

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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

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**DATE:** October 7, 2025

**TO:** Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

**FROM:** Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis 

**RE:** Docket No.: 20250088-WU  
Company Name: Sun Communities Finance LLC d/b/a Water Oak Utility  
Company Code: WS755  
Audit Purpose: A1b: Staff-Assisted Rate Case  
Audit Control No.: 2025-192-1-1

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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 a response to the Office of the Commission Clerk. There are no confidential work papers associated with this audit.

Attachment: Audit Report

Cc: Office of Auditing & Performance Analysis

**State of Florida**



**Public Service Commission**

Office of Auditing and Performance Analysis  
Bureau of Auditing

**Auditor's Report**

Sun Communities Finance LLC d/b/a Water Oak Utility  
Staff-Assisted Rate Case

**Historical Test Year Ended December 31, 2024**

Docket No. 20250088-WU  
Audit Control No. 2025-192-1-1  
**October 7, 2025**

A handwritten signature in black ink, appearing to read "K Guan", is written over a horizontal line.

Kathryn Guan  
Audit Manager

A handwritten signature in blue ink, appearing to read "Lynn M Deamer", is written over a horizontal line.

Lynn M. Deamer  
Reviewer

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## Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Accounting & Finance in its audit service request dated July 10, 2025. We have applied these procedures to the attached schedules prepared by the audit staff in support of Sun Communities Finance LLC d/b/a Water Oak Utility's request for a Staff-Assisted Rate Case in Docket No.20250088-WU.

The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definitions

Utility refers to un Communities Finance LLC d/b/a Water Oak Utility.

The test year for this proceeding is the historical twelve months ended December 31, 2024.

NARUC refers to the National Association of Regulatory Utility Commissioners.

USoA refers to the NARUC Uniform System of Accounts as adopted by Rule 25-30.115-Uniform System of Accounts for Water and Wastewater Utilities, Florida Administrative Code (F.A.C.)

#### Background

Sun Communities Finance LLC d/b/a Water Oak Utility (Water Oak or Utility) is a Class C Utility providing water service to 1,371 residential customers and 18 general service customers in Lake County. The Utility is a wholly-owned subsidiary of Asset Investors Operating Partnership, LP.

Commission Order No. PSC-1997-0034-FOF-WS, issued January 7, 1997, in Docket No. 960040-WS, established rate base as of November 30, 1993. This order also transferred the Utility certificates to Sun Communities Finance Limited Partnership from the seller. In 2000, the Utility changed the name on its certificate to Sun Communities Finance, LLC. d/b/a Water Oak Utility. Commission Order No. PSC-2020-0074-PAA-WS, issued March 12, 2020, canceled the wastewater certificate.

The Utility files a partnership tax return. The audit staff was unable to obtain the tax returns.

#### Utility Books and Records

**Objectives:** The objective was to determine whether the Utility maintains its books and records in conformity with the NARUC USoA.

**Procedures:** The Utility was only able to provide a summarized general ledger from 2022 to 2024. This general ledger did not contain balance or transactional information for UPIS, Accumulated Depreciation, CIAC, or Accumulated Amortization of CIAC. For the earlier years, audit staff utilized information and balances found within the annual reports filed with this Commission by the Utility. Support for plant additions and retirements was only available from 2017 through 2024. The general ledger provided did not always have sufficient detail. The Utility did not have all the supporting invoices for the test year for Operation and Maintenance Expenses. After several attempts the Utility was able to provide us with the billing data we needed in a format that we could develop a billing analysis. In addition, audit staff notes that accounting irregularities were observed, and the Utility has stated that these were a result of a change in the accounting system used as well as several items being incorrectly coded by company personnel.

## **Rate Base**

### **Utility Plant in Service**

**Objectives:** The objectives were to determine whether utility plant in service (UPIS): 1) Consists of property that exists and is owned by the Utility, 2) Additions are recorded at original cost, 3) Retirements are made when a replacement asset is put into service, and 4) Adjustments required in the Utility's last rate proceeding are recorded in its books and records.

