42	39,284.10	4,793.55
363 SERVICES												
	Sandalhaven Estate-Org.	1975	35	4,760.00	2,701.28	136.00	2,837.28	136.00	2,973.28	90.67	3,063.95	226.67
	Wildflower Unit I (CIAC)	1978	35	4,427.00	2,209.39	126.49	2,335.88	126.49	2,462.36	84.32	2,546.69	210.81
	Wildflower Unit II (CIAC)	1979	35	1,326.00	625.99	37.89	663.88	37.89	701.76	25.26	727.02	63.14
	Wildflower Unit Cluster Phase I (CIAC)	1980	35	3,168.00	1,406.61	90.51	1,497.12	90.51	1,587.64	60.34	1,647.98	150.86
	Wildflower Unit Cluster Phase II (CIAC)	1981	35	2,757.00	1,143.94	78.77	1,222.71	78.77	1,301.48	52.51	1,354.00	131.29
	Wildflower Unit III (CIAC)	1982	35	2,916.00	1,123.81	83.31	1,207.12	83.31	1,290.44	55.54	1,345.98	138.86
	Sandalhaven Estates-Unit II (CIAC)	1983	35	2,747.00	979.39	78.49	1,057.88	78.49	1,136.36	52.32	1,188.69	130.81
	Fiddlers Green	1985	35	4,101.91	1,289.19	117.20	1,406.39	117.20	1,523.58	78.13	1,601.72	195.33
	Harbortown Village (CIAC)	1985	35	4,375.00	1,312.50	125.00	1,437.50	125.00	1,562.50	83.33	1,645.83	208.33
	Fiddlers Green II (CIAC)	1986	35	3,180.00	863.14	90.86	954.00	90.86	1,044.85	60.57	1,105.43	151.43
	Eagle Preserve I (CIAC)	1990	35	7,227.00	1,135.67	206.49	1,342.16	206.49	1,548.64	137.66	1,686.30	344.14
	Eagle Preserve IIA (CIAC)	1991	35	3,037.80	390.57	86.79	477.36	86.79	564.16	57.86	622.02	144.66
	Shamrock Shores (CIAC)	1991	35	7,350.00	945.00	210.00	1,155.00	210.00	1,365.00	140.00	1,505.00	350.00
	TOTAL SERVICES			51,372.71	16,126.48	1,467.79	17,594.27	1,467.79	19,062.06	978.53	20,040.59	2,446.32

Company: Sandalhaven Utility, Inc.
 Title: Utility Plant in Service
 Period: ye 8/31/98

