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August 30, 2007

MARTIN S. FRIEDMAN, P.A.
BRIAN J. STREET

CHRISTIAN W. MARCELLI, OF COUNSEL
(LICENSED IN NEW YORK ONLY)

ROBERT M. C. ROSE, (1924-2006)

Ms. Patti Daniel
Chief Bureau of Certification
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED-FPSC
07 AUG 30 PM 4:29
COMMISSION CLERK

Re: Orange Blossom Utilities, Inc. - Docket No. 070391-WS
Our File No. 40023.01

Dear Patti:

I am writing in response to your letter dated July 31, 2007 concerning the Application of Orange Blossom Utilities, Inc. for Original Water and Wastewater Certificates. I have tried to address each of the questions that you outlined in that letter by heading and by number below:

Deficiencies - I am attaching hereto two copies of the revised map with the point of beginning now noted. I believe this should satisfy the lone deficiency noted by you in your letter.

CMP _____
COM _____
CTR _____
ECR _____
GCL _____
OPC _____
RCA _____
SCR _____
SGA _____
SEC _____
OTH Maps to ECR

1. **Are existing customers aware that you have requested authority to charge for water and wastewater service? If so, how was this information provided to them?**

OBU Response - Please refer to Exhibit "N" to the original Application whereby an Affidavit was provided noting that all property owners within the territory effected had received notice of the Application for Original Certificates. In addition, the Commission should be aware that these property owners are related to the Utility through some common ownership. Therefore, the principals of the customers are well aware of the pending Application and the contents thereof.

DOCUMENT NUMBER-DATE
07859 AUG 30 5
COMMISSION CLERK

- 2. The application contains a value for the land for the water and wastewater facilities locations as of May 2007. Provide evidence supporting the value of the land when first dedicated to public use.**

OBU Response - The property utilized by the Utility was first dedicated to the public use as a result of this Application. However, the land first became utilized for Utility purposes in December of 2005, when the Utility began providing service. Attached hereto as **Attachment 1** is an Appraisal Report commissioned by the landowner, appraising the 42 acres owned by the related party landowner at \$6.7 million in January of 2005. A total of 3.19 acres was purchased by the Utility at the pro rata per acre price equal to the amount shown on the appraisal for all of the land. The Appraisal Report is based upon raw land without improvements. The land transferred to the Utility is with improvements. The appraisal price was also estimated 12 months before service began being provided and 18 months before the Utility sought to become a public utility and as such, dedicated that property to public service. Therefore, the property value utilized in the Utility's Application is a very conservative one.

- 3. Exhibit B of the application contains the projected customer development, but does not indicate meter size for the customers or an estimated time frame for the phasing in of the additional customers. Please provide this information.**

OBU Response - The first page of Exhibit B depicts the actual number of connection by meter size that are currently served. The second page of the Exhibit shows water demand for future 42 acre development including commercial and residential type customers. The restaurants would each be served by 1-inch meters, the stores would be served by 5/8 x 3/4 inch meters, the office building would be served from a 2-inch meter, and all the residential units would be served by 5/8 x 3/4 inch meters. While no exact build out plan or schedule has been finalized at the current time, a two or three year time frame would be reasonable.

- 4. According to Exhibit H the utility plans to add a second well. Has the utility explored the possibility of an emergency interconnect with the neighboring utility? If an emergency interconnection is possible, would there be a need for a second well? If the utility plans to add a second well, the estimated costs, depreciation, and time frame associated with the second well should be provided for inclusion in the rate calculations.**

OBU Response - See the letter from the Utility's Consulting Engineer (attached as **Attachment 2** hereto) explaining why the second well is required. The second well is currently under construction and the costs thereof have now been incorporated into revised Exhibit D (tariffs), Exhibit K (rate calculations) and Exhibit L (net plant investment). I am enclosing 15 copies of all of Exhibit D that have been revised, all of Exhibit K which has been revised, and Exhibit L that has been revised in order to incorporate those changes, as part of **Attachment 2**.

- 5. The application contains information concerning the financial support of the utility by its primary shareholder. However, no information was provided regarding the terms of the repayment. Please provide this information.**

OBU Response - Nancy P. Steinmetz, President of the Utility, funded the Utility with an initial equity investment of \$742,315.75. Additional funding has been recorded as long-term debt accruing interest at 9% per annum to be paid as funds are available. The current balance in that long-term debt account is \$681,374.80 with accrued interest payable of \$96,203.14 as of July 31, 2007.

- 6. Exhibit B indicates 28,789 gpd for irrigation usage. Will the irrigation be potable or non-potable water? Will there be separate meters for irrigation?**

OBU Response - All irrigation water comes from the potable system. Currently the irrigation charged to the hotel has a separate meter for which sewer service is not to be charged. To the extent any irrigation customers added in the future requests it, they too will have the option of having a separate irrigation meter.

- 7. Exhibit K indicates that at 80% of design capacity there will be 595 and 509 factored water and wastewater ERCs, respectively. However, Exhibit B indicates there will be 357 water ERCs at buildout. Please explain the differences.**

OBU Response - The ERC and water use data used to develop the rates in Exhibit K as filed are incorrect. The original data used was from a different version of the Anticipated Water Demands very early in the projects design. As such, the rates have been redeveloped using the latest version of the Anticipated Water Demands contained in Exhibit B and are attached hereto. Billing determinants were predicated upon 80% of 357 ERC's at build out or 3,427 ERC's for the test period. The projected water usage for

billed consumption has also been revised and is predicated upon 80% of 135,939 gallons per day as indicated on the Anticipated Water Demand table.

For the wastewater rate design, it was assumed that virtually all 357 water customers (ERC's) would be wastewater customers. The wastewater revenue gallonage was revised to be based upon 80% of the 99,000 gallon per day capacity of the wastewater treatment plant.

The revised Exhibit K, which is included as part of **Attachment 2** hereto, incorporates these changes and all of the changes undertaken in order to correct the issues raised in questions 8 through 10 as well.

- 8. The estimated Residential/Commercial water demand shown on Exhibit B is 107,150 gpd or an estimated annual use of 38,754 million gallons. Exhibit H indicates that the capacity of the wastewater treatment plant is 99,000 gpd (280 services). Exhibit K page 7, which addresses prepaid service availability charges, indicates that there will be approximately 69 water and 283 wastewater ERCs at 80% of buildout. Exhibit K page 3 anticipates 7,589 million gallons of water for the year at 80% of design capacity or an estimated average demand of 20,792 gpd. Exhibit K page 5 anticipates 7,811 million gallons or an estimated average demand of 21,400 gpd. Please explain the different estimates that were used on the various exhibits.**

OBU Response - See response to question 7 and revised Exhibits D, K, and L, included as **Attachment 2** hereto.

- 9. The water gallons used to bill for wastewater for 509 ERCs is 7,811 million gallons (1,279 gallons per bill) according to Exhibit K, but only approximately 7,589 million gallons (1,063 gallons per bill) will be billed for water service. Please explain the discrepancy.**

OBU Response - See response to question 7 and revised Exhibits D, K, and L, included as **Attachment 2** hereto.

- 10. If the estimated gallons used to calculate rates in Exhibit K are changed, please recalculate the proposed base facility and gallonage charges.**

OBU Response - See response to question 7 and revised Exhibits D, K, and L, included as **Attachment 2** hereto.

11. **Please provide a copy of the 2006 tax return for Orange Blossom Utilities, Inc. and include the depreciation schedule for the water and wastewater plant items.**

OBU Response - Attached hereto as **Attachment 3** is the 2006 US Income Tax Return for Orange Blossom Utilities, Inc., including the depreciable assets of \$1.278 million at the end of the tax year, on Page 4 of Form 1120-S, as well as supporting schedules.

12. **Please explain how the utility received Department of Environmental Protection and Water Management District permits prior to receiving water and wastewater certificates from the Public Service Commission.**

OBU Response - Only utilities subject to the jurisdiction of the Florida Public Service Commission must obtain a certificate from the Commission before being issued a permit by the DEP for construction of water and wastewater facilities, or being issued a consumptive use or drilling permit by the Water Management District. Since this utility has not been and is not to this day, subject to jurisdiction by the Florida Public Service Commission, no such requirement was imposed, or could be required, by those agencies.

13. **Please provide a schedule showing the estimated contributions-in-aid-of-construction (CIAC) and amortization of CIAC for each year until the utility reaches 80% of capacity and at buildout for water and wastewater.**

OBU Response - Exhibit L to the original application has been revised not only to deal with this issue, but also to deal with the issue related to the addition of the second well. Revised Exhibit L is attached hereto as part of **Attachment 2**.

14. **What is the relationship between the utility and the developer of the requested territory?**

OBU Response - The Utility is related to the developers of the property to be served by the common ownership. Nancy P. Steinmetz, President of OBU owns L & N Land Investments, Inc., the developer of this property.

15. **The sample customer bill included in the water and wastewater tariffs does not comply with Part IV of Chapter 25-30, F.A.C., which provides that any bill not paid within 20 days of issuance must be followed by a 5 day delinquency notice before a disconnection can occur. Also, the reconnection fee shown on the sample customer bill does not agree with the miscellaneous service charges in the proposed tariff. Please provide revised sample customer bill tariff sheets.**

OBU Response - The customer bill and Tariff Sheet Nos. 20.0 (wastewater) and 22.0 (water) have been corrected to reflect that 5 days delinquency notice is required before disconnect after the bill remains unpaid for 20 days. All of the miscellaneous service charges have also been corrected on the tariffs. A detailed cost analysis for each of those miscellaneous service charges has also been provided. All of these items are attached hereto as part of **Attachment 2**. Fifteen copies are included.

16. **A review of the proposed water and wastewater sample customer bills indicates the utility wants to charge a late payment fee of \$10. Please provide a cost justification for this amount.**

OBU Response - Included as part of **Attachment 2** is a cost justification for the \$10 late payment fee.

17. **The Miscellaneous Service Charges sheet in both tariffs needs to include the late payment fee. Also, please provide a cost justification for each of the miscellaneous service charges.**

OBU Response - Miscellaneous Service Charge Tariff Sheet Nos. 15.0 (wastewater) and 16.0 (water) have been revised to reflect the corrected miscellaneous service charges

based upon the cost analysis included in **Attachment 2**. Both the tariff and the cost justification is included in **Attachment 2**.

- 18. The sample customer bills include an amount for Commercial Water Tax. Please explain and justify the inclusion of this tax.**

OBU Response - The customer bill and Tariff Sheet Nos. 20.0 (wastewater) and 22.0 (water) have been corrected in order to remove any reference to a Commercial Water Tax, as no such tax is applicable. As noted previously, fifteen copies of the revised tariff are enclosed as part of **Attachment 2**.

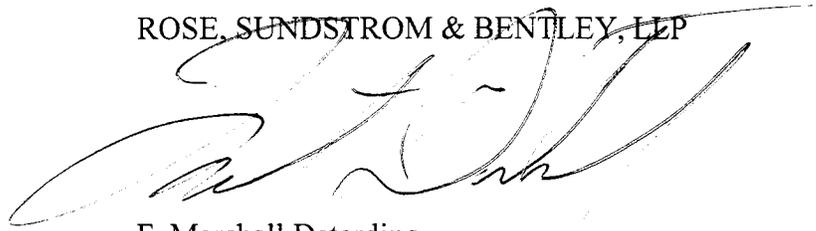
- 19. There are numerous omissions in the proposed tariffs submitted with the application. Please provide the name and telephone number of the person I may contact to discuss the corrections needed.**

OBU Response - Each of the concerns raised by the staff have been addressed in the revised Exhibit D attached hereto, and those revised tariffs should replace the original Exhibit D in its entirety.

If the staff needs anything further or has any other questions, please do not hesitate to contact me.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding

For The Firm

FMD/tms

cc: Ann Cole

VPC-42

APPRAISAL REPORT

of

Land Property at

CR 466

Lady Lake, Florida 32162

As Of:

January 24, 2005

*42 acres
Village Park Club*

Prepared For:

Ms. Nancy Steinmetz
Post Office Box 217
Lady Lake, FL 32158-0217

Prepared By:

FINK APPRAISAL SERVICES, INC.
Roland R. Fink
2 Banyan Drive
Ocala, FL 34472

EXHIBIT

1

LAND APPRAISAL REPORT

File No. CS50073
Case No. N/A

Owner STEINMETZ, Nancy Census Tract 9901 Map Reference 15/18S/23E
 Property Address CR 466
 City Lady Lake County Sumter State Florida Zip Code 32162
 Legal Description SEE ATTACHED LEGAL DESCRIPTION
 Sale Price \$ N/A Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes \$ SEE ADD (yr) Loan Charges to be paid by seller \$ N/A Other Sales Concessions N/A
 Lender/Client Ms. Nancy Steinmetz Address Post Office Box 217, Lady Lake, FL 32158-0217
 Occupant Vacant Land Appraiser Roland R. Fink Instructions to Appraiser Estimate Market Value

NEIGHBORHOOD

Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Employment Stability	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Avg.	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Built Up	<input type="checkbox"/> Over 75%	<input checked="" type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Growth Rate	<input type="checkbox"/> Fully Dev.	<input checked="" type="checkbox"/> Rapid	<input type="checkbox"/> Steady	Convenience to Shopping	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Values	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	Convenience to Schools	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand/Supply	<input checked="" type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Oversupply	Adequacy of Public Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing Time	<input type="checkbox"/> Under 3 Mos.	<input checked="" type="checkbox"/> 4-6 Mos.	<input type="checkbox"/> Over 6 Mos.	Recreational Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Present Land Use	<u>60</u> % Family	<u>1</u> % 2-4 Family	<u>0</u> % Apts	Adequacy of Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<u>1</u> % Industrial	<u>33</u> % Vacant	<u>0</u> % Condo	Property of Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Change In Present Land Use	<input type="checkbox"/> Not Likely	<input type="checkbox"/> Likely(*)	<input checked="" type="checkbox"/> Taking Place (*)	Protection from Detrimental Conditions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(*) From <u>Vacant/Agricultural</u> To <u>Residential/Comm.</u>			Police and Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Predominate Occupancy	<input checked="" type="checkbox"/> Owner	<input type="checkbox"/> Tenant	<u>0-5</u> % Vacant	General Appearance of Properties	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Price Range	\$ <u>80,000</u> to \$ <u>750,000+</u>	Predominant Value \$ <u>175,000</u>		Appeal to Market	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Age	<u>New</u> yrs to <u>20+</u> yrs.	Predominant Age <u>0-5</u> yrs						

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): The subject neighborhood includes The Villages, a large residential community with commercial support services (shopping centers, banks, restaurants, etc.). The overall neighborhood has experienced rapid growth, with very high absorption rates, along with increasing property values. The outlook for the neighborhood is for continued rapid growth, with supply & demand being in balance.

SITE

Dimensions SEE LEGAL DESCRIPTION = 42.00 Acres, More or Less Corner Lot
 Zoning Classification A-5, Agricultural; being changed to PUD/Mixed Use Present Improvements do do not conform to zoning regulations
 Highest and best use Present use Other (specify) Mixed Use Development
 Elec. Public Other (Describe) _____ OFF SITE IMPROVEMENTS Topo Generally Level; Native Grass and Scattered Tree Cover
 Gas _____ Street Access Public Private Size Larger For Commercial/PUD Sites in the Area
 Water Community Surface Asphalt Paved Shape Effectively Rectangular
 San. Sewer Community Maintenance Public Private View Vacant Commercial Land; The Villages; Glen Hollow Sub
 Undergroud Elect. & Tel. Storm Sewer Curb/Gutter Drainage Appears Adequate; *Zone C:#1202960075B (03/15/82)
 Sidewalk Street Lights Is the property located in a HUD Identified Special Flood Hazard Area? No Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions): The subject site represents a portion of an approximate 51.74-acre parcel in which the southern 9.55 acres (more or less) have been developed as a commercial park (which is presently under construction). The subject site is proposed for development as a mixed use PUD (up to 6 units/acre), and central water and sewer services will be available via package systems of the park. There are no adverse easements, encroachments, or assessments noted.

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

	SUBJECT PROPERTY	COMPARABLE NO.1		COMPARABLE NO.2		COMPARABLE NO.3	
		Address	Description	Description	Description	Description	Description
Address	CR 466 Lady Lake	US Highway 441/27 Lady Lake	US Highway 441/27 Lady Lake	US Highway 441/27 Lady Lake	6904/6952 C-466A Wildwood		
Proximity to Subject		4-3/4 Miles West East	Approx 4-1/2 Miles East	Approx 4 Miles South			
Sales Price	\$ N/A	\$ 5,850,000	\$ 3,050,000	\$ 2,000,000			
Price / Acre	N/A	\$ 139,485	\$ 172,609	\$ 102,564			
Data Source	Drive-By Inspection	OR Book 1177, Page 205	OR Book 2634, Page 702	OR Book 1194/65 & 67			
Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
	N/A	11/04 (+2.50%)	08/04 (+6.25%)	03/04 (+12.50%)			
Location	Good	Good	Good	Average			
Site/View	42.00 Acres/Good	41.94 Acres/Good	17.67 Acres/Good	19.50 Acres/Good			
Comparability	N/A	Similar	Similar	Inferior			
Sec-Twp-Rnge	15-18S-23E	17-18S-24E	08-18S-24E	03-19S-23E			
Alternate Key #	D15=005/010/012	3508670	1790506	G03=011/012			
Sales or Financing Concessions	N/A	Cash to Seller	Cash to Seller	Cash to Seller			
Net Adj.(Total)		<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 3,487	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 10,788	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 12,821			
Indicated Value of Subject		Net=0% Gross=0% \$ 142,972	Net=0% Gross=0% \$ 183,397	Net=1% Gross=1% \$ 115,385			

Comments on Market Data All three sales are recent large acreage commercial/development tracts located within the subject neighborhood. Sales 1 and 2 are considered similar to the subject, while Sale 3 is inferior as it is more removed from the rapid growth areas of The Villages and Lady Lake. Therefore, Sales 1 and 2 are emphasized herein.

Comments and Conditions of Appraisal: As this appraisal consists primarily of vacant land only, the Sales Comparison Approach is considered the sole applicable approach to value. This appraisal represents a Complete Appraisal presented within a Summary Report. It is subject to the attached Certification, Comment Addendum, and Statement of Limiting Conditions.