**Procedures:** We reconciled the beginning balances for UPIS as of November 30, 1993 from the Commission Order No. PSC-1997-0034-FOF-SU to the Annual Report. We scheduled UPIS activity from December 31, 1998 through December 31, 2024 using Annual Reports. We traced asset additions to supporting documentation where available. Where possible, we ensured that retirements were made when an asset was removed or replaced. We determined the year-end balances and simple average balances as of December 31, 2024. See Finding 1.

### **Land & Land Rights**

**Objectives:** The objectives were to determine whether Land & Land Rights; 1) Consists of property that exists and is owned by the Utility, or held under a long term lease by the Utility; 2) review and document any changes to land since the last Commission proceeding.

**Procedures:** We reconciled the beginning balances for Land and Land Rights as of November 30, 1993 from the Commission Order No. PSC-1997-0034-FOF-SU to the Annual Report. We scheduled Land activity from December 31, 1998 through December 31, 2024 using Annual Reports. We verified that the Utility owns the land by reviewing the deed documentation. We traced additions to supporting documentation where available and we determined that the land addition was for site work in 2024. We determined the year-end balances and simple average balances as of December 31, 2024. No exceptions were noted.

### **Accumulated Depreciation**

**Objectives:** The objectives were to determine whether: 1) Adjustments to accumulated depreciation in the Utility's last rate case proceeding were recorded in its general ledger, 2) Accumulated depreciation accruals are properly recorded in compliance with Commission Rule 25-30.140-Depreciation, Florida Administrative Code (F.A.C.) and the NARUC USoA, 3) Depreciation expense accruals are calculated using the Commission's authorized rates, and 4) Retirements are properly recorded when an asset was replaced.

**Procedures:** We reconciled the beginning balances for Accumulated Depreciation for UPIS as of November 30, 1993 from the Commission Order No. PSC-1997-0034-FOF-SU to the Annual Report. We recalculated Accumulated Depreciation using our audit plant balances and depreciation rates established by Commission Rule 25-30.140 - Depreciation, F.A.C. We determined the year-end balances and simple average balances as of December 31, 2024. See Finding 2.

### Contributions-in-Aid-of-Construction

**Objectives:** The objectives were to determine whether; 1) Contributions-in-Aid-of-Construction (CIAC) is properly recorded in compliance with Commission rules and the NARUC USoA, 2) Donated property is properly accounted for as recorded as CIAC, and 3) Adjustments to CIAC in the Utility's last rate case proceeding were recorded in its general ledger.

**Procedures:** We reconciled the beginning balances for Contributions in Aids of Construction (CIAC) as of November 30, 1993 from the Commission Order No. PSC-1997-0034-FOF-SU to the Annual Report. We scheduled CIAC activity from December 31, 1998 through December 31, 2024 using Annual Reports. We determined the year-end balances and simple average balances as of December 31, 2024. No exceptions were noted.

### Accumulated Amortization of CIAC

**Objectives:** The objectives were to determine whether: 1) Accruals to accumulated amortization of CIAC are properly recorded in compliance with Commission Rule 25-30.140, F.A.C., 2) Retirements are recorded when a contributed asset was replaced, 3) Adjustments to accumulated amortization of CIAC in the utility's last rate case proceeding were recorded in its general ledger.

**Procedures:** We reconciled the beginning balances for accumulated amortization of CIAC as of November 30, 1993 from the Commission Order No. PSC-1997-0034-FOF-SU to the Annual Report. We recalculated Accumulated Amortization of CIAC using the Utility CIAC balances and depreciation rates detailed in Rule 25-30.140, F.A.C. We determined the year-end balances and simple average balances as of December 31, 2024. We note that the CIAC was fully amortized by the end of 2024. No exceptions were noted.

### Acquisition Adjustment and Accumulated Amortization of Acquisition Adjustment

**Objectives:** The objective was to determine if the utility has an authorized acquisition adjustment and calculate the Accumulated Amortization of it if applicable.

**Procedures:** We determined that the Utility does not have an authorized Acquisition Adjustment. No further work done.

### Working Capital

**Objectives:** The objective was to determine the working capital to be included in the Utility's rate base per Commission Rule 25-30.443(3), F.A.C.

**Procedures:** We calculated the Utility's working capital as of December 31, 2024, using one-eighth of operation and maintenance (O&M) expense as required by Commission Rule 25-30.433(3), F.A.C.