ACCT. NO.	DESCRIPTION	ACQ YR	LIFE IN YRS	ORIGINAL COST	DEPRECIATION		1997 EXPENSE	1998 to 8/98 EXPENSE	TOTAL EXP. 97 +98			
					ACCUM. 12/31/95	1996 EXPENSE				ACCUM. 12/31/96	ACCUM. 12/31/97	ACCUM. 8/31/98
371 LIFT STATIONS												
	Sandalhaven Estate-Org.	1975	27	11,715.00	9,958.56	433.89	10,392.45	433.89	10,826.34	289.26	11,115.60	723.15
	Willdflower Unit I (CIAC)	1978	27	33,000.00	21,661.27	1,222.22	22,883.49	1,222.22	24,105.71	814.81	24,920.53	2,037.04
	Fiddlers Green	1985	27	16,744.00	7,020.08	620.15	7,640.23	620.15	8,260.38	413.43	8,673.81	1,033.58
	Modifications	1985	27	4,259.00	1,530.08	157.74	1,687.82	157.74	1,845.56	105.16	1,950.72	262.90
	Harbortown Village (CIAC)	1985	27	26,000.00	10,111.11	962.96	11,074.07	962.96	12,037.04	641.98	12,679.01	1,604.94
	Fiddlers Green II (CIAC)	1986	27	29,000.00	10,203.70	1,074.07	11,277.77	1,074.07	12,351.85	716.05	13,067.90	1,790.12
	Golden Tee	1990	27	35,650.00	7,262.04	1,320.37	8,582.41	1,320.37	9,902.78	880.25	10,783.03	2,200.62
	Eagle Preserve I (CIAC)	1990	27	40,164.00	8,181.56	1,487.56	9,669.12	1,487.56	11,156.67	991.70	12,148.37	2,479.26
	Eagle Preserve IIA (CIAC)	1991	27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Shamrock Shores (CIAC)	1991	27	35,650.00	5,941.67	1,320.37	7,262.04	1,320.37	8,582.41	880.25	9,462.66	2,200.62
	TOTAL PUMPING EQUIPMENT			232,182.00	81,870.07	8,599.33	90,469.40	8,599.33	99,068.74	5,732.89	104,801.63	14,332.22
380 TREATMENT & DISPOSAL PLANT												
	Sandalhaven Estate-Org.	1975	27	68,160.00	41,069.67	2,524.44	43,594.11	2,524.44	46,118.56	1,682.96	47,801.52	4,207.41
	Fiddlers Green Plant-Org.	1985	27	41,448.00	16,272.18	1,535.11	17,807.29	1,535.11	19,342.40	1,023.41	20,365.81	2,558.52
	Blowers and Pumps	1986	27	33,752.05	15,500.96	1,250.08	16,751.04	1,250.08	18,001.11	833.38	18,834.50	2,083.46
	Electric	1986	27	6,163.07	2,830.44	228.26	3,058.70	228.26	3,286.96	152.17	3,439.14	380.44
	1994 Retirement-Sandalhaven	1975	27	(68,160.00)	(41,069.67)	(2,524.44)	(43,594.11)	(2,524.44)	(46,118.56)	(1,682.96)	(47,801.52)	(4,207.41)
	1995 Retirement-F/G Org. Plant	1986	27	(41,448.00)	(16,272.18)	(1,535.11)	(17,807.29)	(1,535.11)	(19,342.40)	(1,023.41)	(20,365.81)	(2,558.52)
	Effluent Disposal-(Wildflower)	1993	27	18,141.04	1,679.73	671.89	2,351.62	671.89	3,023.51	447.93	3,471.44	1,119.82
	Plant Improvements	1993	27	36,251.20	3,356.58	1,342.64	4,699.22	1,342.64	6,041.85	895.09	6,936.95	2,237.73
	TOTAL TREATMENT & DISPOSAL EQUIP.			94,307.36	23,367.71	3,492.87	26,860.58	3,492.87	30,353.44	2,328.58	32,682.02	5,821.44
	TOTAL UTILITY PLANT IN SERVICE			1,393,545.73	374,155.71	36,523.08	410,678.79	37,417.07	418,597.24	24,944.72	443,541.96	62,361.79

Company: Sandalhaven Utility, Inc.
 Title: CIAC
 Period: TYE 8/31/98

ACCT. NO.	DESCRIPTION	ACQ YR	LIFE IN YRS	ORIGINAL COST	AMORTIZATION			AMORTIZATION		AMORTIZATION		EXPENSE 97+98
					ACCUM. 12/31/95	1996 EXPENSE	ACCUM. 12/31/96	1997 EXPENSE	ACCUM. 12/31/97	1/ TO 8/1998 EXPENSE	ACCUM. 8/31/98	
360 COLLECTION SEWERS-FORCE												
	Wildflower Unit I (CIAC)	1978	35	5,500.00	2,877.19	157.14	3,034.33	157.14	3,191.48	104.76	3,296.24	261.90
	Harbortown Village (CIAC)	1985	35	21,181.50	6,354.45	605.19	6,959.64	605.19	7,564.82	403.46	7,968.28	1,008.64
	Fiddlers Green II (CIAC)	1986	35	900.00	244.29	25.71	270.00	25.71	295.72	17.14	312.86	42.86
	Eagle Preserve I (CIAC)	1990	35	28,570.75	4,489.69	816.31	5,306.00	816.31	6,122.30	544.20	6,666.51	1,360.51
1	Eagle Preserve IIB (CIAC)	1991	35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Cape Haze	1995	35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL COLLECTION SEWERS-FORCE			56,152.25	13,965.62	1,604.35	15,569.97	1,604.35	17,174.32	1,069.57	18,243.89	2,673.92
361 COLLECTIONS SEWERS-GRAVITY												
	Wildflower Unit I (CIAC)	1978	35	38,776.00	17,931.01	1,107.89	19,038.90	1,107.89	20,146.78	738.59	20,885.37	1,846.48
	Wildflower Unit II (CIAC)	1979	35	19,467.00	8,519.76	556.20	9,075.96	556.20	9,632.16	370.80	10,002.96	927.00
	Wildflower Unit Cluster Phase I (CIAC)	1980	35	24,434.00	10,080.49	698.11	10,778.60	698.11	11,476.72	465.41	11,942.13	1,163.52
	Wildflower Unit Cluster Phase II (CIAC)	1981	35	7,327.00	2,838.73	209.34	3,048.07	209.34	3,257.42	139.56	3,396.98	348.90
	Wildflower Unit III (CIAC)	1982	35	8,534.00	3,092.50	243.83	3,336.33	243.83	3,580.16	162.55	3,742.71	406.38
	Sandalhaven Estates-Unit II (CIAC)	1983	35	3,786.00	1,278.50	108.17	1,386.67	108.17	1,494.84	72.11	1,566.96	180.29
	Harbortown Village (CIAC)	1985	35	27,121.00	8,136.30	774.89	8,911.19	774.89	9,686.07	516.59	10,202.66	1,291.48
	Fiddlers Green II (CIAC)	1986	35	20,719.00	5,623.73	591.97	6,215.70	591.97	6,807.67	394.65	7,202.32	986.62
	Sandalhaven Estates Ph. IIB (CIAC)	1989	35	23,141.50	4,297.71	661.19	4,958.90	661.19	5,620.08	440.79	6,060.87	1,101.98
	Sanctuary (CIAC)	1990	35	2,871.00	451.16	82.03	533.19	82.03	615.22	54.69	669.90	136.71
	Golden Tee (CIAC)	1990	35	35,602.50	5,594.68	1,017.21	6,611.89	1,017.21	7,629.11	678.14	8,307.25	1,695.36
	Eagle Preserve I (CIAC)	1990	35	7,940.68	1,247.82	226.88	1,474.70	226.88	1,701.57	151.25	1,852.82	378.13
	Eagle Preserve IIA (CIAC)	1991	35	22,069.00	2,837.44	630.54	3,467.98	630.54	4,098.53	420.36	4,518.89	1,050.90
1	Eagle Preserve IIB (CIAC)	1991	35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Cape Haze	1995	35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Shamrock Shores (CIAC)	1991	35	66,116.00	8,500.63	1,889.03	10,389.66	1,889.03	12,278.69	1,259.35	13,538.04	3,148.38
	TOTAL COLLECTIONS SEWERS-GRAVITY			307,904.68	80,430.46	8,797.28	89,227.74	8,797.28	98,025.01	5,864.85	103,889.86	14,662.13