Final Reconciliation: As a result, the market value of the subject property is estimated at \$160,000/Acre, or \$6,700,000 (42.00 Acres of Land Area @ \$160,000/Acre, Rounded).

RECONCILIATION

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF January 24, 2005 to be \$ 6,700,000

Appraiser(s) Roland R. Fink Review Appraiser (if applicable) Did Did Not Physically Inspect Property _____
 Date Report Signed August 5, 2005 Date Report Signed _____
 State Certification # St. Cert. Gen. REA FL State Certification # _____
 Or State License St. Cert. Gen. REA RZ 0000843 State License # _____
 Expiration Date of License or Certification 11/06 Expiration Date of License or Certification _____

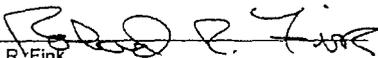
APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familiar status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraiser report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: CR 466, Lady Lake, Florida 32152

APPRAISER:

Signature: 
 Name: Roland R. Fink
 Date Signed: August 5, 2005
 State Certification #: St.Cert.Gen.REA
 or State License #: RZ 0000843
 State: FL
 Expiration Date of Certification or License: 11/06

SUPERVISORY APPRAISER (only if required)

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
 Did Did Not Inspect Property

LEGAL DESCRIPTION

The West 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and that part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and begin at the Northwest corner of the West 1/2 of the Northeast 1/4 of Section 15, Township 18 South, Range 23 East, thence South 1,332.15 feet, thence West 220.72 feet, thence North to the North Section line, thence east to the Point of Beginning, Less the North 50 feet of the East 25 feet of the Northeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East; and begin 1,142.39 feet East of the Northwest corner of Section 15, Township 18 South, Range 23 East, thence run South 1,334.50 feet; thence East 1,285.32 feet; thence North 1,332.49 feet; thence West to the Point of Beginning; all lying and being in Sumter County, Florida.

LESS AND EXCEPT THE SOUTH 9.55 ACRES

VPC-42

APPRAISAL REPORT

of

Land Property at

CR 466

Lady Lake, Florida 32162

As Of:

January 24, 2005

*42 acres
Village Park Club*

Prepared For:

Ms. Nancy Steinmetz
Post Office Box 217
Lady Lake, FL 32158-0217

Prepared By:

FINK APPRAISAL SERVICES, INC.
Roland R. Fink
2 Banyan Drive
Ocala, FL 34472

EXHIBIT

1

TABLER

LAND APPRAISAL REPORT

File No. CS50073
Case No. N/A

IDENTIFICATION

Owner STEINMETZ, Nancy Census Tract 9901 Map Reference 15/18S/23E
 Property Address CR 466
 City Lady Lake County Sumter State Florida Zip Code 32162
 Legal Description SEE ATTACHED LEGAL DESCRIPTION
 Sale Price \$ N/A Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes \$ SEE ADD (yr) Loan Charges to be paid by seller \$ N/A Other Sales Concessions N/A
 Lender/Client Ms. Nancy Steinmetz Address Post Office Box 217, Lady Lake, FL 32158-0217
 Occupant Vacant Land Appraiser Roland R. Fink Instructions to Appraiser Estimate Market Value

NEIGHBORHOOD

Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Good	<input type="checkbox"/>	Avg.	<input checked="" type="checkbox"/>	Fair	<input type="checkbox"/>	Poor	<input type="checkbox"/>
Built Up	<input type="checkbox"/> Over 75%	<input checked="" type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	Employment Stability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Growth Rate	<input type="checkbox"/> Fully Dev.	<input checked="" type="checkbox"/> Rapid	<input type="checkbox"/> Steady	Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Values	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	Convenience to Shopping	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Oversupply	Convenience to Schools	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing Time	<input type="checkbox"/> Under 3 Mos.	<input checked="" type="checkbox"/> 4-6 Mos.	<input type="checkbox"/> Over 6 Mos.	Adequacy of Public Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Present Land Use	<u>60</u> % Family	<u>1</u> % 2-4 Family	<u>0</u> % Apts	<u>0</u> % Condo	<u>5</u> % Commercial	Recreational Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Change In Present Land Use	<input type="checkbox"/> Not Likely	<input type="checkbox"/> Likely(*)	<input checked="" type="checkbox"/> Taking Place (*)	Adequacy of Utilities	Property of Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Predominate Occupancy	<input checked="" type="checkbox"/> Owner	<input type="checkbox"/> Tenant	<u>0-5</u> % Vacant	Protection from Detrimental Conditions	Police and Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Price Range	\$ <u>80,000</u> to \$ <u>750,000+</u>	Predominant Value \$ <u>175,000</u>	General Appearance of Properties	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Age	<u>New</u> yrs to <u>20+</u> yrs.	Predominant Age <u>0-5</u> yrs	Appeal to Market	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): The subject neighborhood includes The Villages, a large residential community with commercial support services (shopping centers, banks, restaurants, etc.). The overall neighborhood has experienced rapid growth, with very high absorption rates, along with increasing property values. The outlook for the neighborhood is for continued rapid growth, with supply & demand being in balance.

SITE

Dimensions SEE LEGAL DESCRIPTION = 42.00 Acres, More or Less Corner Lot
 Zoning Classification A-5, Agricultural; being changed to PUD/Mixed Use Present Improvements do not conform to zoning regulations
 Highest and best use Present use Other (specify) Mixed Use Development
 Elec. Public Other (Describe) _____ OFF SITE IMPROVEMENTS Topo Generally Level; Native Grass and Scattered Tree Cover
 Gas None Street Access Public Private Size Larger For Commercial/PUD Sites in the Area
 Water Community Surface Asphalt Paved Shape Effectively Rectangular
 San. Sewer Community Maintenance Public Private View Vacant Commercial Land; The Villages; Glen Hollow Sub
 Undergroud Elect. & Tel. Storm Sewer Curb/Gutter Drainage Appears Adequate; *Zone C; #1202960075B (03/15/82)
 Sidewalk Street Lights Is the property located in a HUD Identified Special Flood Hazard Area? No Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions): The subject site represents a portion of an approximate 51.74-acre parcel in which the southern 9.55 acres (more or less) have been developed as a commercial park (which is presently under construction). The subject site is proposed for development as a mixed use PUD (up to 6 units/acre), and central water and sewer services will be available via package systems of the park. There are no adverse easements, encroachments, or assessments noted.

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

	SUBJECT PROPERTY	COMPARABLE NO.1	COMPARABLE NO.2	COMPARABLE NO.3
Address	CR 466 Lady Lake	US Highway 441/27 Lady Lake	US Highway 441/27 Lady Lake	6904/6952 C-466A Wildwood
Proximity to Subject		4-3/4 Miles West East	Approx 4-1/2 Miles East	Approx 4 Miles South
Sales Price	\$ N/A	\$ 5,850,000	\$ 3,050,000	\$ 2,000,000
Price / Acre	\$ N/A	\$ 139,485	\$ 172,609	\$ 102,564
Data Source	Drive-By Inspection	OR Book 1177, Page 205	OR Book 2634, Page 702	OR Book 1194/65 & 67
Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION Adjustment	DESCRIPTION Adjustment	DESCRIPTION Adjustment
Location	N/A	11/04 (+2.50%) +3,487	08/04 (+6.25%) +10,788	03/04 (+12.50%) +12,821
Site/View	Good	Good	Good	Average
Comparability	42.00 Acres/Good	41.94 Acres/Good	17.67 Acres/Good	19.50 Acres/Good
Sec-Twp-Rnge	N/A	Similar	Similar	Inferior
Alternate Key #	15-18S-23E	17-18S-24E	06-18S-24E	03-19S-23E
	D15=005/010/012	3508670	1790506	G03=011/012
Sales or Financing Concessions	N/A	Cash to Seller	Cash to Seller	Cash to Seller
Net Adj. (Total)		<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 3,487	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 10,788	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 12,821
Indicated Value of Subject		Net=0% Gross=0% \$ 142,972	Net=0% Gross=0% \$ 183,397	Net=1% Gross=1% \$ 115,385

Comments on Market Data All three sales are recent large acreage commercial/development tracts located within the subject neighborhood. Sales 1 and 2 are considered similar to the subject, while Sale 3 is inferior as it is more removed from the rapid growth areas of The Villages and Lady Lake. Therefore, Sales 1 and 2 are emphasized herein.

Comments and Conditions of Appraisal: As this appraisal consists primarily of vacant land only, the Sales Comparison Approach is considered the sole applicable approach to value. This appraisal represents a Complete Appraisal presented within a Summary Report. It is subject to the attached Certification, Comment Addendum, and Statement of Limiting Conditions.

Final Reconciliation: As a result, the market value of the subject property is estimated at \$160,000/Acre, or \$6,700,000 (42.00 Acres of Land Area @ \$160,000/Acre, Rounded).

RECONCILIATION

ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF January 24, 2005 to be \$ 6,700,000

Appraiser(s) Roland R. Fink Review Appraiser (if applicable) Did Did Not Physically Inspect Property

Date Report Signed August 5, 2005 Date Report Signed _____
 State Certification # St.Cert.Gen.REA State FL State Certification # _____ State _____
 Or State License St.Cert.Gen.REA RZ 0000843 State FL Or State License # _____ State _____
 Expiration Date of License or Certification 11/06 Expiration Date of License or Certification _____

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraiser report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: CR 466, Lady Lake, Florida 32162

APPRAISER:

Signature: 
 Name: Roland R. Fink
 Date Signed: August 5, 2005
 State Certification #: St.Cert.Gen.REA
 or State License #: RZ 0000843
 State: FL
 Expiration Date of Certification or License: 11/06

SUPERVISORY APPRAISER (only if required)

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
 Did Did Not Inspect Property

LEGAL DESCRIPTION

The West 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and that part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and begin at the Northwest corner of the West 1/2 of the Northeast 1/4 of Section 15, Township 18 South, Range 23 East, thence South 1,332.15 feet, thence West 220.72 feet, thence North to the North Section line, thence east to the Point of Beginning, Less the North 50 feet of the East 25 feet of the Northeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East; and begin 1,142.39 feet East of the Northwest corner of Section 15, Township 18 South, Range 23 East, thence run South 1,334.50 feet; thence East 1,285.32 feet; thence North 1,332.49 feet; thence West to the Point of Beginning; all lying and being in Sumter County, Florida.

LESS AND EXCEPT THE SOUTH 9.55 ACRES

VPC-42

APPRAISAL REPORT

of

Land Property at

CR 466

Lady Lake, Florida 32162

As Of:

January 24, 2005

*42 acres
Village Park Club*

Prepared For:

Ms. Nancy Steinmetz
Post Office Box 217
Lady Lake, FL 32158-0217

Prepared By:

FINK APPRAISAL SERVICES, INC.
Roland R. Fink
2 Banyan Drive
Ocala, FL 34472

EXHIBIT

1

LAND APPRAISAL REPORT

File No. CS50073

Case No. N/A

IDENTIFICATION

Borrower STEINMETZ, Nancy Census Tract 9901 Map Reference 15/18S/23E
 Property Address CR 466
 City Lady Lake County Sumter State Florida Zip Code 32162
 Legal Description SEE ATTACHED LEGAL DESCRIPTION
 Sale Price \$ N/A Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes \$ SEE ADD (yr) Loan Charges to be paid by seller \$ N/A Other Sales Concessions N/A
 Lender/Client Ms. Nancy Steinmetz Address Post Office Box 217, Lady Lake, FL 32158-0217
 Occupant Vacant Land Appraiser Roland R. Fink Instructions to Appraiser Estimate Market Value

NEIGHBORHOOD

Location Urban Suburban Rural
 Built Up Over 75% 25% to 75% Under 25%
 Growth Rate Fully Dev. Rapid Steady Slow
 Property Values Increasing Stable Declining
 Demand/Supply Shortage In Balance Oversupply
 Marketing Time Under 3 Mos. 4-6 Mos. Over 6 Mos.
 Present Land Use 60 % Family 1 % 2-4 Family 0 % Apts 0 % Condo 5 % Commercial
1 % Industrial 33 % Vacant %
 Change in Present Land Use Not Likely Likely (*) Taking Place (*)
 (*) From Vacant/Agricultural To Residential/Comm.
 Predominate Occupancy Owner Tenant 0-5 % Vacant
 Single Family Price Range \$ 80,000 to \$ 750,000+ Predominate Value \$ 175,000
 Single Family Age New yrs to 20+ yrs. Predominate Age 0-5 yrs

Employment Stability	Good	Avg.	Fair	Poor
Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Shopping	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Schools	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Public Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreational Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Utilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property of Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Protection from Detrimental Conditions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Police and Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Appearance of Properties	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appeal to Market	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): The subject neighborhood includes The Villages, a large residential community with commercial support services (shopping centers, banks, restaurants, etc.). The overall neighborhood has experienced rapid growth, with very high absorption rates, along with increasing property values. The outlook for the neighborhood is for continued rapid growth, with supply & demand being in balance.

SITE

Dimensions SEE LEGAL DESCRIPTION = 42.00 Acres, More or Less Corner Lot
 Zoning Classification A-5, Agricultural; being changed to PUD/Mixed Use Present Improvements do not conform to zoning regulations
 Highest and best use Present use Other (specify) Mixed Use Development
 Public Other (Describe) _____
 Elac. Street Access Public Private
 Gas None Surface Asphalt Paved Shape Effectively Rectangular
 Water Community Maintenance Public Private View Vacant Commercial Land; The Villages; Glen Hollow Sub
 San. Sewer Community Storm Sewer Curb/Gutter Drainage Appears Adequate; *Zone C; #1202960075B (03/15/82)
 Underground Elect. & Tel. Sidewalk Street Lights Is the property located in a HUD Identified Special Flood Hazard Area? No Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions): The subject site represents a portion of an approximate 51.74-acre parcel in which the southern 9.55 acres (more or less) have been developed as a commercial park (which is presently under construction). The subject site is proposed for development as a mixed use PUD (up to 6 units/acre), and central water and sewer services will be available via package systems of the park. There are no adverse easements, encroachments, or assessments noted.

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	SUBJECT PROPERTY	COMPARABLE NO.1	COMPARABLE NO.2	COMPARABLE NO.3
Address	CR 466 Lady Lake	US Highway 441/27 Lady Lake	US Highway 441/27 Lady Lake	6904/6952 C-466A Wildwood
Proximity to Subject		4-3/4 Miles West East	Approx 4-1/2 Miles East	Approx 4 Miles South
Sales Price	\$ N/A	\$ 5,850,000	\$ 3,050,000	\$ 2,000,000
Price / Acre	\$ N/A	\$ 139,485	\$ 172,609	\$ 102,564
Data Source	Drive-By Inspection	OR Book 1177, Page 205	OR Book 2634, Page 702	OR Book 1194/65 & 67
Date of Sale and Time Adjustment	DESCRIPTION N/A	DESCRIPTION 11/04 (+2.50%) +3,487	DESCRIPTION 08/04 (+6.25%) +10,788	DESCRIPTION 03/04 (+12.50%) +12,821
Location	Good	Good	Good	Average
Site/View	42.00 Acres/Good	41.94 Acres/Good	17.67 Acres/Good	19.50 Acres/Good
Comparability	N/A	Similar	Similar	Inferior
Sec-Two-Rnge	15-18S-23E	17-18S-24E	08-18S-24E	03-19S-23E
Alternate Key #	D15=005/010/012	3508670	1790506	G03=011/012
Sales or Financing Concessions	N/A	Cash to Seller	Cash to Seller	Cash to Seller
Net Adj. (Total)		<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 3,487	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 10,788	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 12,821
Indicated Value of Subject		Net=0% Gross=0% \$ 142,972	Net=0% Gross=0% \$ 183,397	Net=1% Gross=1% \$ 115,385

Comments on Market Data: All three sales are recent large acreage commercial/development tracts located within the subject neighborhood. Sales 1 and 2 are considered similar to the subject, while Sale 3 is inferior as it is more removed from the rapid growth areas of The Villages and Lady Lake. Therefore, Sales 1 and 2 are emphasized herein.

Comments and Conditions of Appraisal: As this appraisal consists primarily of vacant land only, the Sales Comparison Approach is considered the sole applicable approach to value. This appraisal represents a Complete Appraisal presented within a Summary Report. It is subject to the attached Certification, Comment Addendum, and Statement of Limiting Conditions.

Final Reconciliation: As a result, the market value of the subject property is estimated at \$160,000/Acre, or \$6,700,000 (42.00 Acres of Land Area @ \$160,000/Acre, Rounded).

RECONCILIATION

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF January 24, 2005 to be \$ 6,700,000

Appraiser(s) Roland R. Fink Did Did Not Physically Inspect Property
 Date Report Signed August 5, 2005
 State Certification # St. Cert. Gen. REA State FL
 Or State License St. Cert. Gen. REA RZ 0000843 State FL
 Expiration Date of License or Certification 11/05

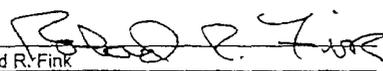
APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familiar status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraiser report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: CR 466, Lady Lake, Florida 32162

APPRAISER:

Signature: 
 Name: Roland R. Fink
 Date Signed: August 5, 2005
 State Certification #: St. Cert. Gen. REA
 or State License #: RZ 0000843
 State: FL
 Expiration Date of Certification or License: 11/06

SUPERVISORY APPRAISER (only if required)

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
 Did Did Not Inspect Property

LEGAL DESCRIPTION

The West 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and that part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and begin at the Northwest corner of the West 1/2 of the Northeast 1/4 of Section 15, Township 18 South, Range 23 East, thence South 1,332.15 feet, thence West 220.72 feet, thence North to the North Section line, thence east to the Point of Beginning, Less the North 50 feet of the East 25 feet of the Northeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East; and begin 1,142.39 feet East of the Northwest corner of Section 15, Township 18 South, Range 23 East, thence run South 1,334.50 feet; thence East 1,285.32 feet; thence North 1,332.49 feet; thence West to the Point of Beginning; all lying and being in Sumter County, Florida.