## Capital Structure

### Capital Structure

**Objectives:** The objectives were to determine the: 1) Components of the Utility's capital structure, 2) Cost rate for each class of capital, 3) Overall weighted cost of capital, and that 4) Components are properly recorded in compliance with the NARUC USoA.

**Procedures:** We determined that the Utility's capital structure consists of Proprietary Capital, Accrued Taxes, and Other Liabilities (Due to Parent). We recalculated the cost rate of common equity using Commission Order No. PSC-2025-0213-PAA-WS. We noted that the Utility does not collect customer deposits nor does it have an approved tariff for customer deposits. We determined the year-end Capital Structure balance and its weighted average cost as of December 31, 2024. No exceptions were noted.

## Net Operating Income

### Operating Revenue

**Objectives:** The objectives were: 1) to provide a calculation of revenues for all test year rates by class and meter size using the billing analysis; 2) to provide a schedule of customers billed or served by class and meter size for the last month of the test year; 3) to provide a schedule of test year miscellaneous service charges received by type and provide the number of connections for each type of charge; 4) to provide a billing analysis using the attached form for each class of service by meter size for all Commission approved test year tariffed rates, and 5) to provide a schedule of private fire protection service by size of connection.

**Procedures:** We obtained the billing register from the Utility, and created the billing analysis by rate class and meter size. We recalculated the revenues for historical test year ended December 31, 2024 by rate class and meter size. We scheduled the customers billed by rate class and meter size for December 2024. We confirmed that the Utility does not have any miscellaneous service charges nor does the Utility provide private fire protection service. We judgmentally selected four customer bills from February, May and July of 2024 to test that the Utility is using the tariffed rates in calculating customer bills. We also recalculated the customer bills, and traced to the billing register and the bills from the Utility. See Findings 3.

### Operation and Maintenance Expense

**Objectives:** The objectives were to determine whether O&M expense is: 1) Representative of the Utility's ongoing operations for the test year, 2) Properly recorded in the appropriate period for the correct amount, and 3) Recorded in compliance with NARUC USoA and Commission Rules.

**Procedures:** We scheduled the O&M expenses by NARUC Account numbers from the Utility's general ledger. We traced all amounts to supporting documentation where available. We requested explanations for the missing documentation. We obtained the payroll allocation methodology from the Utility, and confirmed the Utility followed the allocation methodology. See Finding 4.

### Depreciation and CIAC Amortization Expense

**Objectives:** The objectives were: 1) to verify the depreciation expense and amortization expense of the Utility was properly booked and recorded, and 2) to determine whether the appropriate test year depreciation and amortization rates have been used for test year expense and computation of net operating income for the Utility.

**Procedures:** We recalculated Depreciation Expense for the historical test year using the audit UPIS balances and the depreciation rates detailed in Rule 25-30.140, F.A.C. We obtained and confirmed the CIAC amortization expense from the Utility. See Finding 2.

### Taxes Other than Income

**Objectives:** The objective was to verify the taxes other than income (TOTI) of the Utility for the test year ended December 31, 2024.

**Procedures:** We requested support for property taxes from the Utility. We reconciled these to the general ledger and the annual report. We recalculated the regulatory assessment fees (RAF) of the Utility, and reconciled to the general ledger, RAF form, annual report and application. We scheduled the taxes other than income, and reconciled to the annual report and application of the Utility. We confirmed the payroll tax from the Utility. See Finding 5.

## Audit Findings

### **Finding 1: Utility Plant in Service**

**Audit Analysis:** Audit staff tested all the invoices of plant additions from 2017 to 2024 that the Utility was able to provide, and determined that the Utility was not properly recorded the plant additions. There are three types of concerns as following:

- 1) The Utility was not able to provide the invoice for one of the plant addition, and audit staff cannot track the invoice to the transaction of plant addition.
- 2) There were some invoices that Utility provided were non-utility, and audit staff confirmed those non-utility invoices were not booked into plant additions.
- 3) Audit staff confirmed there was a \$66,662 difference between the invoices and the testing transactions in plant additions, however, the Utility was not able to provide the explanation.