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pany: Sandalhaven Utility, Inc.
 CIAC
 d: TYE 8/31/98

CCT. NO.	DESCRIPTION	ACQ YR	LIFE IN YRS	ORIGINAL COST	AMORTIZATION			AMORTIZATION			AMORTIZATION	
					ACCUM. 12/31/95	1996 EXPENSE	ACCUM. 12/31/96	1997 EXPENSE	ACCUM. 12/31/97	1/ TO 8/1998 EXPENSE	ACCUM. 8/31/98	EXPENSE 97+98
362 COLLECTIONS SEWER-MANHOLES												
	Wildflower Unit I (CIAC)	1978	35	5,087.00	2,801.53	145.34	2,946.87	145.34	3,092.22	96.90	3,189.11	242.24
	Wildflower Unit II (CIAC)	1979	35	3,547.00	1,830.85	101.34	1,932.19	101.34	2,033.54	67.56	2,101.10	168.90
	Wildflower Unit Cluster Phase I (CIAC)	1980	35	11,328.00	5,477.81	323.66	5,801.47	323.66	6,125.12	215.77	6,340.90	539.43
	Wildflower Unit Cluster Phase II (CIAC)	1981	35	4,431.00	1,995.60	126.60	2,122.20	126.60	2,248.80	84.40	2,333.20	211.00
	Wildflower Unit III (CIAC)	1982	35	3,240.00	1,350.00	92.57	1,442.57	92.57	1,535.14	61.71	1,596.86	154.29
	Sandalhaven Estates-Unit II (CIAC)	1983	35	2,242.00	859.87	64.06	923.93	64.06	987.98	42.70	1,030.69	106.76
	Harbortown Village (CIAC)	1985	35	8,385.50	2,515.65	239.59	2,755.24	239.59	2,994.82	159.72	3,154.55	399.31
	Fiddlers Green II (CIAC)	1986	35	7,465.00	2,026.21	213.29	2,239.50	213.29	2,452.78	142.19	2,594.97	355.48
	Sandalhaven Estates Ph. IIB (CIAC)	1989	35	7,840.00	1,456.00	224.00	1,680.00	224.00	1,904.00	149.33	2,053.33	373.33
	Sanctuary (CIAC)	1990	35	1,500.00	235.71	42.86	278.57	42.86	321.42	28.57	350.00	71.43
	Golden Tee (CIAC)	1990	35	3,100.00	487.14	88.57	575.71	88.57	664.28	59.05	723.33	147.62
	Eagle Preserve I (CIAC)	1990	35	12,360.00	1,942.29	353.14	2,295.43	353.14	2,648.58	235.43	2,884.00	588.57
	Eagle Preserve IIA (CIAC)	1991	35	7,170.00	921.86	204.86	1,126.72	204.86	1,331.57	136.57	1,468.15	341.43
1	Eagle Preserve IIB (CIAC)	1991	35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Cape Haze	1995	35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Shamrock Shores (CIAC)	1991	35	13,145.00	1,690.07	375.57	2,065.64	375.57	2,441.21	250.38	2,691.59	625.95
	TOTAL MANHOLES			90,840.50	25,590.59	2,595.44	28,186.03	2,595.44	30,781.48	1,730.30	32,511.77	4,325.74
363 SERVICES												
	Wildflower Unit I (CIAC)	1978	35	4,427.00	2,209.39	126.49	2,335.88	126.49	2,462.36	84.32	2,546.69	210.81
	Wildflower Unit II (CIAC)	1979	35	1,326.00	625.99	37.89	663.88	37.89	701.76	25.26	727.02	63.14
	Wildflower Unit Cluster Phase I (CIAC)	1980	35	3,168.00	1,406.61	90.51	1,497.12	90.51	1,587.64	60.34	1,647.98	150.86
	Wildflower Unit Cluster Phase II (CIAC)	1981	35	2,757.00	1,143.94	78.77	1,222.71	78.77	1,301.48	52.51	1,354.00	131.29
	Wildflower Unit III (CIAC)	1982	35	2,916.00	1,123.81	83.31	1,207.12	83.31	1,290.44	55.54	1,345.98	138.86
	Sandalhaven Estates-Unit II (CIAC)	1983	35	2,747.00	979.39	78.49	1,057.88	78.49	1,136.36	52.32	1,188.69	130.81
	Harbortown Village (CIAC)	1985	35	4,375.00	1,312.50	125.00	1,437.50	125.00	1,562.50	83.33	1,645.83	208.33
	Fiddlers Green II (CIAC)	1986	35	3,180.00	863.14	90.86	954.00	90.86	1,044.85	60.57	1,105.43	151.43
	Eagle Preserve I (CIAC)	1990	35	7,227.00	1,135.67	206.49	1,342.16	206.49	1,548.64	137.66	1,686.30	344.14
1	Eagle Preserve IIA (CIAC)	1991	35	3,037.80	390.57	86.79	477.36	86.79	564.16	57.86	622.02	144.66
1	Eagle Preserve IIB (CIAC)	1991	35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Cape Haze	1995	35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Shamrock Shores (CIAC)	1991	35	7,350.00	945.00	210.00	1,155.00	210.00	1,365.00	140.00	1,505.00	350.00
	TOTAL SERVICES			42,510.80	12,136.01	1,214.59	13,350.60	1,214.59	14,565.20	809.73	15,374.93	2,024.32