LESS AND EXCEPT THE SOUTH 9.55 ACRES

VPC-42

APPRAISAL REPORT

of

Land Property at

CR 466

Lady Lake, Florida 32162

As Of:

January 24, 2005

*42 acres
Village Park Club*

Prepared For:

Ms. Nancy Steinmetz
Post Office Box 217
Lady Lake, FL 32158-0217

Prepared By:

FINK APPRAISAL SERVICES, INC.
Roland R. Fink
2 Banyan Drive
Ocala, FL 34472



LAND APPRAISAL REPORT

File No. CS50073

Case No. N/A

Appraiser STEINMETZ, Nancy Census Tract 9901 Map Reference 1518S/23E
 Property Address CR 466
 City Lady Lake County Sumter State Florida Zip Code 32162
 Legal Description SEE ATTACHED LEGAL DESCRIPTION
 Sale Price \$ N/A Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes \$ SEE ADD (yr) Loan Charges to be paid by seller \$ N/A Other Sales Concessions N/A
 Lender/Client Ms. Nancy Steinmetz Address Post Office Box 217, Lady Lake, FL 32158-0217
 Occupant Vacant Land Appraiser Roland R. Fink Instructions to Appraiser Estimate Market Value

IDENTIFICATION
 Location Urban Suburban Rural
 Built Up Over 75% 25% to 75% Under 25%
 Growth Rate Fully Dev. Rapid Steady Slow
 Property Values Increasing Stable Declining
 Demand/Supply Shortage In Balance Oversupply
 Marketing Time Under 3 Mos. 4-6 Mos. Over 6 Mos.
 Present Land Use 60 % Family 1 % 2-4 Family 0 % Apts 0 % Condo 5 % Commercial
1 % Industrial 33 % Vacant %
 Change In Present Land Use Not Likely Likely(*) Taking Place (*)
 (*) From Vacant/Agricultural To Residential/Comm.
 Predominate Occupancy Owner Tenant 0-5 % Vacant
 Single Family Price Range \$ 80,000 to \$ 750,000+ Predominant Value \$ 175,000
 Single Family Age New yrs to 20+ yrs. Predominant Age 0-5 yrs

Employment Stability	Good	Avg.	Fair	Poor
Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Shopping	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Schools	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Public Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreational Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Utilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property of Compability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Protection from Detrimental Conditions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Police and Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Appearance of Properties	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appeal to Market	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): The subject neighborhood includes The Villages, a large residential community with commercial support services (shopping centers, banks, restaurants, etc.). The overall neighborhood has experienced rapid growth, with very high absorption rates, along with increasing property values. The outlook for the neighborhood is for continued rapid growth, with supply & demand being in balance.

NEIGHBORHOOD
 Dimensions SEE LEGAL DESCRIPTION = 42.00 Acres, More or Less Corner Lot
 Zoning Classification A-5, Agricultural; being changed to PUD/Mixed Use Present improvements do do not conform to zoning regulations
 Highest and best use Present use Other (specify) Mixed Use Development
 Public Other (Describe) _____
 Elec. OFF SITE IMPROVEMENTS Topo Generally Level; Native Grass and Scattered Tree Cover
 Street Access Public Private Size Larger For Commercial/PUD Sites in the Area
 Gas None Surface Asphalt Paved Shape Effectively Rectangular
 Water Community Maintenance Public Private View Vacant Commercial Land; The Villages; Glen Hollow Sub
 San. Sewer Community Storm Sewer Curb/Gutter Drainage Appears Adequate; *Zone C; #1202960075B (03/15/82)
 Underground Elect. & Tel. Sidewalk Street Lights Is the property located in a HUD identified Special Flood Hazard Area? No Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions): The subject site represents a portion of an approximate 51.74-acre parcel in which the southern 9.55 acres (more or less) have been developed as a commercial park (which is presently under construction). The subject site is proposed for development as a mixed use PUD (up to 8 units/acre), and central water and sewer services will be available via package systems of the park. There are no adverse easements, encroachments, or assessments noted.

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

	SUBJECT PROPERTY	COMPARABLE NO.1	COMPARABLE NO.2	COMPARABLE NO.3
Address	CR 466 Lady Lake	US Highway 441/27 Lady Lake	US Highway 441/27 Lady Lake	6904/6952 C-466A Wildwood
Proximity to Subject		4-3/4 Miles West East	Approx 4-1/2 Miles East	Approx 4 Miles South
Sales Price	\$ N/A	\$ 5,850,000	\$ 3,050,000	\$ 2,000,000
Price / Acre	\$ N/A	\$ 139,485	\$ 172,609	\$ 102,564
Data Source	Drive-By Inspection	OR Book 1177, Page 205	OR Book 2634, Page 702	OR Book 1194/65 & 67
Date of Sale and Time Adjustment	DESCRIPTION N/A	DESCRIPTION 11/04 (+2.50%) Adjustment +3,487	DESCRIPTION 08/04 (+6.25%) Adjustment +10,788	DESCRIPTION 03/04 (+12.50%) Adjustment +12,821
Location	Good	Good	Good	Average
Site/View	42.00 Acres/Good	41.94 Acres/Good	17.67 Acres/Good	19.50 Acres/Good
Comparability	N/A	Similar	Similar	Inferior
Sec-Twp-Rnge	15-18S-23E	17-18S-24E	08-18S-24E	03-19S-23E
Alternate Key #	D15=005/010/012	3508670	1790506	G03=011/012
Sales or Financing Concessions	N/A	Cash to Seller	Cash to Seller	Cash to Seller
Net Adj. (Total)		<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 3,487	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 10,788	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 12,821
Indicated Value of Subject		Net=0% Gross=0% \$ 142,972	Net=0% Gross=0% \$ 183,397	Net=1% Gross=1% \$ 115,385

Comments on Market Data All three sales are recent large acreage commercial/development tracts located within the subject neighborhood. Sales 1 and 2 are considered similar to the subject, while Sale 3 is inferior as it is more removed from the rapid growth areas of The Villages and Lady Lake. Therefore, Sales 1 and 2 are emphasized herein.

Comments and Conditions of Appraisal: As this appraisal consists primarily of vacant land only, the Sales Comparison Approach is considered the sole applicable approach to value. This appraisal represents a Complete Appraisal presented within a Summary Report. It is subject to the attached Certification, Comment Addendum, and Statement of Limiting Conditions.

Final Reconciliation: As a result, the market value of the subject property is estimated at \$160,000/Acre, or \$6,700,000 (42.00 Acres of Land Area @ \$160,000/Acre, Rounded).

RECONCILIATION
 ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF January 24, 2005 to be \$ 6,700,000
 Appraiser(s) Roland R. Fink Review Appraiser (if applicable) Did Did Not Physically
 Date Report Signed August 5, 2005 Inspect Property _____
 State Certification # St. Cert. Gen. REA State FL Date Report Signed _____
 Or State License St. Cert. Gen. REA RZ 0000843 State FL State Certification # _____
 Expiration Date of License or Certification 11/06 Expiration Date of License or Certification _____

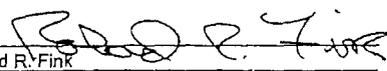
APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familiar status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraiser report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: CR 466, Lady Lake, Florida 32162

APPRAISER:

Signature: 
 Name: Roland R. Fink
 Date Signed: August 5, 2005
 State Certification #: St. Cert. Gen. REA
 or State License #: RZ 0000843
 State: FL
 Expiration Date of Certification or License: 11/06

SUPERVISORY APPRAISER (only if required)

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
 Did Did Not Inspect Property

LEGAL DESCRIPTION

The West 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and that part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and begin at the Northwest corner of the West 1/2 of the Northeast 1/4 of Section 15, Township 18 South, Range 23 East, thence South 1,332.15 feet, thence West 220.72 feet, thence North to the North Section line, thence east to the Point of Beginning, Less the North 50 feet of the East 25 feet of the Northeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East; and begin 1,142.39 feet East of the Northwest corner of Section 15, Township 18 South, Range 23 East, thence run South 1,334.50 feet; thence East 1,285.32 feet; thence North 1,332.49 feet; thence West to the Point of Beginning; all lying and being in Sumter County, Florida.

LESS AND EXCEPT THE SOUTH 9.55 ACRES

VPC-42

APPRAISAL REPORT

of

Land Property at

CR 466

Lady Lake, Florida 32162

As Of:

January 24, 2005

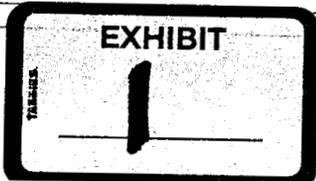
*42 acres
Village Park Club*

Prepared For:

Ms. Nancy Steinmetz
Post Office Box 217
Lady Lake, FL 32158-0217

Prepared By:

FINK APPRAISAL SERVICES, INC.
Roland R. Fink
2 Banyan Drive
Ocala, FL 34472



LAND APPRAISAL REPORT

File No. CS50073

Case No. N/A

Seller STEINMETZ, Nancy Census Tract 9901 Map Reference 15/18S/23E
 Property Address CR 466 County Sumter State Florida Zip Code 32162
 City Lady Lake
 Legal Description SEE ATTACHED LEGAL DESCRIPTION
 Sale Price \$ N/A Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes \$ SEE ADD (yr) Loan Charges to be paid by seller \$ N/A Other Sales Concessions N/A
 Lender/Client Ms. Nancy Steinmetz Address Post Office Box 217, Lady Lake, FL 32158-0217
 Occupant Vacant Land Appraiser Roland R. Fink Instructions to Appraiser Estimate Market Value

NEIGHBORHOOD
 Location Urban Suburban Rural
 Built Up Over 75% 25% to 75% Under 25%
 Growth Rate Fully Dev. Rapid Steady Slow
 Property Values Increasing Stable Declining
 Demand/Supply Shortage In Balance Oversupply
 Marketing Time Under 3 Mos. 4-6 Mos. Over 6 Mos.
 Present Land Use 60 % Family 1 % 2-4 Family 0 % Apts 0 % Condo 5 % Commercial
1 % Industrial 33 % Vacant %
 Change in Present Land Use Not Likely Likely (*) Taking Place (*)
 (*) From Vacant/Agricultural To Residential/Comm.
 Predominate Occupancy Owner Tenant 0-5 % Vacant
 Single Family Price Range \$ 80,000 to \$ 750,000+ Predominant Value \$ 175,000
 Single Family Age New yrs to 20+ yrs. Predominant Age 0-5 yrs

Employment Stability	Good	Avg.	Fair	Poor
Convenience to Employment		<input checked="" type="checkbox"/>		
Convenience to Shopping		<input checked="" type="checkbox"/>		
Convenience to Schools		<input checked="" type="checkbox"/>		
Adequacy of Public Transportation		<input checked="" type="checkbox"/>		
Recreational Facilities		<input checked="" type="checkbox"/>		
Adequacy of Utilities		<input checked="" type="checkbox"/>		
Property of Compatibility		<input checked="" type="checkbox"/>		
Protection from Detrimental Conditions		<input checked="" type="checkbox"/>		
Police and Fire Protection		<input checked="" type="checkbox"/>		
General Appearance of Properties		<input checked="" type="checkbox"/>		
Appeal to Market		<input checked="" type="checkbox"/>		

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): The subject neighborhood includes The Villages, a large residential community with commercial support services (shopping centers, banks, restaurants, etc.). The overall neighborhood has experienced rapid growth, with very high absorption rates, along with increasing property values. The outlook for the neighborhood is for continued rapid growth, with supply & demand being in balance.

Dimensions SEE LEGAL DESCRIPTION = 42.00 Acres, More or Less Corner Lot
 Zoning Classification A-5, Agricultural; being changed to PUD/Mixed Use Present Improvements do do not conform to zoning regulations
 Highest and best use Present use Other (specify) Mixed Use Development
 Elec. Public Other (Describe) _____ OFF SITE IMPROVEMENTS
 Gas _____ Street Access Public Private Topo Generally Level; Native Grass and Scattered Tree Cover
 Water Community Surface Asphalt Paved Size Larger For Commercial/PUD Sites in the Area
 San. Sewer Community Maintenance Public Private Shape Effectively Rectangular
 Underground Elect. & Tel. Storm Sewer Curb/Gutter View Vacant Commercial Land; The Villages; Glen Hollow Sub
 Sidewalk Street Lights Drainage Appears Adequate; *Zone C; #1202960075B (03/15/82)

Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions): The subject site represents a portion of an approximate 51.74-acre parcel in which the southern 9.55 acres (more or less) have been developed as a commercial park (which is presently under construction). The subject site is proposed for development as a mixed use PUD (up to 6 units/acre), and central water and sewer services will be available via package systems of the park. There are no adverse easements, encroachments, or assessments noted.

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

	SUBJECT PROPERTY	COMPARABLE NO.1	COMPARABLE NO.2	COMPARABLE NO.3
Address	CR 466 Lady Lake	US Highway 441/27 Lady Lake	US Highway 441/27 Lady Lake	6904/6952 C-465A Wildwood
Proximity to Subject		4-3/4 Miles West East	Approx 4-1/2 Miles East	Approx 4 Miles South
Sales Price	\$ N/A	\$ 5,850,000	\$ 3,050,000	\$ 2,000,000
Price / Acre	\$ N/A	\$ 139,485	\$ 172,609	\$ 102,564
Data Source	Drive-By Inspection	OR Book 1177, Page 205	OR Book 2634, Page 702	OR Book 1194/65 & 67
Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION Adjustment	DESCRIPTION Adjustment	DESCRIPTION Adjustment
Location	N/A	11/04 (+2.50%) +3,487	08/04 (+6.25%) +10,788	03/04 (+12.50%) +12,821
Site/View	Good	Good	Good	Average
Comparability	42.00 Acres/Good	41.94 Acres/Good	17.67 Acres/Good	19.50 Acres/Good
Sec-Twp-Rngge	N/A	Similar	Similar	Inferior
Alternate Key #	15-18S-23E	17-18S-24E	08-18S-24E	03-19S-23E
	D15=005/010/012	3508670	1790506	G03=011/012
Sales or Financing Concessions	N/A	Cash to Seller	Cash to Seller	Cash to Seller
Net Adj. (Total)		<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 3,487	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 10,788	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 12,821
Indicated Value of Subject		Net=0% Gross=0% \$ 142,972	Net=0% Gross=0% \$ 183,397	Net=1% Gross=1% \$ 115,385

Comments on Market Data All three sales are recent large acreage commercial/development tracts located within the subject neighborhood. Sales 1 and 2 are considered similar to the subject, while Sale 3 is inferior as it is more removed from the rapid growth areas of The Villages and Lady Lake. Therefore, Sales 1 and 2 are emphasized herein.

Comments and Conditions of Appraisal: As this appraisal consists primarily of vacant land only, the Sales Comparison Approach is considered the sole applicable approach to value. This appraisal represents a Complete Appraisal presented within a Summary Report. It is subject to the attached Certification, Comment Addendum, and Statement of Limiting Conditions.

Final Reconciliation: As a result, the market value of the subject property is estimated at \$160,000/Acre, or \$6,700,000 (42.00 Acres of Land Area @ \$160,000/Acre, Rounded).

ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF January 24, 2005 to be \$ 6,700,000
 Appraiser(s) Roland R. Fink Review Appraiser (if applicable) Did Did Not Physically Inspect Property
 Date Report Signed August 5, 2005 Date Report Signed _____
 State Certification # St.Cert.Gen.REA State FL State Certification # _____ State _____
 Or State License St.Cert.Gen.REA RZ 0000843 State FL Or State License # _____ State _____
 Expiration Date of License or Certification 11/06 Expiration Date of License or Certification _____

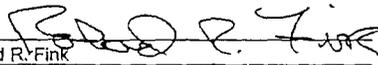
APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familiar status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraiser report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: CR 466, Lady Lake, Florida 32162

APPRAISER:

Signature: 
 Name: Roland R. Fink
 Date Signed: August 5, 2005
 State Certification #: St.Cert.Gen.REA
 or State License #: RZ 0000843
 State: FL
 Expiration Date of Certification or License: 11/06

SUPERVISORY APPRAISER (only if required)

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
 Did Did Not Inspect Property

LEGAL DESCRIPTION

The West 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and that part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and begin at the Northwest corner of the West 1/2 of the Northeast 1/4 of Section 15, Township 18 South, Range 23 East, thence South 1,332.15 feet, thence West 220.72 feet, thence North to the North Section line, thence east to the Point of Beginning, Less the North 50 feet of the East 25 feet of the Northeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East; and begin 1,142.39 feet East of the Northwest corner of Section 15, Township 18 South, Range 23 East, thence run South 1,334.50 feet; thence East 1,285.32 feet; thence North 1,332.49 feet; thence West to the Point of Beginning; all lying and being in Sumter County, Florida.

LESS AND EXCEPT THE SOUTH PASS ACRES

VPC-42

APPRAISAL REPORT

of

Land Property at

CR 466

Lady Lake, Florida 32162

As Of:

January 24, 2005

*42 acres
Village Park Club*

Prepared For:

Ms. Nancy Steinmetz
Post Office Box 217
Lady Lake, FL 32158-0217

Prepared By:

FINK APPRAISAL SERVICES, INC.
Roland R. Fink
2 Banyan Drive
Ocala, FL 34472

EXHIBIT

1

THOMAS

LAND APPRAISAL REPORT

File No. CS50073
Case No. N/A

IDENTIFICATION

Seller: STEINMETZ, Nancy Census Tract: 9901 Map Reference: 15/18S/23E
 Property Address: CR 466
 City: Lady Lake County: Sumter State: Florida Zip Code: 32162
 Legal Description: SEE ATTACHED LEGAL DESCRIPTION
 Sale Price: N/A Date of Sale: N/A Loan Term: N/A yrs. Property Rights Appraised: Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes: SEE ADD (yr) Loan Charges to be paid by seller: N/A Other Sales Concessions: N/A
 Lender/Client: Ms. Nancy Steinmetz Address: Post Office Box 217, Lady Lake, FL 32158-0217
 Occupant: Vacant Land Appraiser: Roland R. Fink Instructions to Appraiser: Estimate Market Value

NEIGHBORHOOD

Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Employment Stability	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Avg	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Built Up	<input type="checkbox"/> Over 75%	<input checked="" type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Growth Rate	<input type="checkbox"/> Fully Dev.	<input checked="" type="checkbox"/> Rapid	<input type="checkbox"/> Steady	Convenience to Shopping	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Values	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	Convenience to Schools	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand/Supply	<input checked="" type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Oversupply	Adequacy of Public Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing Time	<input type="checkbox"/> Under 3 Mos.	<input checked="" type="checkbox"/> 4-6 Mos.	<input type="checkbox"/> Over 6 Mos.	Recreational Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Present Land Use	60 % Family	1 %2-4 Family	0 % Apts	Adequacy of Utilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1 %Industrial	33 % Vacant	0 % Condo	Property of Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Change in Present Land Use	<input type="checkbox"/> Not Likely	<input type="checkbox"/> Likely(*)	<input checked="" type="checkbox"/> Taking Place (*)	Protection from Detrimental Conditions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(*) From Vacant/Agricultural To Residential/Comm.			Police and Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Predominate Occupancy	<input checked="" type="checkbox"/> Owner	<input type="checkbox"/> Tenant	0-5 % Vacant	General Appearance of Properties	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Price Range	\$ 80,000 to \$ 750,000+	Predominant Value	\$ 175,000	Appeal to Market	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Age	New yrs to 20+	Predominant Age	0-5 yrs					

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): The subject neighborhood includes The Villages, a large residential community with commercial support services (shopping centers, banks, restaurants, etc.). The overall neighborhood has experienced rapid growth, with very high absorption rates, along with increasing property values. The outlook for the neighborhood is for continued rapid growth, with supply & demand being in balance.