**Effect on the General Ledger:** The Utility should determine the effect on the general ledger.

**Effect on the Filing:** This is a informational finding, technical staff should determine the effect on the filling.

## Finding 2: Accumulated Depreciation and Depreciation Expense

**Audit Analysis:** Audit staff determined that the Utility did not use the appropriate depreciation rates in Accounts 301, 304, 307, 311, 330, and the Utility did not include the net salvage percentage in Accounts 341. There was a (\$39) difference of the depreciation expense and a (\$ 11,585) difference of accumulated depreciation (AD) per audit and per Utility for the historical test year ended December 31, 2024. See Table 2-1 and Table 2-2.

Table 2-1 Depreciation Expense

Account & Description	Depr. Rate per Annual Report	Depr. Rate per Audit	Depreciation Expense per Annual Report 12/31/2024	Depreciation Expense per Audit 12/31/2024	Audit Adjustment
301 Organization	3.13%	2.50%	\$ -	\$ -	\$ -
302 Franchises			\$ -	\$ -	\$ -
304 Structures & Improvements	3.03%	3.70%	\$ 6,403	\$ 7,827	\$ 1,424
305 Collecting & Impounding			\$ -	\$ -	\$ -
306 Lake, River & Other			\$ -	\$ -	\$ -
307 Wells & Springs	3.33%	3.70%	\$ 912	\$ 2,422	\$ 1,510
308 Infiltration Galleries and Tunnels			\$ -	\$ -	\$ -
309 Supply Mains	3.13%	3.13%	\$ 5,732	\$ 5,723	\$ (9)
310 Power Generation Equipment	5.88%	5.88%	\$ 9,749	\$ 8,639	\$ (1,110)
311 Pumping Equip.	6.67%	5.88%	\$ 19,466	\$ 17,168	\$ (2,298)
320 Water Treatment Equipment	14.29%	14.29%	\$ 11,690	\$ 12,714	\$ 1,024
330 Distribution Reservoirs	2.50%	2.70%	\$ 6,842	\$ 7,396	\$ 554
331 Transmission and Distribution Mains	2.50%	2.50%	\$ 8,632	\$ 8,632	\$ 0
333 Services	2.86%	2.86%	\$ 290	\$ 290	\$ (0)
334 Meters and Meter Install.	5.88%	5.88%	\$ 26,530	\$ 26,541	\$ 11
335 Hydrants	2.50%	2.50%	\$ 1,969	\$ 1,969	\$ (0)
336 Backflow Prevention Devices			\$ -	\$ -	\$ -
339 Other Plant And Miscellaneous Equip.	5.00%	5.00%	\$ 8,585	\$ 7,557	\$ (1,028)
340 Office Furniture & Equipment	6.67%	6.67%	\$ -	\$ -	\$ -
341 Trans. Equipment	16.67%	15.00%	\$ -	\$ -	\$ -
342 Stores Equipment			\$ -	\$ -	\$ -
343 Tools, Shop and Garage Equip.	6.67%	6.67%	\$ 475	\$ 358	\$ (117)
344 Lab Equipment			\$ -	\$ -	\$ -
345 Power Operated Equipment			\$ -	\$ -	\$ -
346 Communication Equipment			\$ -	\$ -	\$ -
347 Miscellaneous Equipment			\$ -	\$ -	\$ -
348 Other Tangible Plant	10.00%	10.00%	\$ -	\$ -	\$ -
<b>Total Depreciation Expense</b>			<b>\$ 107,275</b>	<b>\$ 107,236</b>	<b>\$ (39)</b>