Company: Sandalhaven Utility, Inc.
 Title: CIAC
 Period: TYE 8/31/98

ACCT. NO.	DESCRIPTION	ACQ YR	LIFE IN YRS	ORIGINAL COST	AMORTIZATION			AMORTIZATION			AMORTIZATION	
					ACCUM. 12/31/95	1996 EXPENSE	ACCUM. 12/31/96	1997 EXPENSE	ACCUM. 12/31/97	1/TO 8/1998 EXPENSE	ACCUM. 8/31/98	EXPENSE 97+98
371 LIFT STATIONS												
	Wildflower Unit I (CIAC)	1978	27	33,000.00	21,661.27	1,222.22	22,883.49	1,222.22	24,105.71	814.81	24,920.53	2,037.04
	Harbortown Village (CIAC)	1985	27	26,000.00	10,111.11	962.96	11,074.07	962.96	12,037.04	641.98	12,679.01	1,604.94
	Fiddlers Green II (CIAC)	1986	27	29,000.00	10,203.70	1,074.07	11,277.77	1,074.07	12,351.85	716.05	13,067.90	1,790.12
	Golden Tee	1990	27	35,650.00	7,262.04	1,320.37	8,582.41	1,320.37	9,902.78	880.25	10,783.03	2,200.62
	Eagle Preserve I (CIAC)	1990	27	40,164.00	8,181.56	1,487.56	9,669.12	1,487.56	11,156.67	991.70	12,148.37	2,479.26
	Eagle Preserve IA (CIAC)	1991	27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1	Eagle Preserve IIB (CIAC)	1991	27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Cape Haze	1995	27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Shamrock Shores (CIAC)	1991	27	35,650.00	5,941.67	1,320.37	7,262.04	1,320.37	8,582.41	880.25	9,462.66	2,200.62
	TOTAL PUMPING EQUIPMENT			199,464.00	63,361.35	7,387.56	70,748.91	7,387.56	78,136.46	4,925.04	83,061.50	12,312.59
380 TREATMENT & DISPOSAL PLANT												
	Meter Fees	1977	40	100.00	70.35	2.50	72.85	2.50	75.35	1.67	77.02	4.17
	Connection Fees	1977	40	500.00	351.77	12.50	364.27	12.50	376.77	8.33	385.10	20.83
	Connection Fees	1978	40	1,500.00	992.79	37.50	1,030.29	37.50	1,067.79	25.00	1,092.79	62.50
	Connection Fees	1979	40	6,000.00	3,721.19	150.00	3,871.19	150.00	4,021.19	100.00	4,121.19	250.00
	Connection Fees	1980	40	70,500.00	40,786.39	1,762.50	42,548.89	1,762.50	44,311.39	1,175.00	45,486.39	2,937.50
	Connection Fees	1981	40	21,000.00	11,274.14	525.00	11,799.14	525.00	12,324.14	350.00	12,674.14	875.00
	Connection Fees	1982	40	10,000.00	4,951.97	250.00	5,201.97	250.00	5,451.97	166.67	5,618.64	416.67
	Connection Fees	1983	40	2,000.00	907.07	50.00	957.07	50.00	1,007.07	33.33	1,040.40	83.33
	Connection Fees	1983	40	6,000.00	2,721.19	150.00	2,871.19	150.00	3,021.19	100.00	3,121.19	250.00
	Connection Fees	1984	40	4,000.00	1,647.45	100.00	1,747.45	100.00	1,847.45	66.67	1,914.12	166.67
	1994 Plant retirement	1984	40	(64,450.00)	(35,123.79)	(1,611.25)	(36,735.04)	(1,611.25)	(38,346.29)	(1,074.17)	(39,420.46)	(2,685.42)
	Connection Fees	1984	40	19,000.00	7,825.41	475.00	8,300.41	475.00	8,775.41	316.67	9,092.08	791.67
	Connection Fees	1984	40	35,500.00	14,621.16	887.50	15,508.66	887.50	16,396.16	591.67	16,987.83	1,479.17
	Connection Fees	1985	40	21,000.00	7,774.14	525.00	8,299.14	525.00	8,824.14	350.00	9,174.14	875.00
	Connection Fees	1986	40	2,000.00	657.07	50.00	707.07	50.00	757.07	33.33	790.40	83.33
	Connection Fees	1986	40	6,250.00	2,053.32	156.25	2,209.57	156.25	2,365.82	104.17	2,469.99	260.42
	Connection Fees	1986	40	108,750.00	35,727.68	2,718.75	38,446.43	2,718.75	41,165.18	1,812.50	42,977.68	4,531.25