SITE

Dimensions: SEE LEGAL DESCRIPTION = 42.00 Acres, More or Less Corner Lot
 Zoning Classification: A-5, Agricultural; being changed to PUD/Mixed Use Present improvements: do do not conform to zoning regulations
 Highest and best use: Present use Other (specify) Mixed Use Development
 Public: Other (Describe) _____
 Elec: OFF SITE IMPROVEMENTS: Street Access Public Private
 Gas: None Surface: Asphalt Paved
 Water: Community Maintenance: Public Private
 San. Sewer: Community Storm Sewer Curb/Gutter
 Underground Elect. & Tel. Sidewalk Street Lights
 Topo: Generally Level; Native Grass and Scattered Tree Cover
 Size: Larger For Commercial/PUD Sites in the Area
 Shape: Effectively Rectangular
 View: Vacant Commercial Land; The Villages; Glen Hollow Sub
 Drainage: Appears Adequate; *Zone C:#1202960075B (03/15/82)
 Is the property located in a HUD Identified Special Flood Hazard Area? No Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions): The subject site represents a portion of an approximate 51.74-acre parcel in which the southern 9.55 acres (more or less) have been developed as a commercial park (which is presently under construction). The subject site is proposed for development as a mixed use PUD (up to 6 units/acre), and central water and sewer services will be available via package systems of the park. There are no adverse easements, encroachments, or assessments noted.

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

	SUBJECT PROPERTY	COMPARABLE NO.1	COMPARABLE NO.2	COMPARABLE NO.3
Address	CR 466 Lady Lake	US Highway 441/27 Lady Lake	US Highway 441/27 Lady Lake	6904/6952 C-466A Wildwood
Proximity to Subject		4-3/4 Miles West East	Approx 4-1/2 Miles East	Approx 4 Miles South
Sales Price	\$ N/A	\$ 5,850,000	\$ 3,050,000	\$ 2,000,000
Price / Acre	\$ N/A	\$ 139,485	\$ 172,609	\$ 102,564
Data Source	Drive-By Inspection	OR Book 1177, Page 205	OR Book 2634, Page 702	OR Book 1194/65 & 67
Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
	N/A	11/04 (+2.50%)	08/04 (+6.25%)	03/04 (+12.50%)
		+3,487	+10,788	+12,821
Location	Good	Good	Good	Average
Site/View	42.00 Acres/Good	41.94 Acres/Good	17.67 Acres/Good	19.50 Acres/Good
Comparability	N/A	Similar	Similar	Inferior
Sec-Twp-Rnge	15-18S-23E	17-18S-24E	08-18S-24E	03-19S-23E
Alternate Key #	D15=005/010/012	3508670	1790506	G03=011/012
Sales or Financing Concessions	N/A	Cash to Seller	Cash to Seller	Cash to Seller
Net Adj. (Total)		<input checked="" type="checkbox"/> Plus Minus \$ 3,487	<input checked="" type="checkbox"/> Plus Minus \$ 10,788	<input checked="" type="checkbox"/> Plus Minus \$ 12,821
Indicated Value of Subject		Net=0% Gross=0% \$ 142,972	Net=0% Gross=0% \$ 183,397	Net=1% Gross=1% \$ 115,385

Comments on Market Data: All three sales are recent large acreage commercial/development tracts located within the subject neighborhood. Sales 1 and 2 are considered similar to the subject, while Sale 3 is inferior as it is more removed from the rapid growth areas of The Villages and Lady Lake. Therefore, Sales 1 and 2 are emphasized herein.

Comments and Conditions of Appraisal: As this appraisal consists primarily of vacant land only, the Sales Comparison Approach is considered the sole applicable approach to value. This appraisal represents a Complete Appraisal presented within a Summary Report. It is subject to the attached Certification, Comment Addendum, and Statement of Limiting Conditions.

Final Reconciliation: As a result, the market value of the subject property is estimated at \$160,000/Acre, or \$6,700,000 (42.00 Acres of Land Area @ \$160,000/Acre, Rounded).

RECONCILIATION

ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF January 24, 2005 to be \$ 6,700,000

Appraiser(s): Roland R. Fink Review Appraiser (if applicable): Did Did Not Physically
 Date Report Signed: August 5, 2005 Inspect Property: _____
 State Certification # St. Cert. Gen. REA State FL Date Report Signed: _____
 Or State License St. Cert. Gen. REA RZ 0000843 State FL State Certification # _____
 Expiration Date of License or Certification 11/06 Expiration Date of License or Certification _____

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familiar status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: CR 466, Lady Lake, Florida 32162

APPRAISER:

Signature: [Handwritten Signature]
 Name: Roland R. Fink
 Date Signed: August 5, 2005
 State Certification #: St.Cert.Gen.REA
 or State License #: RZ 0000843
 State: FL
 Expiration Date of Certification or License: 11/06

SUPERVISORY APPRAISER (only if required)

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
 Did Did Not Inspect Property

LEGAL DESCRIPTION

The West 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and that part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and begin at the Northwest corner of the West 1/2 of the Northeast 1/4 of Section 15, Township 18 South, Range 23 East, thence South 1,332.15 feet, thence West 220.72 feet, thence North to the North Section line, thence east to the Point of Beginning, Less the North 50 feet of the East 25 feet of the Northeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East; and begin 1,142.39 feet East of the Northwest corner of Section 15, Township 18 South, Range 23 East, thence run South 1,334.50 feet; thence East 1,285.32 feet; thence North 1,332.49 feet; thence West to the Point of Beginning; all lying and being in Sumter County, Florida.

LESS AND EXCEPT THE SOUTH 9.55 ACRES

VPC-42

APPRAISAL REPORT

of

Land Property at

CR 466

Lady Lake, Florida 32162

As Of:

January 24, 2005

*42 acres
Village Park Club*

Prepared For:

Ms. Nancy Steinmetz
Post Office Box 217
Lady Lake, FL 32158-0217

Prepared By:

FINK APPRAISAL SERVICES, INC.
Roland R. Fink
2 Banyan Drive
Ocala, FL 34472

EXHIBIT

1

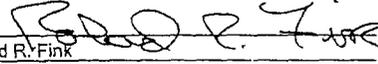
APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familiar status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
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7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
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ADDRESS OF PROPERTY APPRAISED: CR 466, Lady Lake, Florida 32162

APPRAISER:

Signature: 
 Name: Roland R. Fink
 Date Signed: August 5, 2005
 State Certification #: St. Cert. Gen. REA
 or State License #: RZ 0000843
 State: FL
 Expiration Date of Certification or License: 11/06

SUPERVISORY APPRAISER (only if required)

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
 Did Did Not Inspect Property

LEGAL DESCRIPTION

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LESS AND EXCEPT THE SOUTH 9.55 ACRES

VPC-42

APPRAISAL REPORT

of

Land Property at

CR 466

Lady Lake, Florida 32162

As Of:

January 24, 2005

*42 acres
Village Bank Club*

Prepared For:

Ms. Nancy Steinmetz
Post Office Box 217
Lady Lake, FL 32158-0217

Prepared By:

FINK APPRAISAL SERVICES, INC.
Roland R. Fink
2 Banyan Drive
Ocala, FL 34472



LAND APPRAISAL REPORT

File No. CS50073

Case No. N/A

IDENTIFICATION

Owner: STEINMETZ, Nancy Census Tract: 9901 Map Reference: 15/18S/23E
 Property Address: CR 466
 City: Lady Lake County: Sumter State: Florida Zip Code: 32162
 Legal Description: SEE ATTACHED LEGAL DESCRIPTION
 Sale Price: N/A Date of Sale: N/A Loan Term: N/A yrs. Property Rights Appraised: Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes: SEE ADD (yr) Loan Charges to be paid by seller: N/A Other Sales Concessions: N/A
 Lender/Client: Ms. Nancy Steinmetz Address: Post Office Box 217, Lady Lake, FL 32158-0217
 Occupant: Vacant Land Appraiser: Roland R. Fink Instructions to Appraiser: Estimate Market Value

NEIGHBORHOOD

Location: Urban Suburban Rural
 Built Up: Over 75% 25% to 75% Under 25%
 Growth Rate: Fully Dev. Rapid Steady Slow
 Property Values: Increasing Stable Declining
 Demand/Supply: Shortage In Balance Oversupply
 Marketing Time: Under 3 Mos. 4-6 Mos. Over 6 Mos.
 Present Land Use: 60 % Family 1 % 2-4 Family 0 % Apts 0 % Condo 5 % Commercial
1 % Industrial 33 % Vacant
 Change in Present Land Use: Not Likely Likely (*) Taking Place (*)
 (*) From Vacant/Agricultural To Residential/Comm.
 Predominate Occupancy: Owner Tenant 0-5 % Vacant
 Single Family Price Range: \$ 80,000 to \$ 750,000+ Predominant Value: \$ 175,000
 Single Family Age: New yrs to 20+ yrs. Predominant Age: 0-5 yrs

Employment Stability	Good	Avg	Fair	Poor
Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Shopping	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Schools	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Public Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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 Size: Larger For Commercial/PUD Sites in the Area
 Shape: Effectively Rectangular
 View: Vacant Commercial Land; The Villages; Glen Hollow Sub
 Drainage: Appears Adequate; *Zone C; #1202960075B (03/15/82)
 Is the property located in a HUD Identified Special Flood Hazard Area? No Yes

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Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
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Alternate Key #	D15=005/010/012	3508670	1790506	G03=011/012
Sales or Financing Concessions	N/A	Cash to Seller	Cash to Seller	Cash to Seller
Net Adj. (Total)		<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 3,487	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 10,788	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 12,821
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Final Reconciliation: As a result, the market value of the subject property is estimated at \$160,000/Acre, or \$6,700,000 (42.00 Acres of Land Area @ \$160,000/Acre, Rounded).

RECONCILIATION

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF January 24, 2005 to be \$ 6,700,000

Appraiser(s): Roland R. Fink Review Appraiser (if applicable): Did Did Not Physically Inspect Property

Date Report Signed: August 5, 2005 Date Report Signed: _____
 State Certification # St. Cert. Gen. REA State FL State Certification # _____ State _____
 Or State License St. Cert. Gen. REA RZ 0000843 State FL Or State License # _____ State _____
 Expiration Date of License or Certification: 11/05 Expiration Date of License or Certification: _____

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5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraiser report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: CR 466, Lady Lake, Florida 32162

APPRAISER:

Signature: Roland R. Fink
 Name: Roland R. Fink
 Date Signed: August 5, 2005
 State Certification #: St. Cert. Gen. REA
 or State License #: RZ 0000843
 State: FL
 Expiration Date of Certification or License: 11/06

SUPERVISORY APPRAISER (only if required)

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
 Did Did Not Inspect Property

LEGAL DESCRIPTION

The West 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and that part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and begin at the Northwest corner of the West 1/2 of the Northeast 1/4 of Section 15, Township 18 South, Range 23 East, thence South 1,332.15 feet, thence West 220.72 feet, thence North to the North Section line, thence east to the Point of Beginning, Less the North 50 feet of the East 25 feet of the Northeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East; and begin 1,142.39 feet East of the Northwest corner of Section 15, Township 18 South, Range 23 East, thence run South 1,334.50 feet; thence East 1,285.32 feet; thence North 1,332.49 feet; thence West to the Point of Beginning; all lying and being in Sumter County, Florida.

LESS AND EXCEPT THE SOUTH 9.55 ACRES

VPC-42

APPRAISAL REPORT

of

Land Property at

CR 466

Lady Lake, Florida 32162

As Of:

January 24, 2005

*42 acres
Village Bank Club*

Prepared For:

Ms. Nancy Steinmetz
Post Office Box 217
Lady Lake, FL 32158-0217

Prepared By:

FINK APPRAISAL SERVICES, INC.
Roland R. Fink
2 Banyan Drive
Ocala, FL 34472



LAND APPRAISAL REPORT

File No. CS50073

Case No. N/A

Borrower STEINMETZ, Nancy Census Tract 9901 Map Reference 15/18S/23E
 Property Address CR 466
 City Lady Lake County Sumter State Florida Zip Code 32162
 Legal Description SEE ATTACHED LEGAL DESCRIPTION
 Sale Price \$ N/A Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes \$ SEE ADD (yr) Loan Charges to be paid by seller \$ N/A Other Sales Concessions N/A
 Lender/Client Ms. Nancy Steinmetz Address Post Office Box 217, Lady Lake, FL 32158-0217
 Occupant Vacant Land Appraiser Roland R. Fink Instructions to Appraiser Estimate Market Value

IDENTIFICATION
 Location Urban Suburban Rural
 Built Up Over 75% 25% to 75% Under 25%
 Growth Rate Fully Dev. Rapid Steady Slow
 Property Values Increasing Stable Declining
 Demand/Supply Shortage In Balance Oversupply
 Marketing Time Under 3 Mos. 4-6 Mos. Over 6 Mos.
 Present Land Use 60 %1 Family 1 %2-4 Family 0 % Apts 0 % Condo 5 % Commercial
1 % Industrial 33 % Vacant
 Change In Present Land Use Not Likely Likely(*) Taking Place (*)
 (*) From Vacant/Agricultural To Residential/Comm.
 Predominate Occupancy Owner Tenant 0-5 % Vacant
 Single Family Price Range \$ 80,000 to \$ 750,000+ Predominant Value \$ 175,000
 Single Family Age New yrs to 20+ yrs. Predominant Age 0-5 yrs

NEIGHBORHOOD
 Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): The subject neighborhood includes The Villages, a large residential community with commercial support services (shopping centers, banks, restaurants, etc.). The overall neighborhood has experienced rapid growth, with very high absorption rates, along with increasing property values. The outlook for the neighborhood is for continued rapid growth, with supply & demand being in balance.

SITE
 Dimensions SEE LEGAL DESCRIPTION = 42.00 Acres, More or Less Corner Lot
 Zoning Classification A-5, Agricultural; being changed to PUD/Mixed Use Present Improvements do do not conform to zoning regulations
 Highest and best use Present use Other (specify) Mixed Use Development
 Public Other (Describe) _____
 Elec. _____
 Gas None
 Water Community
 San. Sewer Community
 Underground Elect. & Tel.

OFF SITE IMPROVEMENTS
 Street Access Public Private
 Surface Asphalt Paved
 Maintenance Public Private
 Storm Sewer Curb/Gutter
 Sidewalk Street Lights
 Topo Generally Level; Native Grass and Scattered Tree Cover
 Size Larger For Commercial/PUD Sites in the Area
 Shape Effectively Rectangular
 View Vacant Commercial Land; The Villages; Glen Hollow Sub
 Drainage Appears Adequate; *Zone C; #1202960075B (03/15/82)
 Is the property located in a HUD Identified Special Flood Hazard Area? No Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions): The subject site represents a portion of an approximate 51.74-acre parcel in which the southern 9.55 acres (more or less) have been developed as a commercial park (which is presently under construction). The subject site is proposed for development as a mixed use PUD (up to 6 units/acre), and central water and sewer services will be available via package systems of the park. There are no adverse easements, encroachments, or assessments noted.

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

	SUBJECT PROPERTY	COMPARABLE NO.1	COMPARABLE NO.2	COMPARABLE NO.3
Address	CR 466 Lady Lake	US Highway 441/27 Lady Lake	US Highway 441/27 Lady Lake	6904/6952 C-466A Wildwood
Proximity to Subject		4-3/4 Miles West East	Approx 4-1/2 Miles East	Approx 4 Miles South
Sales Price	\$ N/A	\$ 5,850,000	\$ 3,050,000	\$ 2,000,000
Price / Acre	\$ N/A	\$ 139,485	\$ 172,609	\$ 102,564
Data Source	Drive-By Inspection	OR Book 1177, Page 205	OR Book 2634, Page 702	OR Book 1194/65 & 67
Date of Sale and Time Adjustment	DESCRIPTION N/A	DESCRIPTION 11/04 (+2.50%) +3,487	DESCRIPTION 08/04 (+6.25%) +10,788	DESCRIPTION 03/04 (+12.50%) +12,821
Location	Good	Good	Good	Average
Site/View	42.00 Acres/Good	41.94 Acres/Good	17.67 Acres/Good	19.50 Acres/Good
Comparability	N/A	Similar	Similar	Inferior
Sec-Twp-Rnge	15-18S-23E	17-18S-24E	06-18S-24E	03-19S-23E
Alternate Key #	D15=005/010/012	3508670	1790506	G03=011/012
Sales or Financing Concessions	N/A	Cash to Seller	Cash to Seller	Cash to Seller
Net Adj. (Total)		<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 3,487	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 10,788	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 12,821
Indicated Value of Subject		Net=0% Gross=0% \$ 142,972	Net=0% Gross=0% \$ 183,397	Net=1% Gross=1% \$ 115,385

MARKET DATA ANALYSIS
 Comments on Market Data: All three sales are recent large acreage commercial/development tracts located within the subject neighborhood. Sales 1 and 2 are considered similar to the subject, while Sale 3 is inferior as it is more removed from the rapid growth areas of The Villages and Lady Lake. Therefore, Sales 1 and 2 are emphasized herein.