Table 2-2 Accumulated Depreciation

<b>Account &amp; Description</b>	<b>AD of 12/31/2024 per Annual Report</b>	<b>AD of 12/31/2024 per Audit</b>	<b>Audit Adjustment</b>
301 Organization	\$ 1,350	\$ 1,350	\$ -
302 Franchises	\$ -	\$ -	\$ -
304 Structures & Improvements	\$ 37,074	\$ 44,947	\$ 7,873
305 Collecting & Impounding	\$ -	\$ -	\$ -
306 Lake, River & Other	\$ -	\$ -	\$ -
307 Wells & Springs	\$ 38,907	\$ 40,417	\$ 1,510
308 Infiltration Galleries and Tunnels	\$ -	\$ -	\$ -
309 Supply Mains	\$ 48,221	\$ 48,336	\$ 115
310 Power Generation Equipment	\$ 89,133	\$ 75,599	\$ (13,534)
311 Pumping Equip.	\$ 120,474	\$ 123,129	\$ 2,655
320 Water Treatment Equipment	\$ 94,556	\$ 73,502	\$ (21,054)
330 Distribution Reservoirs	\$ 60,367	\$ 64,753	\$ 4,386
331 Transmission and Distribution Mains	\$ 131,027	\$ 140,394	\$ 9,367
333 Services	\$ 5,957	\$ 6,016	\$ 59
334 Meters and Meter Install.	\$ 311,776	\$ 347,284	\$ 35,508
335 Hydrants	\$ 16,950	\$ 17,109	\$ 159
336 Backflow Prevention Devices	\$ -	\$ -	\$ -
339 Other Plant And Miscellaneous Equipment	\$ 46,253	\$ 43,168	\$ (3,085)
340 Office Furniture & Equipment	\$ 684	\$ 684	\$ -
341 Trans. Equipment	\$ 38,558	\$ 38,558	\$ -
342 Stores Equipment	\$ -	\$ -	\$ -
343 Tools, Shop and Garage Equipment	\$ 5,440	\$ 4,161	\$ (1,279)
344 Lab Equipment	\$ -	\$ -	\$ -
345 Power Operated Equipment	\$ 11,632	\$ 11,631	\$ (1)
346 Communication Equipment	\$ -	\$ -	\$ -
347 Miscellaneous Equipment	\$ -	\$ -	\$ -
348 Other Tangible Plant	\$ 34,264	\$ -	\$ (34,264)
<b>Total Water Accumulated Depreciation</b>	<b>\$ 1,092,623</b>	<b>\$ 1,081,038</b>	<b>\$ (11,585)</b>

**Effect on the General Ledger:** The Utility should determine the effect on the general ledger.

**Effect on the Filing:** The Utility should use the appropriate depreciation rates as shown on table 2-1. In addition, the depreciation expense should decrease \$39, and the accumulated depreciation should decrease \$11,585 for the historical test year ended December 31, 2024.

### Finding 3: Operating Revenues

**Audit Analysis:** We recalculated the billed revenues of residential customers for the historical test year ended December 31, 2024 by rate class and meter size, and reconciled to the general ledger. The billed operating revenues per general ledger was \$191,134, and the billed revenues per audit was \$166,239. Audit staff determined that there was a (\$23,571) difference of operating revenues per audit and per general ledger of the Utility.

Audit staff determined that all the general service customers of the Utility were unbilled, and were not included in the operating revenues. See Table 3-1.

Table 3-1 Operating Revenues – Including Unbilled General Service

Description	Total Amount per GL 12/31/2024	Total Amount per Audit 12/31/2024	Audit Adjustment
Residential	\$ 191,134	\$ 166,239	\$ (24,895)
General Service	\$ -	\$ 1,325	\$ 1,325
<b>Total Operating Revenues</b>	<b>\$ 191,134</b>	<b>\$ 167,564</b>	<b>\$ (23,571)</b>

**Effect on the General Ledger:** The Utility should determine the effect on the general ledger.

**Effect on the Filing:** The billed operating revenue of the Utility should decrease \$23,571 for the historical test year ended December 31, 2024.

## Finding 4: O&M Expenses

**Audit Analysis:** We recalculated the O&M expenses, and reconciled to the general ledger. We also traced all the transactions in general ledger to the supporting documentation. Audit staff determined that the O&M expenses of the Utility have the concerns as following, and see Table 4-1.