	Connection Fees	1986	40	(23,900.00)	(7,851.88)	(597.50)	(8,449.38)	(597.50)	(9,046.88)	(398.33)	(9,445.21)	(995.83)
	Connection Fees	1987	40	5,250.00	1,506.03	131.25	1,637.28	131.25	1,768.53	87.50	1,856.03	218.75
	Connection Fees	1987	40	1,250.00	358.58	31.25	389.83	31.25	421.08	20.83	441.91	52.08
	Connection Fees	1988	40	10,500.00	2,574.57	262.50	2,837.07	262.50	3,099.57	175.00	3,274.57	437.50
	Connection Fees	1988	40	3,750.00	919.49	93.75	1,013.24	93.75	1,106.99	62.50	1,169.49	156.25
	Connection Fees	1988	40	500.00	122.60	12.50	135.10	12.50	147.60	8.33	155.93	20.83
	Connection Fees	1989	40	1,500.00	305.29	37.50	342.79	37.50	380.29	25.00	405.29	62.50
	Connection Fees	1989	40	85,000.00	17,300.08	2,125.00	19,425.08	2,125.00	21,550.08	1,416.67	22,966.75	3,541.67
	Connection Fees	1990	40	6,500.00	1,322.95	162.50	1,485.45	162.50	1,647.95	108.33	1,756.28	270.83
	Connection Fees	1990	40	10,500.00	2,137.07	262.50	2,399.57	262.50	2,662.07	175.00	2,837.07	437.50
	Connection Fees	1990	40	93,750.00	19,080.98	2,343.75	21,424.73	2,343.75	23,768.48	1,562.50	25,330.98	3,906.25
	Connection Fees	1991	40	3,000.00	423.09	75.00	498.09	75.00	573.09	50.00	623.09	125.00
	Connection Fees	1991	40	2,040.00	287.88	51.00	338.88	51.00	389.88	34.00	423.88	85.00
	Connection Fees	1991	40	6,000.00	845.69	150.00	995.69	150.00	1,145.69	100.00	1,245.69	250.00
	Connection Fees	1991	40	13,450.00	1,897.18	336.25	2,233.43	336.25	2,569.68	224.17	2,793.85	560.42
	Connection Fees	1992	40	750.00	76.75	18.75	95.50	18.75	114.25	12.50	126.75	31.25
	Connection Fees	1992	40	20,400.00	2,087.74	510.00	2,597.74	510.00	3,107.74	340.00	3,447.74	850.00
	Connection Fees	1992	40	6,250.00	639.60	156.25	795.85	156.25	952.10	104.17	1,056.27	260.42
	Connection Fees	1992	40	9,153.54	615.50	228.84	844.34	228.84	1,073.18	152.56	1,225.74	381.40
	Connection Fees	1993	40	3,000.00	201.72	75.00	276.72	75.00	351.72	50.00	401.72	125.00
	Connection Fees	1993	40	13,260.00	891.62	331.50	1,223.12	331.50	1,554.62	221.00	1,775.62	552.50
	Connection Fees	1993	40	7,500.00	504.31	187.50	691.81	187.50	879.31	125.00	1,004.31	312.50
	Connection Fees	1994	40	750.00	28.13	18.75	46.88	18.75	65.63	12.50	78.13	31.25
	Connection Fees	1994	40	17,340.00	650.25	433.50	1,083.75	433.50	1,517.25	289.00	1,806.25	722.50
	Connection Fees	1994	40	38,750.00	1,453.12	968.75	2,421.87	968.75	3,390.62	645.83	4,036.45	1,614.58
	Connection Fees	1995	40	83,640.00	1,045.50	2,091.00	3,136.50	2,091.00	5,227.50	1,394.00	6,621.50	3,485.00
	Connection Fees	1995	40	8,225.00	102.81	205.63	308.44	205.63	514.06	137.08	651.14	342.71
	1995 Plant Retirement Fiddlers Green	1995	40	(39,721.87)	(10,426.99)	(993.05)	(11,420.04)	(993.05)	(12,413.08)	(662.03)	(13,075.11)	(1,655.08)
	Connection Fees	1996	40	16,320.00	204.00	204.00	408.00	612.00	272.00	884.00	680.00	
	Connection Fees	1996	40	2,500.00	31.25	31.25	62.50	93.75	41.67	135.42	104.17	
	Total Cash Contribution			656,856.67	140,058.96	16,186.17	156,245.13	16,421.42	172,666.54	10,947.61	183,614.15	27,369.03
	TOTAL CIAC			1,353,728.90	335,542.99	37,785.39	373,328.38	38,020.64	411,349.01	25,347.09	436,696.10	63,367.73