Comments and Conditions of Appraisal: As this appraisal consists primarily of vacant land only, the Sales Comparison Approach is considered the sole applicable approach to value. This appraisal represents a Complete Appraisal presented within a Summary Report. It is subject to the attached Certification, Comment Addendum, and Statement of Limiting Conditions.

RECONCILIATION
 Final Reconciliation: As a result, the market value of the subject property is estimated at \$160,000/Acre, or \$6,700,000 (42.00 Acres of Land Area @ \$160,000/Acre, Rounded).

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF January 24, 2005 to be \$ 6,700,000
 Appraiser(s) Roland R. Fink Review Appraiser (if applicable) Did Did Not Physically
 Date Report Signed August 5, 2005 Inspect Property _____
 State Certification # St. Cert. Gen. REA State FL Date Report Signed _____
 Or State License St. Cert. Gen. REA RZ 0000843 State FL State Certification # _____
 Expiration Date of License or Certification 11/06 Expiration Date of License or Certification _____

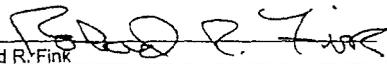
APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraiser report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: CR 466, Lady Lake, Florida 32162

APPRAISER:

Signature: 
 Name: Roland R. Fink
 Date Signed: August 5, 2005
 State Certification #: St. Cert. Gen. REA
 or State License #: RZ 0000843
 State: FL
 Expiration Date of Certification or License: 11/06

SUPERVISORY APPRAISER (only if required)

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
 Did Did Not Inspect Property

LEGAL DESCRIPTION

The West 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and that part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and begin at the Northwest corner of the West 1/2 of the Northeast 1/4 of Section 15, Township 18 South, Range 23 East, thence South 1,332.15 feet, thence West 220.72 feet, thence North to the North Section line, thence east to the Point of Beginning, Less the North 50 feet of the East 25 feet of the Northeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East; and begin 1,142.39 feet East of the Northwest corner of Section 15, Township 18 South, Range 23 East, thence run South 1,334.50 feet; thence East 1,285.32 feet; thence North 1,332.49 feet; thence West to the Point of Beginning; all lying and being in Sumter County, Florida.

LESS AND EXCEPT THE SOUTH 9.55 ACRES

VPC-42

APPRAISAL REPORT

of

Land Property at

CR 466

Lady Lake, Florida 32162

As Of:

January 24, 2005

*42 acres
Village Park Club*

Prepared For:

Ms. Nancy Steinmetz
Post Office Box 217
Lady Lake, FL 32158-0217

Prepared By:

FINK APPRAISAL SERVICES, INC.
Roland R. Fink
2 Banyan Drive
Ocala, FL 34472

EXHIBIT

1

LAND APPRAISAL REPORT

File No. CS50073
Case No. N/A

IDENTIFICATION

Seller: STEINMETZ, Nancy Census Tract: 9901 Map Reference: 15/18S/23E
 Property Address: CR 466
 City: Lady Lake County: Sumter State: Florida Zip Code: 32162
 Legal Description: SEE ATTACHED LEGAL DESCRIPTION
 Sale Price \$ N/A Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes \$ SEE ADD (yr) Loan Charges to be paid by seller \$ N/A Other Sales Concessions N/A
 Lender/Client: Ms. Nancy Steinmetz Address: Post Office Box 217, Lady Lake, FL 32158-0217
 Occupant: Vacant Land Appraiser: Roland R. Fink Instructions to Appraiser: Estimate Market Value

NEIGHBORHOOD

Location: Urban Suburban Rural
 Built Up: Over 75% 25% to 75% Under 25%
 Growth Rate: Fully Dev. Rapid Steady Slow
 Property Values: Increasing Stable Declining
 Demand/Supply: Shortage In Balance Oversupply
 Marketing Time: Under 3 Mos. 4-6 Mos. Over 6 Mos.
 Present Land Use: 60 % Family 1 % 2-4 Family 0 % Apts 0 % Condo 5 % Commercial
1 % Industrial 33 % Vacant %
 Change in Present Land Use: Not Likely Likely (*) Taking Place (*)
 (*) From Vacant/Agricultural To Residential/Comm.
 Predominate Occupancy: Owner Tenant 0-5 % Vacant
 Single Family Price Range: \$ 80,000 to \$ 750,000+ Predominant Value \$ 175,000
 Single Family Age: New yrs to 20+ yrs. Predominant Age 0-5 yrs

Employment Stability	<input checked="" type="checkbox"/>	Good Avg.	<input checked="" type="checkbox"/>	Fair	<input type="checkbox"/>	Poor	<input type="checkbox"/>
Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Shopping	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Schools	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Public Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreational Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Utilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property of Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Protection from Detrimental Conditions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Police and Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Appearance of Properties	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appeal to Market	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): The subject neighborhood includes The Villages, a large residential community with commercial support services (shopping centers, banks, restaurants, etc.). The overall neighborhood has experienced rapid growth, with very high absorption rates, along with increasing property values. The outlook for the neighborhood is for continued rapid growth, with supply & demand being in balance.

SITE

Dimensions: SEE LEGAL DESCRIPTION = 42.00 Acres, More or Less Corner Lot
 Zoning Classification: A-5, Agricultural; being changed to PUD/Mixed Use Present Improvements do do not conform to zoning regulations
 Highest and best use: Present use Other (specify) Mixed Use Development
 Elec. Public Other (Describe) _____
 Gas None
 Water Community
 San. Sewer Community
 Underground Elect. & Tel. Sidewalk Street Lights

OFF SITE IMPROVEMENTS: Topo Generally Level; Native Grass and Scattered Tree Cover
 Size Larger For Commercial/PUD Sites in the Area
 Surface Asphalt Paved
 Shape Effectively Rectangular
 Maintenance Public Private
 View Vacant Commercial Land; The Villages; Glen Hollow Sub
 Drainage Appears Adequate; *Zone C; #1202960075B (03/15/82)
 Is the property located in a HUD identified Special Flood Hazard Area? No Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions): The subject site represents a portion of an approximate 51.74-acre parcel in which the southern 9.55 acres (more or less) have been developed as a commercial park (which is presently under construction). The subject site is proposed for development as a mixed use PUD (up to 6 units/acre), and central water and sewer services will be available via package systems of the park. There are no adverse easements, encroachments, or assessments noted.

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

	SUBJECT PROPERTY	COMPARABLE NO.1	COMPARABLE NO.2	COMPARABLE NO.3
Address	<u>CR 466 Lady Lake</u>	<u>US Highway 441/27 Lady Lake</u>	<u>US Highway 441/27 Lady Lake</u>	<u>6904/6952 C-465A Wildwood</u>
Proximity to Subject		<u>4-3/4 Miles West East</u>	<u>Approx 4-1/2 Miles East</u>	<u>Approx 4 Miles South</u>
Sales Price	<u>\$ N/A</u>	<u>\$ 5,850,000</u>	<u>\$ 3,050,000</u>	<u>\$ 2,000,000</u>
Price / Acre	<u>\$ N/A</u>	<u>\$ 139,485</u>	<u>\$ 172,609</u>	<u>\$ 102,564</u>
Data Source	<u>Drive-By Inspection</u>	<u>OR Book 1177, Page 205</u>	<u>OR Book 2634, Page 702</u>	<u>OR Book 1194/65 & 67</u>
Date of Sale and Time Adjustment	<u>N/A</u>	<u>11/04 (+2.50%) +3,487</u>	<u>08/04 (+6.25%) +10,788</u>	<u>03/04 (+12.50%) +12,821</u>
Location	<u>Good</u>	<u>Good</u>	<u>Good</u>	<u>Average</u>
Site/View	<u>42.00 Acres/Good</u>	<u>41.94 Acres/Good</u>	<u>17.67 Acres/Good</u>	<u>19.50 Acres/Good</u>
Comparability	<u>N/A</u>	<u>Similar</u>	<u>Similar</u>	<u>Inferior</u>
Sec-Twp-Rnge	<u>15-18S-23E</u>	<u>17-18S-24E</u>	<u>08-18S-24E</u>	<u>03-19S-23E</u>
Alternate Key #	<u>D15=005/010/012</u>	<u>3508670</u>	<u>1790506</u>	<u>G03=011/012</u>
Sales or Financing Concessions	<u>N/A</u>	<u>Cash to Seller</u>	<u>Cash to Seller</u>	<u>Cash to Seller</u>
Net Adj. (Total)		<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ <u>3,487</u>	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ <u>10,788</u>	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ <u>12,821</u>
Indicated Value of Subject		<u>Net=0% Gross=0% \$ <u>142,972</u></u>	<u>Net=0% Gross=0% \$ <u>183,397</u></u>	<u>Net=1% Gross=1% \$ <u>115,385</u></u>

Comments on Market Data: All three sales are recent large acreage commercial/development tracts located within the subject neighborhood. Sales 1 and 2 are considered similar to the subject, while Sale 3 is inferior as it is more removed from the rapid growth areas of The Villages and Lady Lake. Therefore, Sales 1 and 2 are emphasized herein.

Comments and Conditions of Appraisal: As this appraisal consists primarily of vacant land only, the Sales Comparison Approach is considered the sole applicable approach to value. This appraisal represents a Complete Appraisal presented within a Summary Report. It is subject to the attached Certification, Comment Addendum, and Statement of Limiting Conditions.

Final Reconciliation: As a result, the market value of the subject property is estimated at \$160,000/Acre, or \$6,700,000 (42.00 Acres of Land Area @ \$160,000/Acre, Rounded).

RECONCILIATION

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF January 24, 2005 to be \$ 6,700,000

Appraiser(s): Roland R. Fink Did Did Not Physically Inspect Property
 Date Report Signed: August 5, 2005
 State Certification #: St. Cert. Gen. REA State: FL
 Or State License: St. Cert. Gen. REA RZ 0000843 State: FL
 Expiration Date of License or Certification: 11/06

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familiar status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraiser report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: CR 466, Lady Lake, Florida 32162

APPRAISER:

Signature: [Signature]
 Name: Roland R. Fink
 Date Signed: August 5, 2005
 State Certification #: St. Cert. Gen. REA
 or State License #: RZ 0000843
 State: FL
 Expiration Date of Certification or License: 11/06

SUPERVISORY APPRAISER (only if required)

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
 Did Did Not Inspect Property

LEGAL DESCRIPTION

The West 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and that part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and begin at the Northwest corner of the West 1/2 of the Northeast 1/4 of Section 15, Township 18 South, Range 23 East, thence South 1,332.15 feet, thence West 220.72 feet, thence North to the North Section line, thence east to the Point of Beginning, Less the North 50 feet of the East 25 feet of the Northeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East; and begin 1,142.39 feet East of the Northwest corner of Section 15, Township 18 South, Range 23 East, thence run South 1,334.50 feet; thence East 1,285.32 feet; thence North 1,332.49 feet; thence West to the Point of Beginning; all lying and being in Sumter County, Florida.

LESS AND EXCEPT THE SOUTH 9.55 ACRES

VPC-42

APPRAISAL REPORT

of

Land Property at

CR 466

Lady Lake, Florida 32162

As Of:

January 24, 2005

*42 acres
Village Park Club*

Prepared For:

Ms. Nancy Steinmetz
Post Office Box 217
Lady Lake, FL 32158-0217

Prepared By:

FINK APPRAISAL SERVICES, INC.
Roland R. Fink
2 Banyan Drive
Ocala, FL 34472

EXHIBIT

1

LAND APPRAISAL REPORT

File No. CS50073

Case No. N/A

IDENTIFICATION

Appraiser STEINMETZ, Nancy Census Tract 9901 Map Reference 15/18S/23E
 Property Address GR 466
 City Lady Lake County Sumter State Florida Zip Code 32162
 Legal Description SEE ATTACHED LEGAL DESCRIPTION
 Sale Price \$ N/A Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes \$ SEE ADD (yr) Loan Charges to be paid by seller \$ N/A Other Sales Concessions N/A
 Lender/Client Ms. Nancy Steinmetz Address Post Office Box 217, Lady Lake, FL 32158-0217
 Occupant Vacant Land Appraiser Roland R. Fink Instructions to Appraiser Estimate Market Value

NEIGHBORHOOD

Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Employment Stability	Good	Avg.	Fair	Poor
Built Up	<input type="checkbox"/> Over 75%	<input checked="" type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Growth Rate	<input type="checkbox"/> Fully Dev.	<input checked="" type="checkbox"/> Rapid	<input type="checkbox"/> Steady	Convenience to Shopping	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Values	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	Convenience to Schools	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Oversupply	Adequacy of Public Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing Time	<input type="checkbox"/> Under 3 Mos.	<input checked="" type="checkbox"/> 4-6 Mos.	<input type="checkbox"/> Over 6 Mos.	Recreational Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Present Land Use	<u>60</u> % Family	<u>1</u> % 2-4 Family	<u>0</u> % Apts	Adequacy of Utilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<u>1</u> % Industrial	<u>33</u> % Vacant	<u>0</u> % Condo	Property of Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Change In Present Land Use	<input type="checkbox"/> Not Likely	<input type="checkbox"/> Likely (*)	<input checked="" type="checkbox"/> Taking Place (*)	Protection from Detrimental Conditions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(*) From <u>Vacant/Agricultural</u> To <u>Residential/Comm.</u>			Police and Fire Protection	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Predominate Occupancy	<input checked="" type="checkbox"/> Owner	<input type="checkbox"/> Tenant	<u>0-5</u> % Vacant	General Appearance of Properties	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Price Range	\$ <u>80,000</u> to \$ <u>750,000+</u>	Predominant Value \$ <u>175,000</u>		Appeal to Market	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Age	<u>New</u> yrs to <u>20+</u> yrs.	Predominant Age <u>0-5</u> yrs						

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): The subject neighborhood includes The Villages, a large residential community with commercial support services (shopping centers, banks, restaurants, etc.). The overall neighborhood has experienced rapid growth, with very high absorption rates, along with increasing property values. The outlook for the neighborhood is for continued rapid growth, with supply & demand being in balance.

SITE

Dimensions SEE LEGAL DESCRIPTION = 42.00 Acres, More or Less Corner Lot
 Zoning Classification A-5, Agricultural; being changed to PUD/Mixed Use Present Improvements do do not conform to zoning regulations
 Highest and best use Present use Other (specify) Mixed Use Development
 Public Other (Describe) _____
 Elec. Street Access Public Private
 Gas None Surface Asphalt Paved
 Water Community Maintenance Public Private
 San. Sewer Community Storm Sewer Curb/Gutter
 Underground Elect. & Tel. Sidewalk Street Lights
 Topo Generally Level; Native Grass and Scattered Tree Cover
 Size Larger For Commercial/PUD Sites in the Area
 Shape Effectively Rectangular
 View Vacant Commercial Land; The Villages; Glen Hollow Sub
 Drainage Appears Adequate; *Zone C; #1202960075B (03/15/82)
 Is the property located in a HUD identified Special Flood Hazard Area? No Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions): The subject site represents a portion of an approximate 51.74-acre parcel in which the southern 9.55 acres (more or less) have been developed as a commercial park (which is presently under construction). The subject site is proposed for development as a mixed use PUD (up to 6 units/acre), and central water and sewer services will be available via package systems of the park. There are no adverse easements, encroachments, or assessments noted.

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

	SUBJECT PROPERTY	COMPARABLE NO.1	COMPARABLE NO.2	COMPARABLE NO.3
Address	CR 466 Lady Lake	US Highway 441/27 Lady Lake	US Highway 441/27 Lady Lake	6904/6952 C-466A Wildwood
Proximity to Subject		4-3/4 Miles West East	Approx 4-1/2 Miles East	Approx 4 Miles South
Sales Price	\$ N/A	\$ 5,850,000	\$ 3,050,000	\$ 2,000,000
Price / Acre	\$ N/A	\$ 139,485	\$ 172,609	\$ 102,564
Data Source	Drive-By Inspection	OR Book 1177, Page 205	OR Book 2634, Page 702	OR Book 1194/65 & 67
Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
	N/A	11/04 (+2.50%)	08/04 (+6.25%)	03/04 (+12.50%)
		+3,487	+10,788	+12,821
Location	Good	Good	Good	Average
Site/View	42.00 Acres/Good	41.94 Acres/Good	17.67 Acres/Good	19.50 Acres/Good
Comparability	N/A	Similar	Similar	Inferior
Sec-Twp-Rnge	15-18S-23E	17-18S-24E	08-18S-24E	03-19S-23E
Alternate Key #	D15=005/010/012	3508670	1790506	G03=011/012
Sales or Financing Concessions	N/A	Cash to Seller	Cash to Seller	Cash to Seller
Net Adj. (Total)		<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 3,487	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 10,788	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 12,821
Indicated Value of Subject		Net=0% Gross=0% \$ 142,972	Net=0% Gross=0% \$ 183,397	Net=1% Gross=1% \$ 115,385

Comments on Market Data All three sales are recent large acreage commercial/development tracts located within the subject neighborhood. Sales 1 and 2 are considered similar to the subject, while Sale 3 is inferior as it is more removed from the rapid growth areas of The Villages and Lady Lake. Therefore, Sales 1 and 2 are emphasized herein.

Comments and Conditions of Appraisal: As this appraisal consists primarily of vacant land only, the Sales Comparison Approach is considered the sole applicable approach to value. This appraisal represents a Complete Appraisal presented within a Summary Report. It is subject to the attached Certification, Comment Addendum, and Statement of Limiting Conditions.

Final Reconciliation: As a result, the market value of the subject property is estimated at \$160,000/Acre, or \$6,700,000 (42.00 Acres of Land Area @ \$160,000/Acre, Rounded).