Table 4-1 O&M Expenses

NARUC Account No.	Description	Total Amount per GL 12/31/2024	Total Amount per Audit 12/31/2024	Audit Adjustment
601	Salaries and Wages	\$ 51,843	\$ 51,843	\$ -
615	Purchased Power	\$ 13,574	\$ 14,102	\$ 529
618	Chemicals	\$ 16,019	\$ 16,019	\$ -
620	Materials and Supplies	\$ 294	\$ 234	\$ (60)
630	<u>Contractual Services:</u>			
	Billing Nubs	\$ 10,785	\$ 10,785	\$ -
	Professional	\$ 95,324	\$ 79,454	\$ (15,870)
	Testing	\$ 3,629	\$ 3,629	\$ -
	Other	\$ 24,421	\$ 22,246	\$ (2,175)
675	Miscellaneous	\$ 1,001	\$ 1,001	
	<b>Total O&amp;M Expenses</b>	<b>\$ 216,889</b>	<b>\$ 199,313</b>	<b>\$ (17,576)</b>

\* Working Capital = 1/8 of the O&M expense (Rule 25-30.433(3), F.A.C.)  
= 1/8 × \$199,313 = \$ 24,914

### ▪ Salaries and Wages

The Utility records gross salaries in this account. In addition, the Utility records the employer portion of payroll taxes which should be recorded in Account 408-Taxes Other Than Income. Audit staff did not make this adjustment.

### ▪ Purchased Power

There was a \$529 differences between our recalculation and the general ledger for purchased power expense, and this was due to the incorrect formula in the supporting documentation that the Utility provided. In addition, the Utility was not able to provide the 12-month bills of each meter. Audit staff was not able to annualize the purchased power by meter, therefore audit staff did not make an adjustment.

- Materials and Supplies

The Utility was not able to provide the invoices of the two transactions with the total amount of \$60 in the expense of materials and supplies. Audit staff removed the amount of \$60 from the materials and supplies.

- Contractual Services – Professional

There were several transactions in the contractual services professional with the total amount of \$15,870 that were related to the SARC of 2023, which is not recoverable in this rate case. Audit staff removed this amount from the contractual service. In addition, there were several transactions related to EPA that totaled \$10,718. This is one-time recoverable expense and should not be included as an annual recurring expense. However we did not remove it but leave it to technical staff to determine the appropriate treatment of these costs.

- Contractual Services – Other

Audit staff confirmed there was a transaction with the amount of \$2,175 in the contractual services – other, which was related to sewer, and not recoverable in this rate case.

- Working Capital

According to the Rule 25-30.433(3), F.A.C., working capital was 1/8 of the O&M expenses, which was \$24,914.

**Effect on the General Ledger:** The Utility should determine the effect on the general ledger.

**Effect on the Filing:** The Utility should increase \$529 for the purchased power, decrease \$60 for the materials and supplies and decrease \$18,045 (\$15,870 + \$2,175) for the contractual services. In general, the Utility should decrease \$17,576 of the O&M expense for the historical test year ended December 31, 2024.

## Finding 5: Taxes Other than Income

**Audit Analysis:** The Utility collected the payroll taxes one time only, audit staff included the payroll taxes into the payroll expenses, and excluded in TOTI. Audit staff recalculated the regulatory assessment fee (RAF) of the Utility for 2024, and determined there was a \$525 difference between the audit recalculation and RAF form. In addition, the revenues on the RAF form was \$179,227, which were different from general ledger and annual report, and the Utility was not able to provide the explanation. See Table 5-1. Although the RAF amount per Utility in the table below was taken from the Utility's annual report for 2024, the actual RAF paid per the Actual RAF form filed with the PSC is \$8,065.

Table 5-1 Taxes Other than Income Taxes

Description	Amount per Annual Report 12/31/2024	Amount per Audit 12/31/2024	Audit Adjustment
Payroll Tax	\$ -	\$ -	\$ -
Property Tax	\$ 9,781	\$ 9,781	\$ -
RAF	\$ 9,398	\$ 7,540	\$ (1,858)
<b>Taxes Other than Income</b>	<b>\$ 19,179</b>	<b>\$ 17,321</b>	<b>\$ (1,858)</b>

**Effect on the General Ledger:** The Utility should determine the effect on the general ledger.

**Effect on the Filing:** The taxes other than income of the Utility should decrease by \$1,858.

## Exhibits

### **Exhibit 1: Rate Base**

**SUN COMMUNITIES FINANCE, LLC D/B/A WATER OAK UTILITY  
STAFF-ASSISTED RATE CASE  
HISTORICAL TEST YEAR ENDED DECEMBER 31, 2024  
DOCKET NO.: 20250088-WU; ACN: 2025-192-1-1  
SCHEDULE OF WATER RATE BASE**