DISCLOSURES

Disclosure No. 1

Subject: Land Valuation

Statement of Facts: The utility land was deeded to Sandalhaven Utility from Fiddlers Green Condominium Association on December 31, 1988. The owner of Fiddlers Green is one of the major stockholders of Sandalhaven Utility.

The land was appraised by Eric Strammer and Gerald Phillips (State Certified Real Estate Appraiser) on August 3, 1991 at \$225,000. The appraisers used as a comparable, vacant land located on the west side of Capri Isles Boulevard, just south of Water Avenue, north of Venice Avenue in Venice. According to real estate agents in that vicinity, Venice is located north of Englewood, and the homes and lots are significantly more expensive than in Englewood. In 1991, the company recorded the land on the general ledger at a value of \$225,000.

Staff auditors went to the Clerk of Circuit Court to verify utility ownership of the land. Staff auditors verified from Court records that the deed was recorded and that the land was transferred to Sandalhaven on December 31, 1988. However, staff was unable to determine from Circuit Court records when the land was actually purchased by Fiddlers Green Condominium.

Commission Order No. 11180, issued November 4, 1982, in Docket No. 810333-S for Panamint Corporation states that "Land is recorded on the books of the utility at market value. Florida is an original cost jurisdiction and Chapter 367, Florida Statutes requires that this Commission consider the cost of the utility assets at the time those assets were dedicated to public service. The recorded value of the land was adjusted to reflect the original costs."

Opinion: The land was transferred some time after it was originally purchased by a related party requiring a determination of the value when the plant was built in 1986. Staff searched the county records for property near the utility land during that time period and obtained a deed from the Courthouse for comparable property sold in the Cape Haze subdivision on December 8, 1996. The Cape Haze subdivision is one of the subdivisions that the utility serves.