RECONCILIATION

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF January 24, 2005 to be \$ 6,700,000

Appraiser(s) Roland R. Fink Review Appraiser (if applicable) Did Did Not Physically
 Date Report Signed August 5, 2005 Inspect Property _____
 State Certification # St. Cert. Gen. REA State FL Date Report Signed _____
 Or State License St. Cert. Gen. REA RZ 0000843 State FL State Certification # _____
 Expiration Date of License or Certification 11/05 Expiration Date of License or Certification _____

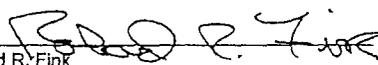
APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familiar status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
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7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
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ADDRESS OF PROPERTY APPRAISED: CR 466, Lady Lake, Florida 32162

APPRAISER:

Signature: 
 Name: Roland R. Fink
 Date Signed: August 5, 2005
 State Certification #: St. Cert. Gen. REA
 or State License #: RZ 0000843
 State: FL
 Expiration Date of Certification or License: 11/06

SUPERVISORY APPRAISER (only if required)

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
 Did Did Not Inspect Property

LEGAL DESCRIPTION

The West 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and that part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and begin at the Northwest corner of the West 1/2 of the Northeast 1/4 of Section 15, Township 18 South, Range 23 East, thence South 1,332.15 feet, thence West 220.72 feet, thence North to the North Section line, thence east to the Point of Beginning, Less the North 50 feet of the East 25 feet of the Northeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East; and begin 1,142.39 feet East of the Northwest corner of Section 15, Township 18 South, Range 23 East, thence run South 1,334.50 feet; thence East 1,285.32 feet; thence North 1,332.49 feet; thence West to the Point of Beginning; all lying and being in Sumter County, Florida.

LESS AND EXCEPT THE SOUTH 9.55 ACRES

VPC-42

APPRAISAL REPORT

of

Land Property at

CR 466

Lady Lake, Florida 32162

As Of:

January 24, 2005

*42 acres
Village Park Club*

Prepared For:

Ms. Nancy Steinmetz
Post Office Box 217
Lady Lake, FL 32158-0217

Prepared By:

FINK APPRAISAL SERVICES, INC.
Roland R. Fink
2 Banyan Drive
Ocala, FL 34472



LAND APPRAISAL REPORT

File No. CS50073

Case No. N/A

Owner STEINMETZ, Nancy; Property Address CR 466; City Lady Lake; County Sumter; State Florida; Zip Code 32162; Legal Description SEE ATTACHED LEGAL DESCRIPTION; Sale Price \$ N/A; Date of Sale N/A; Loan Term N/A; Actual Real Estate Taxes \$ SEE ADD; Lender/Client Ms. Nancy Steinmetz; Occupant Vacant Land; Appraiser Roland R. Fink

Location: Urban [X] Suburban [X] Rural []; Built Up: Over 75% [X] 25% to 75% [X] Under 25% []; Growth Rate: Fully Dev. [X] Rapid [X] Steady []; Property Values: Increasing [X] Stable []; Demand/Supply: Shortage [X] In Balance [X] Oversupply []; Marketing Time: Under 3 Mos. [X] 4-6 Mos. [X] Over 6 Mos. []; Present Land Use: 60% Family, 1% 2-4 Family, 0% Apts, 0% Condo, 5% Commercial, 1% Industrial, 33% Vacant; Change In Present Land Use: Taking Place (*) [X]; Predominate Occupancy: Owner [X] Tenant []; Single Family Price Range: \$ 80,000 to \$ 750,000+; Single Family Age: New yrs to 20+ yrs.

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): The subject neighborhood includes The Villages, a large residential community with commercial support services (shopping centers, banks, restaurants, etc.). The overall neighborhood has experienced rapid growth, with very high absorption rates, along with increasing property values. The outlook for the neighborhood is for continued rapid growth, with supply & demand being in balance.

Dimensions SEE LEGAL DESCRIPTION = 42.00 Acres, More or Less; Zoning Classification A-5, Agricultural; being changed to PUD/Mixed Use; Highest and best use Present use [] Other (specify) Mixed Use Development [X]; Elec. [X]; Gas []; Water [X]; San. Sewer [X]; Off Site Improvements: Street Access [X] Public [] Private []; Surface Asphalt Paved []; Maintenance [X] Public [] Private []; Storm Sewer [X] Curb/Gutter [X]; Sidewalk [X] Street Lights [X]; Topo Generally Level; Native Grass and Scattered Tree Cover; Size Larger For Commercial/PUD Sites in the Area; Shape Effectively Rectangular; View Vacant Commercial Land; The Villages; Glen Hollow Sub; Drainage Appears Adequate; *Zone C; #1202960075B (03/15/82); Is the property located in a HUD Identified Special Flood Hazard Area? [X] Yes [] No

Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions): The subject site represents a portion of an approximate 51.74-acre parcel in which the southern 9.55 acres (more or less) have been developed as a commercial park (which is presently under construction). The subject site is proposed for development as a mixed use PUD (up to 6 units/acre), and central water and sewer services will be available via package systems of the park. There are no adverse easements, encroachments, or assessments noted.

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Table with 4 columns: SUBJECT PROPERTY, COMPARABLE NO.1, COMPARABLE NO.2, COMPARABLE NO.3. Rows include Address, Proximity to Subject, Sales Price, Price / Acre, Data Source, Date of Sale and Description, Time Adjustment, Location, Site/View, Comparability, Sec-Twp-Rnge, Alternate Key #, Sales or Financing Concessions, Net Adj. (Total), Indicated Value of Subject.

Comments on Market Data All three sales are recent large acreage commercial/development tracts located within the subject neighborhood. Sales 1 and 2 are considered similar to the subject, while Sale 3 is inferior as it is more removed from the rapid growth areas of The Villages and Lady Lake. Therefore, Sales 1 and 2 are emphasized herein.

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I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF January 24, 2005 to be \$ 6,700,000; Appraiser(s) Roland R. Fink; Date Report Signed August 5, 2005; State Certification # St.Cert.Gen.REA RZ 0000843; State FL; Expiration Date of License or Certification 11/06

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

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Signature: [Signature]
 Name: Roland R. Fink
 Date Signed: August 5, 2005
 State Certification #: St. Cert. Gen. REA
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SUPERVISORY APPRAISER (only if required)

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Land Property at

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Lady Lake, Florida 32162

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*42 acres
Village Park Club*

Prepared For:

Ms. Nancy Steinmetz
Post Office Box 217
Lady Lake, FL 32158-0217

Prepared By:

FINK APPRAISAL SERVICES, INC.
Roland R. Fink
2 Banyan Drive
Ocala, FL 34472

EXHIBIT

1

LAND APPRAISAL REPORT

File No. CS50073
Case No. N/A

IDENTIFICATION

Borrower STEINMETZ, Nancy Census Tract 9901 Map Reference 15/18S/23E
 Property Address CR 466
 City Lady Lake County Sumter State Florida Zip Code 32162
 Legal Description SEE ATTACHED LEGAL DESCRIPTION
 Sale Price \$ N/A Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes \$ SEE ADD (yr) Loan Charges to be paid by seller \$ N/A Other Sales Concessions N/A
 Lender/Client Ms. Nancy Steinmetz Address Post Office Box 217, Lady Lake, FL 32158-0217
 Occupant Vacant Land Appraiser Roland R. Fink Instructions to Appraiser Estimate Market Value

NEIGHBORHOOD

Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Employment Stability	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Avg.	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Built Up	<input type="checkbox"/> Over 75%	<input checked="" type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Growth Rate	<input type="checkbox"/> Fully Dev.	<input checked="" type="checkbox"/> Rapid	<input type="checkbox"/> Steady	Convenience to Shopping	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Values	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	Convenience to Schools	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Oversupply	Adequacy of Public Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing Time	<input type="checkbox"/> Under 3 Mos.	<input checked="" type="checkbox"/> 4-6 Mos.	<input type="checkbox"/> Over 6 Mos.	Recreational Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Present Land Use	<u>60</u> % Family	<u>1</u> % 2-4 Family	<u>0</u> % Apts	<u>0</u> % Condo	<u>5</u> % Commercial	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<u>1</u> % Industrial	<u>33</u> % Vacant				<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Change In Present Land Use	<input type="checkbox"/> Not Likely	<input type="checkbox"/> Likely (*)	<input checked="" type="checkbox"/> Taking Place (*)		Adequacy of Utilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(*) From <u>Vacant/Agricultural</u> To <u>Residential/Comm.</u>			Property of Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Predominate Occupancy	<input checked="" type="checkbox"/> Owner			<input type="checkbox"/> Tenant	Protection from Detrimental Conditions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Single Family Price Range	\$ <u>80,000</u> to \$ <u>750,000+</u>			Predominant Value \$ <u>175,000</u>	Police and Fire Protection	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Age	<u>New</u> yrs to <u>20+</u> yrs.			Predominant Age <u>0-5</u> yrs	General Appearance of Properties	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
					Appeal to Market	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): The subject neighborhood includes The Villages, a large residential community with commercial support services (shopping centers, banks, restaurants, etc.). The overall neighborhood has experienced rapid growth, with very high absorption rates, along with increasing property values. The outlook for the neighborhood is for continued rapid growth, with supply & demand being in balance.

SITE

Dimensions SEE LEGAL DESCRIPTION = 42.00 Acres, More or Less Corner Lot
 Zoning Classification A-5, Agricultural; being changed to PUD/Mixed Use Present Improvements do do not conform to zoning regulations
 Highest and best use Present use Other (specify) Mixed Use Development
 Public Other (Describe) _____
 Elec. _____
 Gas None
 Water Community
 San. Sewer Community
 Underground Elect. & Tel.
 OFF SITE IMPROVEMENTS
 Street Access Public Private
 Surface Asphalt Paved
 Maintenance Public Private
 Storm Sewer Curb/Gutter
 Sidewalk Street Lights
 Topo Generally Level; Native Grass and Scattered Tree Cover
 Size Larger For Commercial/PUD Sites in the Area
 Shape Effectively Rectangular
 View Vacant Commercial Land; The Villages; Glen Hollow Sub
 Drainage Appears Adequate; *Zone C; #1202960075B (03/15/82)
 Is the property located in a HUD identified Special Flood Hazard Area? No Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions): The subject site represents a portion of an approximate 51.74-acre parcel in which the southern 9.55 acres (more or less) have been developed as a commercial park (which is presently under construction). The subject site is proposed for development as a mixed use PUD (up to 6 units/acre), and central water and sewer services will be available via package systems of the park. There are no adverse easements, encroachments, or assessments noted.

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

	SUBJECT PROPERTY	COMPARABLE NO.1	COMPARABLE NO.2	COMPARABLE NO.3
Address	CR 466 Lady Lake	US Highway 441/27 Lady Lake	US Highway 441/27 Lady Lake	6904/6952 C-466A Wildwood
Proximity to Subject		4-3/4 Miles West East	Approx 4-1/2 Miles East	Approx 4 Miles South
Sales Price	\$ N/A	\$ 5,850,000	\$ 3,050,000	\$ 2,000,000
Price / Acre	\$ N/A	\$ 139,485	\$ 172,609	\$ 102,564
Data Source	Drive-By Inspection	OR Book 1177, Page 205	OR Book 2634, Page 702	OR Book 1194/65 & 67
Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
	N/A	11/04 (+2.50%)	08/04 (+6.25%)	03/04 (+12.50%)
Location	Good	Good	Good	Average
Site/View	42.00 Acres/Good	41.94 Acres/Good	17.67 Acres/Good	19.50 Acres/Good
Comparability	N/A	Similar	Similar	Inferior
Sec-Twp-Rnge	15-18S-23E	17-18S-24E	08-18S-24E	03-19S-23E
Alternate Key #	D15=005/010/012	350867D	1790506	G03=011/012
Sales or Financing Concessions	N/A	Cash to Seller	Cash to Seller	Cash to Seller
Net Adj. (Total)		<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 3,487	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 10,788	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 12,821
Indicated Value of Subject		Net=0% Gross=0% \$ 142,972	Net=0% Gross=0% \$ 183,397	Net=1% Gross=1% \$ 115,385

Comments on Market Data All three sales are recent large acreage commercial/development tracts located within the subject neighborhood. Sales 1 and 2 are considered similar to the subject, while Sale 3 is inferior as it is more removed from the rapid growth areas of The Villages and Lady Lake. Therefore, Sales 1 and 2 are emphasized herein.
 Comments and Conditions of Appraisal: As this appraisal consists primarily of vacant land only, the Sales Comparison Approach is considered the sole applicable approach to value. This appraisal represents a Complete Appraisal presented within a Summary Report. It is subject to the attached Certification, Comment Addendum, and Statement of Limiting Conditions.

Final Reconciliation: As a result, the market value of the subject property is estimated at \$160,000/Acre, or \$6,700,000 (42.00 Acres of Land Area @ \$160,000/Acre, Rounded).

RECONCILIATION

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF January 24, 2005 to be \$ 6,700,000
 Appraiser(s) Roland R. Fink Review Appraiser (if applicable) Did Did Not Physically
 Date Report Signed August 5, 2005 Inspect Property _____
 State Certification # St. Cert. Gen. REA State FL Date Report Signed _____
 Or State License St. Cert. Gen. REA RZ 0000843 State FL State Certification # _____
 Expiration Date of License or Certification 11/06 Expiration Date of License or Certification _____

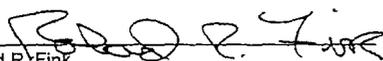
APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraiser report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: CR 466, Lady Lake, Florida 32162

APPRAISER:

Signature: 
 Name: Roland R. Fink
 Date Signed: August 5, 2005
 State Certification #: St. Cert. Gen. REA
 or State License #: RZ 0000843
 State: FL
 Expiration Date of Certification or License: 11/06

SUPERVISORY APPRAISER (only if required)

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
 Did Did Not Inspect Property

LEGAL DESCRIPTION

The West 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and that part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and begin at the Northwest corner of the West 1/2 of the Northeast 1/4 of Section 15, Township 18 South, Range 23 East, thence South 1,332.15 feet, thence West 220.72 feet, thence North to the North Section line, thence east to the Point of Beginning, Less the North 50 feet of the East 25 feet of the Northeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East; and begin 1,142.39 feet East of the Northwest corner of Section 15, Township 18 South, Range 23 East, thence run South 1,334.50 feet; thence East 1,285.32 feet; thence North 1,332.49 feet; thence West to the Point of Beginning; all lying and being in Sumter County, Florida.

LESS AND EXCEPT THE SOUTH 9.55 ACRES

VPC-42

APPRAISAL REPORT

of

Land Property at

CR 466

Lady Lake, Florida 32162

As Of:

January 24, 2005

*42 acres
Village Bank Club*

Prepared For:

Ms. Nancy Steinmetz
Post Office Box 217
Lady Lake, FL 32158-0217

Prepared By:

FINK APPRAISAL SERVICES, INC.
Roland R. Fink
2 Banyan Drive
Ocala, FL 34472



LAND APPRAISAL REPORT

File No. CS50073
Case No. N/A

Appraiser STEINMETZ, Nancy Census Tract 9901 Map Reference 15/18S/23E
 Property Address CR 466
 City Lady Lake County Sumter State Florida Zip Code 32162
 Legal Description SEE ATTACHED LEGAL DESCRIPTION
 Sale Price \$ N/A Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes \$ SEE ADD (yr) Loan Charges to be paid by seller \$ N/A Other Sales Concessions N/A
 Lender/Client Ms. Nancy Steinmetz Address Post Office Box 217, Lady Lake, FL 32158-0217
 Occupant Vacant Land Appraiser Roland R. Fink Instructions to Appraiser Estimate Market Value

NEIGHBORHOOD

Location Urban Suburban Rural
 Built Up Over 75% 25% to 75% Under 25%
 Growth Rate Fully Dev. Rapid Steady Slow
 Property Values Increasing Stable Declining
 Demand/Supply Shortage In Balance Oversupply
 Marketing Time Under 3 Mos. 4-6 Mos. Over 6 Mos.
 Present Land Use 60 % Family 1 % 2-4 Family 0 % Apts 0 % Condo 5 % Commercial
1 % Industrial 33 % Vacant %
 Change In Present Land Use Not Likely Likely (*) Taking Place (*)
 (*) From Vacant/Agricultural To Residential/Comm.
 Predominate Occupancy Owner Tenant 0-5 % Vacant
 Single Family Price Range \$ 80,000 to \$ 750,000+ Predominant Value \$ 175,000
 Single Family Age New yrs to 20+ yrs. Predominant Age 0-5 yrs

Employment Stability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Shopping	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Schools	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Public Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreational Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Utilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property of Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Protection from Detrimental Conditions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Police and Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Appearance of Properties	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appeal to Market	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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SITE

Dimensions SEE LEGAL DESCRIPTION = 42.00 Acres, More or Less Corner Lot
 Zoning Classification A-5, Agricultural; being changed to PUD/Mixed Use Present Improvements do do not conform to zoning regulations
 Highest and best use Present use Other (specify) Mixed Use Development
 Public Other (Describe) _____
 OFF SITE IMPROVEMENTS Topo Generally Level; Native Grass and Scattered Tree Cover
 Street Access Public Private Size Larger For Commercial/PUD Sites in the Area
 Surface Asphalt Paved Shape Effectively Rectangular
 Maintenance Public Private View Vacant Commercial Land; The Villages; Glen Hollow Sub
 San. Sewer Community Storm Sewer Curb/Gutter Street Lights
 Drainage Appears Adequate; *Zone C; #1202960075B (03/15/82)
 Is the property located in a HUD identified Special Flood Hazard Area? No Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions): The subject site represents a portion of an approximate 51.74-acre parcel in which the southern 9.55 acres (more or less) have been developed as a commercial park (which is presently under construction). The subject site is proposed for development as a mixed use PUD (up to 6 units/acre), and central water and sewer services will be available via package systems of the park. There are no adverse easements, encroachments, or assessments noted.