Description	Balance Per Annual Report 12/31/2024	Audit Adjustment	Audit Finding	Balance Per Audit 12/31/2024	Simple Average
Utility Plant in Service (UPIS)	\$ 2,925,041	\$ -	1	\$ 2,925,041	\$ 2,389,353
Land and Land Rights	\$ 73,415	\$ -		\$ 73,415	\$ 38,233
Plant in Service	\$ 2,998,456	\$ -		\$ 2,998,456	\$ 2,427,585
Accumulated Depreciation (AD)	\$ (1,092,623)	\$ 23,187	2	\$ (1,069,436)	\$ (1,015,818)
Contributions in Aid of Construction (CIAC)	\$ (174,916)	\$ -		\$ (174,916)	\$ (174,916)
Accumulated Amortization of CIAC	\$ 174,916	\$ -		\$ 174,916	\$ 174,710
Working Capital	\$ -	\$ 24,914	5	\$ 24,914	\$ 24,914
<b>RATE BASE</b>	<b>\$ 1,905,833</b>	<b>\$ 48,101</b>		<b>\$ 1,953,934</b>	<b>\$ 1,436,475</b>

\* Working Capital = 1/8 of the O&M expense (Rule 25-30.433(3), F.A.C.)  
= 1/8 × \$199,313 = \$24,914

## Exhibit 2: Capital Structure

**SUN COMMUNITIES FINANCE, LLC D/B/A WATER OAK UTILITY  
STAFF-ASSISTED RATE CASE  
HISTORICAL TEST YEAR ENDED DECEMBER 31, 2024  
DOCKET NO.: 20250088-WU; ACN: 2025-192-1-1  
SCHEDULE OF CAPITAL STRUCTURE**

<b>Class of Capital</b>	<b>Balance Per Annual Report 12/31/2024</b>	<b>Balance Per Audit 12/31/2024</b>	<b>Audit Adjustment</b>	<b>Ratio</b>	<b>Cost Rate</b>	<b>Weighted Cost</b>
Long-Term Debt	\$ -	\$ -	\$ -	-	-	-
Short-Term Debt	\$ -	\$ -	\$ -	-	-	-
Preferred Stock	\$ -	\$ -	\$ -	-	-	-
Customer Deposit	\$ -	\$ -	\$ -	-	-	-
Common Equity	\$1,905,833	\$1,905,833	\$ -	100.00%	8.51%	8.51%
Investment Tax Credits	\$ -	\$ -	\$ -	-	-	-
Accumulated Deferred Taxes	\$ -	\$ -	\$ -	-	-	-
<b>Total Capital Structure</b>	<b>\$1,905,833</b>	<b>\$1,905,833</b>	<b>\$ -</b>	<b>100.00%</b>		<b>8.51%</b>

### Exhibit 3: Net Operating Income

**STAFF-ASSISTED RATE CASE  
HISTORICAL TEST YEAR ENDED DECEMBER 31, 2024  
DOCKET NO.: 20250088-WU; ACN: 2025-192-1-1  
SCHEDULE OF WATER NET OPERATING INCOME**

<b>Description</b>	<b>Amount Per GL 12/31/2024</b>	<b>Audit Adjustment</b>	<b>Audit Finding</b>	<b>Amount Per Audit 12/31/2024</b>
Operating Revenue	\$ 191,134	\$ (23,570)	3	\$ 167,564
O&M Expense	\$ 216,889	\$ (17,576)	4	\$ 199,313
Depreciation Expense	\$ 107,275	\$ (39)	2	\$ 107,236
CIAC Amortization Expense	\$ (412)	\$ -		\$ (412)
TOTI	\$ 19,179	\$ (1,858)	5	\$ 17,321
Total Operating Expenses	\$ 342,931	\$ (19,473)		\$ 323,458
<b>TOTAL NET OPERATING INCOME</b>	<b>\$ (151,797)</b>	<b>\$ (4,097)</b>		<b>\$ (155,894)</b>