Utility Land Valuation Using Cape Haze Lot Sales in 1986 as Comparable Sale

The dimension of the lot sold was 18,750 square feet (125'*150')

Doc. Stamps on Deed	200 feet
Divided by Tax Rate	<u>\$0.50</u>
	\$400
	100 units
Sale Price	<u><u>\$40,000</u></u>

In a letter sent to Fiddlers Green Condominium from Charlotte County Property Appraisers regarding Back Assessment Notice, The County Appraisers stated that the utility land size was not 1.58 acre but 1.78 acres. Staff believes that this additional space is for the storage that was used for old cars and boats. Therefore 1.58 acres should be used.

Utility land is 1.58 acres per County Tax Records 43,560 sq. ft. = 1 acre

$$1.58 \text{ acres} \quad * \quad 43,560 \text{ sq. ft.} \quad = \\ 68,824.80 \text{ sq. ft.}$$

Calculation

Lot Sold in Cape Haze	18,750.00 sq. ft.
Divided by Utility Land	68,824.80 sq. ft.
	<u>367.07%</u>

Sale Price Cape Haze Lot	\$40,000.00
Rate-Utility Land	362.42%
	<u>\$144,968.00</u>

Lot Sales Comparison Using lot offered for sale by Fiddlers Green Reality

Fiddlers Green reality is asking \$34,000 for a building lot on Anchor Row, across from and facing the water . The dimension of the lot is 98' * 194*126*193" or approximately 21,665 sq. ft..

Utility land is 1.58 acres per County Tax Records. / 43,560 sq. ft. = 1 acre

$$1.58 \text{ acres} \quad * \quad 43,560 \text{ sq. ft.} \quad = \quad 68,824.80 \text{ sq. ft.}$$

Calculation

Utility Land	21,665.00 sq. ft.
	68,824.60 sq. ft.
	<u>313.66%</u>

Sale Price Cape Haze Lot	\$34,000.00
Rate-Utility Land	313.66%
	<u>\$106,643.00</u>

Since this is a water-front property, we would expect it to be more expensive.

Staff believes that the appraisal of the utility land for \$225,000 is overstated because the

Commission policy is that if land is transferred from an affiliate company, it should be valued at the cost to the affiliate. However, if the land is not put in service until a later time, which appears to be the case, the land should be based on comparable sales when the land was first placed into service.

Staff estimates the land value at \$144,966 using the comparison sale in the Cape Haze subdivision in 1986. The \$144,966 seems more reasonable than the \$225,000 because (1) we are comparing land sold in the same vicinity and served by the utility, and (2) it is usually less expensive when purchasing large parcels of property as opposed to a lot. No adjustment has been made to the attached rate base schedules.

Disclosure No. 2

Subject: Plant Retirement Booked to Contributions in Aid of Construction Account

Statement of Facts: In 1994 and 1995, the utility retired \$104,171.87 of plant assets. The company stated that the plant was constructed using Contributions in Aid of Construction. When the plant was retired, the company credited plant and debited accumulated depreciation. The company also recorded the plant retirements to the cash contribution account and accumulated amortization account.

A breakdown of the plant retirement recorded to CIAC cash account follows:

1994	Sandalhaven	\$64,450.00
1995	Fiddlers Green	<u>\$39,721.87</u>
Total		<u>\$104,171.87</u>

The National Association Regulatory Utility Commissioners (NARUC)-Uniform System of Accounts, accounting instructions states that “when utility plant constituting an operating unit or system is sold, conveyed, or transferred to another by sale, merger, consolidation, or otherwise, the book cost of the property sold or transferred to another shall be credited to the appropriate plant accounts including amounts carried with respect thereto in accounts for accumulated depreciation and amortization ... and account 271 -Contribution In Aid Of Construction , shall be charged to such accounts and the contra entries made to account 104-Utility Plant Purchased or Sold.”

Opinion: The contributions the company refers to appear to be cash contributions. There is no indication that the actual plant was a contributed asset. Cash contributions received may have been for assets other than the plant and staff questions their removal. The NARUC instructions do not clearly delineate whether the CIAC has to be from an asset transfer or cash.