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Site/View	42.00 Acres/Good	41.94 Acres/Good	17.67 Acres/Good	19.50 Acres/Good
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Alternate Key #	D15=005/010/012	3508670	1790506	G03=011/012
Sales or Financing Concessions	N/A	Cash to Seller	Cash to Seller	Cash to Seller
Net Adj. (Total)		<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 3,487	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 10,788	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 12,821
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RECONCILIATION

ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF January 24, 2005 to be \$ 6,700,000
 Appraiser(s) Roland R. Fink Review Appraiser (if applicable) Did Did Not Physically
 Date Report Signed August 5, 2005 Inspect Property _____
 State Certification # St. Cert. Gen. REA State FL Date Report Signed _____
 Or State License St. Cert. Gen. REA RZ 0000843 State FL Or State License # _____
 Expiration Date of License or Certification 11/06 Expiration Date of License or Certification _____

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1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
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3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
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7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
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SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraiser report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: CR 466, Lady Lake, Florida 32162

APPRAISER:

Signature: *Roland R. Fink*
 Name: Roland R. Fink
 Date Signed: August 5, 2005
 State Certification #: St. Cert. Gen. REA
 or State License #: RZ 0000843
 State: FL
 Expiration Date of Certification or License: 11/06

SUPERVISORY APPRAISER (only if required)

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
 Did Did Not Inspect Property

LEGAL DESCRIPTION

The West 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and that part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and begin at the Northwest corner of the West 1/2 of the Northeast 1/4 of Section 15, Township 18 South, Range 23 East, thence South 1,332.15 feet, thence West 220.72 feet, thence North to the North Section line, thence east to the Point of Beginning, Less the North 50 feet of the East 25 feet of the Northeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East; and begin 1,142.39 feet East of the Northwest corner of Section 15, Township 18 South, Range 23 East, thence run South 1,334.50 feet; thence East 1,285.32 feet; thence North 1,332.49 feet; thence West to the Point of Beginning; all lying and being in Sumter County, Florida.

LESS AND EXCEPT THE SOUTH 9.55 ACRES

VPC-42

APPRAISAL REPORT

of

Land Property at

CR 466

Lady Lake, Florida 32162

As Of:

January 24, 2005

*42 acres
Village Park Club*

Prepared For:

Ms. Nancy Steinmetz
Post Office Box 217
Lady Lake, FL 32158-0217

Prepared By:

FINK APPRAISAL SERVICES, INC.
Roland R. Fink
2 Banyan Drive
Ocala, FL 34472

EXHIBIT

1

LAND APPRAISAL REPORT

File No. CS50073
Case No. N/A

IDENTIFICATION
Seller STEINMETZ, Nancy
Property Address CR 466
City Lady Lake
County Sumter
State Florida
Zip Code 32162
Legal Description SEE ATTACHED LEGAL DESCRIPTION
Date of Sale N/A
Date of Sale N/A
Loan Term N/A
Property Rights Appraised Fee Leasehold De Minimis PUD
Actual Real Estate Taxes SEE ADD (yr)
Loan Charges to be paid by seller N/A
Other Sales Concessions N/A
Lender/Client Ms. Nancy Steinmetz
Address Post Office Box 217, Lady Lake, FL 32158-0217
Occupant Vacant Land
Appraiser Roland R. Fink
Instructions to Appraiser Estimate Market Value

NEIGHBORHOOD
Location Urban Suburban Rural
Built Up Over 75% 25% to 75% Under 25%
Growth Rate Fully Dev. Rapid Steady Slow
Property Values Increasing Stable Declining
Demand/Supply Shortage In Balance Oversupply
Marketing Time Under 3 Mos. 4-6 Mos. Over 6 Mos.
Present Land Use 60 %1 Family 1 %2-4 Family 0 % Apts 0 % Condo 5 % Commercial
Change In Present Land Use Not Likely Likely(*) Taking Place (*)
Predominate Occupancy Owner Tenant 0-5 % Vacant
Single Family Price Range \$ 80,000 to \$ 750,000+
Predominant Value \$ 175,000
Single Family Age New yrs to 20+ yrs. Predominant Age 0-5 yrs

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): The subject neighborhood includes The Villages, a large residential community with commercial support services (shopping centers, banks, restaurants, etc.). The overall neighborhood has experienced rapid growth, with very high absorption rates, along with increasing property values. The outlook for the neighborhood is for continued rapid growth, with supply & demand being in balance.

SITE
Dimensions SEE LEGAL DESCRIPTION = 42.00 Acres, More or Less
Zoning Classification A-5, Agricultural; being changed to PUD/Mixed Use
Highest and best use Present use Other (specify) Mixed Use Development
Elec. Public Other (Describe)
Gas None
Water Community
San. Sewer Community
OFF SITE IMPROVEMENTS
Street Access Public Private
Surface Asphalt Paved
Maintenance Public Private
Storm Sewer Curb/Gutter
Sidewalk Street Lights
Topo Generally Level; Native Grass and Scattered Tree Cover
Size Larger For Commercial/PUD Sites in the Area
Shape Effectively Rectangular
View Vacant Commercial Land; The Villages; Glen Hollow Sub
Drainage Appears Adequate; *Zone C;#1202960075B (03/15/82)
Is the property located in a HUD Identified Special Flood Hazard Area? X No Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions): The subject site represents a portion of an approximate 51.74-acre parcel in which the southern 9.55 acres (more or less) have been developed as a commercial park (which is presently under construction). The subject site is proposed for development as a mixed use PUD (up to 6 units/acre), and central water and sewer services will be available via package systems of the park. There are no adverse easements, encroachments, or assessments noted.

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

MARKET DATA ANALYSIS
Table with 4 columns: SUBJECT PROPERTY, COMPARABLE NO. 1, COMPARABLE NO. 2, COMPARABLE NO. 3. Rows include Address, Proximity to Subject, Sales Price, Price / Acre, Data Source, Date of Sale and Time Adjustment, Location, Site/View, Comparability, Sec-Twp-Rnge, Alternate Key #, Sales or Financing Concessions, Net Adj. (Total), Indicated Value of Subject.

Comments on Market Data All three sales are recent large acreage commercial/development tracts located within the subject neighborhood. Sales 1 and 2 are considered similar to the subject, while Sale 3 is inferior as it is more removed from the rapid growth areas of The Villages and Lady Lake. Therefore, Sales 1 and 2 are emphasized herein.
Comments and Conditions of Appraisal: As this appraisal consists primarily of vacant land only, the Sales Comparison Approach is considered the sole applicable approach to value. This appraisal represents a Complete Appraisal presented within a Summary Report. It is subject to the attached Certification, Comment Addendum, and Statement of Limiting Conditions.
Final Reconciliation: As a result, the market value of the subject property is estimated at \$160,000/Acre, or \$6,700,000 (42.00 Acres of Land Area @ \$160,000/Acre, Rounded).

RECONCILIATION
I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF January 24, 2005 to be \$ 6,700,000
Appraiser(s) Roland R. Fink
Review Appraiser (if applicable) [X] Did [] Did Not Physically
Inspect Property
Date Report Signed August 5, 2005
State Certification # St. Cert. Gen. REA State FL
Or State License # St. Cert. Gen. REA RZ 0000843 State FL
Expiration Date of License or Certification 11/06

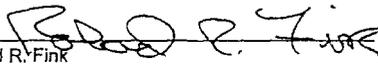
APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraiser report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: CR 466, Lady Lake, Florida 32162

APPRAISER:

Signature: 
 Name: Roland R. Fink
 Date Signed: August 5, 2005
 State Certification #: St. Cert. Gen. REA
 or State License #: RZ 0000843
 State: FL
 Expiration Date of Certification or License: 11/06

SUPERVISORY APPRAISER (only if required)

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
 Did Did Not Inspect Property

LEGAL DESCRIPTION

The West 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and that part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and begin at the Northwest corner of the West 1/2 of the Northeast 1/4 of Section 15, Township 18 South, Range 23 East, thence South 1,332.15 feet, thence West 220.72 feet, thence North to the North Section line, thence east to the Point of Beginning, Less the North 50 feet of the East 25 feet of the Northeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East; and begin 1,142.39 feet East of the Northwest corner of Section 15, Township 18 South, Range 23 East, thence run South 1,334.50 feet; thence East 1,285.32 feet; thence North 1,332.49 feet; thence West to the Point of Beginning; all lying and being in Sumter County, Florida.

LESS AND EXCEPT THE SOUTH 9.55 ACRES

VPC-42

APPRAISAL REPORT

of

Land Property at

CR 466

Lady Lake, Florida 32162

As Of:

January 24, 2005

*42 acres
Village Park Club*

Prepared For:

Ms. Nancy Steinmetz
Post Office Box 217
Lady Lake, FL 32158-0217

Prepared By:

FINK APPRAISAL SERVICES, INC.
Roland R. Fink
2 Banyan Drive
Ocala, FL 34472

EXHIBIT

1

LAND APPRAISAL REPORT

File No. CS50073

Case No. N/A

Appraiser STEINMETZ, Nancy Census Tract 9901 Map Reference 15/18S/23E
 Property Address CR 466
 City Lady Lake County Sumter State Florida Zip Code 32162
 Legal Description SEE ATTACHED LEGAL DESCRIPTION
 Sale Price \$ N/A Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes \$ SEE ADD (yr) Loan Charges to be paid by seller \$ N/A Other Sales Concessions N/A
 Lender/Client Ms. Nancy Steinmetz Address Post Office Box 217, Lady Lake, FL 32158-0217
 Occupant Vacant Land Appraiser Roland R. Fink Instructions to Appraiser Estimate Market Value

NEIGHBORHOOD
 Location Urban Suburban Rural
 Built Up Over 75% 25% to 75% Under 25%
 Growth Rate Fully Dev. Rapid Steady Slow
 Property Values Increasing Stable Declining
 Demand/Supply Shortage In Balance Oversupply
 Marketing Time Under 3 Mos. 4-6 Mos. Over 6 Mos.
 Present Land Use 60 % Family 1 % 2-4 Family 0 % Apts 0 % Condo 5 % Commercial
1 % Industrial 33 % Vacant %
 Change In Present Land Use Not Likely Likely (*) Taking Place (*)
 (*) From Vacant/Agricultural To Residential/Comm.
 Predominate Occupancy Owner Tenant 0-5 % Vacant
 Single Family Price Range \$ 80,000 to \$ 750,000+ Predominant Value \$ 175,000
 Single Family Age New yrs to 20+ yrs. Predominant Age 0-5 yrs

Employment Stability	Good	Avg.	Fair	Poor
Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Shopping	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Schools	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Public Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreational Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Utilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property of Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Protection from Detrimental Conditions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Police and Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Appearance of Properties	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appeal to Market	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): The subject neighborhood includes The Villages, a large residential community with commercial support services (shopping centers, banks, restaurants, etc.). The overall neighborhood has experienced rapid growth, with very high absorption rates, along with increasing property values. The outlook for the neighborhood is for continued rapid growth, with supply & demand being in balance.

Dimensions SEE LEGAL DESCRIPTION = 42.00 Acres, More or Less Corner Lot
 Zoning Classification A-5, Agricultural; being changed to PUD/Mixed Use Present Improvements do do not conform to zoning regulations
 Highest and best use Present use Other (specify) Mixed Use Development
 Public Other (Describe) _____
 Elec. Street Access Public Private
 Gas None Surface Asphalt Paved
 Water Community Maintenance Public Private
 San. Sewer Community Storm Sewer Curb/Gutter
 Undergound Elect. & Tel. Sidewalk Street Lights
 Topo Generally Level; Native Grass and Scattered Tree Cover
 Size Larger For Commercial/PUD Sites in the Area
 Shape Effectively Rectangular
 View Vacant Commercial Land; The Villages; Glen Hollow Sub
 Drainage Appears Adequate; *Zone C; #1202960075B (03/15/82)
 Is the property located in a HUD Identified Special Flood Hazard Area? No Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions): The subject site represents a portion of an approximate 51.74-acre parcel in which the southern 9.55 acres (more or less) have been developed as a commercial park (which is presently under construction). The subject site is proposed for development as a mixed use PUD (up to 6 units/acre), and central water and sewer services will be available via package systems of the park. There are no adverse easements, encroachments, or assessments noted.

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	SUBJECT PROPERTY	COMPARABLE NO.1	COMPARABLE NO.2	COMPARABLE NO.3
Address	CR 466 Lady Lake	US Highway 441/27 Lady Lake	US Highway 441/27 Lady Lake	6904/6952 C-466A Wildwood
Proximity to Subject		4-3/4 Miles West East	Approx 4-1/2 Miles East	Approx 4 Miles South
Sales Price	\$ N/A	\$ 5,850,000	\$ 3,050,000	\$ 2,000,000
Price / Acre	\$ N/A	\$ 139,485	\$ 172,609	\$ 102,564
Data Source	Drive-By Inspection	OR Book 1177, Page 205	OR Book 2634, Page 702	OR Book 1194/65 & 67
Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
	N/A	11/04 (+2.50%)	08/04 (+6.25%)	03/04 (+12.50%)
		+3,487	+10,788	+12,821
Location	Good	Good	Good	Average
Site/View	42.00 Acres/Good	41.94 Acres/Good	17.67 Acres/Good	19.50 Acres/Good
Comparability	N/A	Similar	Similar	Inferior
Sec-Twp-Rnge	15-18S-23E	17-18S-24E	08-18S-24E	03-19S-23E
Alternate Key #	D15=005/010/012	3508670	1790506	G03=011/012
Sales or Financing Concessions	N/A	Cash to Seller	Cash to Seller	Cash to Seller
Net Adj. (Total)		<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 3,487	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 10,788	<input checked="" type="checkbox"/> Plus <input type="checkbox"/> Minus \$ 12,821
Indicated Value of Subject		Net=0% Gross=0% \$ 142,972	Net=0% Gross=0% \$ 183,397	Net=1% Gross=1% \$ 115,385

Comments on Market Data All three sales are recent large acreage commercial/development tracts located within the subject neighborhood. Sales 1 and 2 are considered similar to the subject, while Sale 3 is inferior as it is more removed from the rapid growth areas of The Villages and Lady Lake. Therefore, Sales 1 and 2 are emphasized herein.
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Final Reconciliation: As a result, the market value of the subject property is estimated at \$160,000/Acre, or \$6,700,000 (42.00 Acres of Land Area @ \$160,000/Acre, Rounded).

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF January 24, 2005 to be \$ 6,700,000
 Appraiser(s) Roland R. Fink Review Appraiser (if applicable) Did Did Not Physically
 Date Report Signed August 5, 2005 Inspect Property _____
 State Certification # St. Cert. Gen. REA State FL Date Report Signed _____
 Or State License St. Cert. Gen. REA RZ 0000843 State FL State Certification # _____
 Expiration Date of License or Certification 11/06 Expiration Date of License or Certification _____

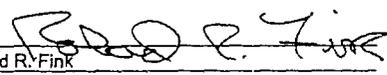
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3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
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7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
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ADDRESS OF PROPERTY APPRAISED: CR 466, Lady Lake, Florida 32162

APPRAISER:

Signature: 
 Name: Roland R. Fink
 Date Signed: August 5, 2005
 State Certification #: St. Cert. Gen. REA
 or State License #: RZ 0000843
 State: FL
 Expiration Date of Certification or License: 11/06

SUPERVISORY APPRAISER (only if required)

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____
 Did Did Not Inspect Property

LEGAL DESCRIPTION

The West 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and that part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East, lying North of Highway C-466; and begin at the Northwest corner of the West 1/2 of the Northeast 1/4 of Section 15, Township 18 South, Range 23 East, thence South 1,332.15 feet, thence West 220.72 feet, thence North to the North Section line, thence east to the Point of Beginning, Less the North 50 feet of the East 25 feet of the Northeast 1/4 of the Northwest 1/4 of Section 15, Township 18 South, Range 23 East; and begin 1,142.39 feet East of the Northwest corner of Section 15, Township 18 South, Range 23 East, thence run South 1,334.50 feet; thence East 1,285.32 feet; thence North 1,332.49 feet; thence West to the Point of Beginning; all lying and being in Sumter County, Florida.

LESS AND EXCEPT THE SOUTH 9.55 ACRES



**Springstead
Engineering, Inc.**

Consulting Engineers – Architects – Planners – Surveyors

EB-0001723
AA-0002820
LB-0001723

727 South 14th Street
Leesburg, Florida 34748

August 11, 2007

FILE COPY

Lake (352) 787-1414
Sumter (352) 793-3639
Fax (352) 787-7221

Mr. F. Marshall Deterding
Rose, Sundstrom & Bentley, LLP
2548 Blairsone Pines Drive
Tallahassee, Florida 32301

RE: Orange Blossom Utilities, Inc.
Request for Additional Information dated July 31, 2007
SEI File No. 0310019.007

Dear Marty:

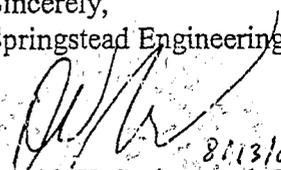
Regarding additional information Item #4 of the Public Service Commission letter dated July 31, 2007, emergency interconnect with the Community Development District (CDD) has not been considered based on the CDD's initial response to provide utility service for this project. The CDD stated that they do not have the capacity to provide service to this project.

The second well is a requirement based on Department of Environmental Protection (DEP) regulations for a water utility providing potable water to a development greater than a certain number of connections (i.e. best well out of service). It is my understanding that the second well would have to be installed even if the interconnect was available.

The cost of the second well will be approximately the same as the first well except that no generator or hydrotank is needed.

I trust this information meets your needs at this time. Should you have any questions or require additional information, please contact our office.

Sincerely,
Springstead Engineering, Inc.


8/13/07
David W. Springstead, P.E.
Florida Registration No. 48229

DWS/jal



8619 03876184

WATER TARIFF

ORANGE BLOSSOM UTILITIES, INC.
NAME OF COMPANY

FILED WITH
FLORIDA PUBLIC SERVICE COMMISSION

WATER TARIFF

ORANGE BLOSSOM UTILITIES, INC.
NAME OF COMPANY

108 S. Old Dixie Highway

Lady Lake, Florida 32159
(ADDRESS OF COMPANY)

352-753-9009
(Business & Emergency Telephone Numbers)

FILED WITH
FLORIDA PUBLIC SERVICE COMMISSION

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

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Service Availability Policy	23.0
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Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

TERRITORY AUTHORITY

CERTIFICATE NUMBER -

COUNTY -

COMMISSION ORDER(S) APPROVING TERRITORY SERVED -

Order Number

Date Issued

Docket Number

Filing Type

(Continued to Sheet No. 3.1)

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

(Continued from Sheet No. 3.0)

DESCRIPTION OF TERRITORY SERVED

BEGIN AT A POINT 1442.39 FEET EAST OF THE NORTHWEST CORNER OF SECTION 15, TOWNSHIP 18 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA; THENCE RUN S. 89° 59' 25" E., 1442.24 FEET; THENCE RUN S. 45° 03' 32" E., 49.56 FEET; THENCE RUN S. 00° 07' 42" E., 14.99 FEET; THENCE RUN S. 89° 59' 45" E., 14.99 FEET; THENCE RUN S. 45° 03' 32" E., 14.16 FEET; THENCE RUN S. 00° 07' 39" E., 1271.93 FEET; THENCE RUN S. 89° 55' 20" W., 661.67 FEET; THENCE RUN S. 00° 05' 52" E., 609.07 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF COUNTY ROAD NO. 466; THENCE RUN ALONG SAID NORTHERLY RIGHT OF WAY THE FOLLOWING COURSES; N. 45° 43' 48" W., 96.20 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 1960.08 FEET AND A CENTRAL ANGLE OF 26° 40' 29"; THENCE RUN ALONG THE ARC OF SAID CURVE 912.54 FEET SAID ARC HAVING A CHORD BEARING OF N. 59° 08' 15" W.; AND A CHORD DISTANCE OF 904.32 FEET; THENCE DEPARTING SAID RIGHT OF WAY RUN N. 00° 01' 25" E., 1411.10 FEET TO THE POINT OF BEGINNING.