EXHIBITS

Company: Sandalhaven Utility
 Title: Rate Base
 Period: TYE 8/31/98

	1996 Company Books	Adj. To Company Books	Reference	Total
Plant In Service	\$1,168,543.73	\$212,455.85	Adj. 1	\$1,380,999.58
Land	\$225,000.00			\$225,000.00
Accumulated Depreciation	(\$410,678.79)	(\$36,513.02)	Adj. 2, 6	(\$447,191.81)
CIAC	(\$1,353,728.90)	(\$185,646.85)	Adj. 1, 3, 5	(\$1,539,375.75)
Accumulated Amortization CIAC	\$373,328.38	\$28,757.93	Adj. 4, 7, 8, 2	\$402,086.31
Total Rate Base	\$2,464.42	\$19,053.91		\$21,518.33

Company: Sandalhaven Utilities
 Title: Adjustments
 Period: TYE 1998
 Auditor: Raymond Grant
 Wp: 13
 Date: 2/1/99

1 Account	360 Collection Force	31,402.50	
Account	361 Collection Gravity	72,121.55	
Account	362 Manholes	21,715.00	
Account	363 Services	19,316.80	
Account	371 Liftstations	67,900.00	
Account	271 CIAC		212,455.85

To record differences between plant additions booked and invoice for Eagle Preserve and to record Cape Haze. see workpaper 16-2/2 and 16-2/1-1 (Exception 1)

2 Account	403 Depreciation Expense	4,429.99	
Account	215 Retained Earnings	30,278.76	
Account	108 Accum. Dep-Force		3,800.33
Account	108 Accum. Dep-Gravity		11,335.22
Account	108 Accum. Dep-Manholes		3,246.40
Account	108 Accum. Dep-Services		3,081.74
Account	108 Accum. Dep-Liftstation		13,245.06

To record Accumulated depreciation on the assets in 1 to August, 31, 1998. See workpaper 22-1 (Exception 1)

Accum. Amort.-Force	3,800.33	
Accum. Amort-Gravity	11,335.22	
Accum. Amort-Manholes	3,246.40	
Accum. Amort-Services	3,081.74	
Accum. Amort-Liftstation	13,245.06	
Amortization Expense		4,429.99
Retained Earnings		30,278.76

To record Accumulated amortization on the CIAC to August 31, 1998. (Exception 1)

3 Cash	1,250.00	
CIAC-Connection Fees		1,250.00

To record connection fees received in 1995 but was not recorded See wp 20p (Exception 3)

4 Account	108 Accum. Amort.-CIAC	46.87	
Account	215 Retained Earnings		46.87

To record amortization expense for 1995 and 1996 (Exception 3)

5 CIAC-Connection Fees	28,059.00	
Cash		27,573.00
Intercompany Receivable		486.00

To record connection fees refunded to developer See wp 22p 2 (Exception 3)

6 Depreciation Expense	24,944.72	
Retained Earnings	37,417.07	
Acc. Dep. Structures		15,377.69
Acc. Dep. Collection Force		3,011.87
Acc. Dep. Collection Gravity		16,578.70
Acc. Dep. Manholes		4,793.55
Acc. Dep. Service		2,446.32
Acc. Dep. Lift Station		14,332.22
Acc. Dep. Transmission & Dist.		5,821.44

To record depreciation expense for 1997 and to August 31, 1998. (Exception 4)

7 Account	108 Accum. Amort.-Force	2,673.92	
Account	108 Accum. Amort.-Gravity	14,662.13	
Account	108 Accum. Amort.-Manholes	4,325.74	
Account	108 Accum. Amort.-Services	2,024.32	
Account	108 Accum. Amort.-Liftstation	12,312.59	
Account	272 Accum. Amort-T & D Plant	27,369.03	
Account	407 Amortization Expense		25,347.09
Account	215 Retained Earnings		38,020.64

To record amortization for 1997 and to August 31, 1998 (Exception 4)

8 Account	108 Accum. Amort.-CIAC	52.08	
Account	403 Depreciation Expense		20.83
Account	215 Retained Earnings		31.25

To record amortization for 1997 and to August 31, 1998 for CIAC connection fee of \$1,250 Not recorded (Exception 3)

STATE OF FLORIDA

Commissioners:
JOE GARCIA, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JULIA L. JOHNSON
E. LEON JACOBS, JR.



DIVISION OF RECORDS & REPORTING
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770

Public Service Commission

February 10, 1999

Robert W. Spade, President
Sandalhaven Utility, Inc.
6800 Placida Road
Englewood, Florida 34224-8708

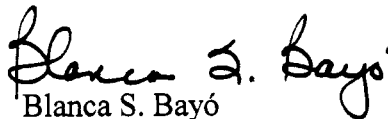
Re: Docket No. 981221 - SU - Sandalhaven Utility, Inc.
Audit Report - Rate Base
Audit Control # 98-313-4-1

Dear Mr. Spade:

The enclosed audit report is forwarded for your review. Any company response filed with this office within ten (10) work days of the above case will be forwarded for consideration by the staff analyst in the preparation of a recommendation for this case.

Thank you for your cooperation.

Sincerely,


Blanca S. Bayó

BSB/abf
Enclosure
cc: Division of Audit and Financial Analysis
Carl Wenz