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

COMMUNITIES SERVED LISTING

<u>County Name</u>	<u>Development Name</u>	<u>Rate Schedule(s) Available</u>	<u>Sheet No.</u>
Sumter	Village Park Center		

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

TECHNICAL TERMS AND ABBREVIATIONS

- 1.0 "BFC" - The abbreviation for "Base Facility Charge" which is the minimum amount the Company may charge its Customers and is separate from the amount the Company bills its Customers for water consumption.
- 2.0 "CERTIFICATE" - A document issued by the Commission authorizing the Company to provide water service in a specific territory.
- 3.0 "COMMISSION" - The shortened name for the Florida Public Service Commission.
- 4.0 "COMMUNITIES SERVED" - The group of Customers who receive water service from the Company and whose service location is within a specific area or locality that is uniquely separate from another.
- 5.0 "COMPANY" - The shortened name for the full name of the utility which is Orange Blossom Utilities, Inc..
- 6.0 "CUSTOMER" - Any person, firm or corporation who has entered into an agreement to receive water service from the Company and who is liable for the payment of that water service.
- 7.0 "CUSTOMER'S INSTALLATION" - All pipes, shut-offs, valves, fixtures and appliances or apparatus of every kind and nature used in connection with or forming a part of the installation for rendering water service to the Customer's side of the Service Connection whether such installation is owned by the Customer or used by the Customer under lease or other agreement.
- 8.0 "MAIN" - A pipe, conduit, or other facility used to convey water service to individual service lines or through other mains.
- 9.0 "RATE" - Amount which the Company may charge for water service which is applied to the Customer's actual consumption.
- 10.0 "RATE SCHEDULE" - The rate(s) or charge(s) for a particular classification of service plus the several provisions necessary for billing, including all special terms and conditions under which service shall be furnished at such rate or charge.
- 11.0 "SERVICE" - As mentioned in this tariff and in agreement with Customers, "Service" shall be construed to include, in addition to all water service required by the Customer, the readiness and ability on the part of the Company to furnish water service to the Customer. Service shall conform to the standards set forth in Section 367.111 of the Florida Statutes.

(Continued to Sheet No. 5.1)

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

(Continued from Sheet No. 5.0)

- 12.0 "SERVICE CONNECTION" - The point where the Company's pipes or meters are connected with the pipes of the Customer.
- 13.0 "SERVICE LINES" - The pipes between the Company's Mains and the Service Connection and which includes all of the pipes, fittings and valves necessary to make the connection to the Customer's premises, excluding the meter.
- 14.0 "TERRITORY" - The geographical area described, if necessary, by metes and bounds but, in all cases, with township, range and section in a Certificate, which may be within or without the boundaries of an incorporated municipality and may include areas in more than one county.

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

INDEX OF RULES AND REGULATIONS

	<u>Sheet Number:</u>	<u>Rule Number:</u>
Access to Premises	9.0	14.0
Adjustment of Bills	10.0	22.0
Adjustment of Bills for Meter Error	10.0	23.0
All Water Through Meter	10.0	21.0
Applications	7.0	3.0
Applications by Agents	7.0	4.0
Change of Customer's Installation	8.0	11.0
Continuity of Service	8.0	9.0
Customer Billing	9.0	16.0
Delinquent Bills	7.0	8.0
Extensions	7.0	6.0
Filing of Contracts	10.0	25.0
General Information	7.0	1.0
Inspection of Customer's Installation	9.0	13.0
Limitation of Use	8.0	10.0
Meter Accuracy Requirements	10.0	24.0
Meters	10.0	20.0
Payment of Water and Wastewater Service Bills Concurrently	10.0	18.0

(Continued to Sheet No. 6.1)

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

(Continued from Sheet No. 6.0)

	<u>Sheet Number:</u>	<u>Rule Number:</u>
Policy Dispute	7.0	2.0
Protection of Company's Property	8.0	12.0
Refusal or Discontinuance of Service	7.0	5.0
Right-of-way or Easements	9.0	15.0
Termination of Service	9.0	17.0
Type and Maintenance	7.0	7.0
Unauthorized Connections - Water	10.0	19.0

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

RULES AND REGULATIONS

- 1.0 GENERAL INFORMATION - These Rules and Regulations are a part of the rate schedules and applications and contracts of the Company and, in the absence of specific written agreement to the contrary, apply without modifications or change to each and every Customer to whom the Company renders water service.
- The Company shall provide water service to all Customers requiring such service within its Certificated territory pursuant to Chapter 25-30, Florida Administrative Code and Chapter 367, Florida Statutes.
- 2.0 POLICY DISPUTE - Any dispute between the Company and the Customer or prospective Customer regarding the meaning or application of any provision of this tariff shall upon written request by either party be resolved by the Florida Public Service Commission.
- 3.0 APPLICATION - In accordance with Rule 25-30.310, Florida Administrative Code, a signed application is required prior to the initiation of service. The Company shall provide each Applicant with a copy of the brochure entitled "Your Water and Wastewater Service," prepared by the Florida Public Service Commission.
- 4.0 APPLICATIONS BY AGENTS - Applications for water service requested by firms, partnerships, associations, corporations, and others shall be rendered only by duly authorized parties or agents.
- 5.0 REFUSAL OR DISCONTINUANCE OF SERVICE - The Company may refuse or discontinue water service rendered under application made by any member or agent of a household, organization, or business in accordance with Rule 25-30.320, Florida Administrative Code.
- 6.0 EXTENSIONS - Extensions will be made to the Company's facilities in compliance with Commission Rules and Orders and the Company's tariff.
- 7.0 TYPE AND MAINTENANCE - In accordance with Rule 25-30.545, Florida Administrative Code, the Customer's pipes, apparatus and equipment shall be selected, installed, used and maintained in accordance with standard practice and shall conform with the Rules and Regulations of the Company and shall comply with all laws and governmental regulations applicable to same. The Company shall not be responsible for the maintenance and operation of the Customer's pipes and facilities. The Customer expressly agrees not to utilize any appliance or device which is not properly constructed, controlled and protected or which may adversely affect the water service. The Company reserves the right to discontinue or withhold water service to such apparatus or device.
- 8.0 DELINQUENT BILLS - When it has been determined that a Customer is delinquent in paying any bill, water service may be discontinued after the Company has mailed or presented a written notice to the Customer in accordance with Rule 25-30.320, Florida Administrative Code.

(Continued on Sheet No. 8.0)

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

(Continued from Sheet No. 7.0)

9.0 CONTINUITY OF SERVICE - In accordance with Rule 25-30.250, Florida Administrative Code, the Company will at all times use reasonable diligence to provide continuous water service and, having used reasonable diligence, shall not be liable to the Customer for failure or interruption of continuous water service.

If at any time the Company shall interrupt or discontinue its service, all Customers affected by said interruption or discontinuance shall be given not less than 24 hours written notice.

10.0 LIMITATION OF USE - Water service purchased from the Company shall be used by the Customer only for the purposes specified in the application for water service. Water service shall be rendered to the Customer for the Customer's own use and shall not sell or otherwise dispose of such water service supplied by the Company.

In no case shall a Customer, except with the written consent of the Company, extend his lines across a street, alley, lane, court, property line, avenue, or other way in order to furnish water service to the adjacent property through one meter even though such adjacent property may be owned by him. In case of such unauthorized extension, sale, or disposition of service, the Customer's water service will be subject to discontinuance until such unauthorized extension, remetering, sale or disposition of service is discontinued and full payment is made to the Company for water service rendered by the Company (calculated on proper classification and rate schedules) and until reimbursement is made in full to the Company for all extra expenses incurred for clerical work, testing, and inspections. (This shall not be construed as prohibiting a Customer from remetering.)

11.0 CHANGE OF CUSTOMER'S INSTALLATION - No changes or increases in the Customer's installation, which will materially affect the proper operation of the pipes, mains, or stations of the Company, shall be made without written consent of the Company. The Customer shall be liable for any charge resulting from a violation of this Rule.

12.0 PROTECTION OF COMPANY'S PROPERTY - The Customer shall exercise reasonable diligence to protect the Company's property. If the Customer is found to have tampered with any Company property or refuses to correct any problems reported by the Company, service may be discontinued in accordance with Rule 25-30.320, Florida Administrative Code. In the event of any loss or damage to property of the Company caused by or arising out of carelessness, neglect, or misuse by the Customer, the cost of making good such loss or repairing such damage shall be paid by the Customer.

(Continued on Sheet No. 9.0)

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

(Continued from Sheet No. 8.0)

- 13.0 INSPECTION OF CUSTOMER'S INSTALLATION - All Customer's water service installations or changes shall be inspected upon completion by a competent authority to ensure that the Customer's piping, equipment, and devices have been installed in accordance with accepted standard practice and local laws and governmental regulations. Where municipal or other governmental inspection is required by local rules and ordinances, the Company cannot render water service until such inspection has been made and a formal notice of approval from the inspecting authority has been received by the Company.

Notwithstanding the above, the Company reserves the right to inspect the Customer's installation prior to rendering water service, and from time to time thereafter, but assumes no responsibility whatsoever for any portion thereof.

- 14.0 ACCESS TO PREMISES - In accordance with Rule 25-30.320(2)(f), Florida Administrative Code, the Customer shall provide the duly authorized agents of the Company access at all reasonable hours to its property. If reasonable access is not provided, service may be discontinued pursuant to the above rule.

- 15.0 RIGHT-OF-WAY OR EASEMENTS - The Customer shall grant or cause to be granted to the Company, and without cost to the Company, all rights, easements, permits, and privileges which are necessary for the rendering of water service.

- 16.0 CUSTOMER BILLING - Bills for water service will be rendered - Monthly, Bimonthly, or Quarterly - as stated in the rate schedule.

In accordance with Rule 25-30.335, Florida Administrative Code, the Company may not consider a Customer delinquent in paying his or her bill until the twenty-first day after the Company has mailed or presented the bill for payment.

A municipal or county franchise tax levied upon a water or wastewater public Company shall not be incorporated into the rate for water or wastewater service but shall be shown as a separate item on the Company's bills to its Customers in such municipality or county.

If a Company utilizes the base facility and usage charge rate structure and does not have a Commission authorized vacation rate, the Company shall bill the Customer the base facility charge regardless of whether there is any usage.

- 17.0 TERMINATION OF SERVICE - When a Customer wishes to terminate service on any premises where water service is supplied by the Company, the Company may require reasonable notice in accordance with Rule 25-30.325, Florida Administrative Code.

(Continued on Sheet No. 10.0)

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

(Continued from Sheet No. 9.0)

- 18.0 PAYMENT OF WATER AND WASTEWATER SERVICE BILLS CONCURRENTLY - In accordance with Rule 25-30.320(2)(g), Florida Administrative Code, when both water and wastewater service are provided by the Company, payment of any water service bill rendered by the Company to a Customer shall not be accepted by the Company without the simultaneous or concurrent payment of any wastewater service bill rendered by the Company.
- 19.0 UNAUTHORIZED CONNECTIONS - WATER - Any unauthorized connections to the Customer's water service shall be subject to immediate discontinuance without notice, in accordance with Rule 25-30.320, Florida Administrative Code.
- 20.0 METERS - All water meters shall be furnished by and remain the property of the Company and shall be accessible and subject to its control, in accordance with Rule 25-30.230, Florida Administrative Code.
- 21.0 ALL WATER THROUGH METER - That portion of the Customer's installation for water service shall be so arranged to ensure that all water service shall pass through the meter. No temporary pipes, nipples or spaces are permitted and under no circumstances are connections allowed which may permit water to by-pass the meter or metering equipment.
- 22.0 ADJUSTMENT OF BILLS - When a Customer has been undercharged as a result of incorrect application of the rate schedule, incorrect reading of the meter, incorrect connection of the meter, or other similar reasons, the amount may be billed to the Customer as the case may be pursuant to Rule 25-30.350, Florida Administrative Code.
- 23.0 ADJUSTMENT OF BILLS FOR METER ERROR - When meter tests are made by the Commission or by the Company, the accuracy of registration of the meter and its performance shall conform with Rule 25-30.262, Florida Administrative Code and any adjustment of a bill due to a meter found to be in error as a result of any meter test performed whether for unauthorized use or for a meter found to be fast, slow, non-registering, or partially registering, shall conform with Rule 25-30.340, Florida Administrative Code.
- 24.0 METER ACCURACY REQUIREMENTS - All meters used by the Company should conform to the provisions of Rule 25-30.262, Florida Administrative Code.
- 25.0 FILING OF CONTRACTS - Whenever a Developer Agreement or Contract, Guaranteed Revenue Contract, or Special Contract or Agreement is entered into by the Company for the sale of its product or services in a manner not specifically covered by its Rules and Regulations or approved Rate Schedules, a copy of such contracts or agreements shall be filed with the Commission prior to its execution in accordance with Rule 25-9.034 and Rule 25-30.550, Florida Administrative Code. If such contracts or agreements are approved by the Commission, a conformed copy shall be placed on file with the Commission within 30 days of execution.

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

INDEX OF RATES AND CHARGES SCHEDULES

	<u>Sheet Number</u>
Customer Deposits	14.0
General Service, GS	12.0
Meter Test Deposit	15.0
Miscellaneous Service Charges	16.0
Residential Service, RS	13.0
Service Availability Fees and Charges	17.0

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

GENERAL SERVICE

RATE SCHEDULE GS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For water service to all Customers for which no other schedule applies.
- LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD - Monthly
- RATE -

<u>Meter Size</u>	<u>Base Facility Charge</u>
5/8"	5.74
3/4"	8.61
1"	14.35
1 1/2"	28.70
2"	45.92
3"	100.45
4"	172.20
6"	358.75
8"	516.60

Gallage Charge Per 1,000 Gallons \$3.52

- MINIMUM CHARGE - Base Facility Charge
- TERMS OF PAYMENT - Bills are due and payable when rendered. In accordance with Rule 25-30.320, Florida Administrative Code, if a Customer is delinquent in paying the bill for water service, service may then be discontinued.
- EFFECTIVE DATE -
- TYPE OF FILING - Original Certificate

Nancy Steinmetz
ISSUING OFFICER
President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

RESIDENTIAL SERVICE

RATE SCHEDULE RS

AVAILABILITY - Available throughout the area served by the Company.
APPLICABILITY - For water service for all purposes in private residences and individually metered apartment units.
LIMITATIONS - Subject to all of the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.

BILLING PERIOD -

RATE - Monthly

<u>Meter Size</u>	<u>Base Facility Charge</u>
5/8"	5.74
3/4"	8.61
1"	14.35
1 1/2"	28.70
2"	45.92
3"	100.45
4"	172.20
6"	358.75
8"	516.60

Gallonge Charge Per 1,000 Gallons \$3.52

MINIMUM CHARGE - Base Facility Charge

TERMS OF PAYMENT - Bills are due and payable when rendered. In accordance with Rule 25-30.320, Florida Administrative Code, if a Customer is delinquent in paying the bill for water service, service may then be discontinued.

EFFECTIVE DATE -

TYPE OF FILING - Original Certificate

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

CUSTOMER DEPOSITS

ESTABLISHMENT OF CREDIT - Before rendering water service, the Company may require an Applicant for service to satisfactorily establish credit, but such establishment of credit shall not relieve the Customer from complying with the Company's rules for prompt payment. Credit will be deemed so established if the Customer complies with the requirements of Rule 25-30.311, Florida Administrative Code.

AMOUNT OF DEPOSIT - The amount of initial deposit shall be the following according to meter size:

	<u>Residential</u>	<u>General Service</u>
5/8" x 3/4"	2 Times Average Bill	2 Times Average Bill
1"	2 Times Average Bill	2 Times Average Bill
1 1/2"	2 Times Average Bill	2 Times Average Bill
Over 2"	2 Times Average Bill	2 Times Average Bill

ADDITIONAL DEPOSIT - Under Rule 25-30.311(7), Florida Administrative Code, the Company may require a new deposit, where previously waived or returned, or an additional deposit in order to secure payment of current bills provided.

INTEREST ON DEPOSIT - The Company shall pay interest on Customer deposits pursuant to Rules 25-30.311(4) and (4a). The Company will pay or credit accrued interest to the Customers account during the month of July each year.

REFUND OF DEPOSIT - After a residential Customer has established a satisfactory payment record and has had continuous service for a period of 23 months, the Company shall refund the Customer's deposit provided the Customer has met the requirements of Rule 25-30.311(5), Florida Administrative Code. The Company may hold the deposit of a non-residential Customer after a continuous service period of 23 months and shall pay interest on the non-residential Customer's deposit pursuant to Rules 25-30.311(4) and (5), Florida Administrative Code.

Nothing in this rule shall prohibit the Company from refunding a Customer's deposit in less than 23 months.

EFFECTIVE DATE -

TYPE OF FILING - Original Certificate

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

METER TEST DEPOSITS

METER BENCH TEST REQUEST - If any Customer requests a bench test of his or her water meter, in accordance with Rule 25-30.266, Florida Administrative Code, the Company may require a deposit to defray the cost of testing; such deposit shall not exceed the schedule of fees found in Rule 25-30.266, Florida Administrative Code.

<u>METER SIZE</u>	<u>FEE</u>
5/8" x 3/4"	\$20.00
1" and 1 1/2"	\$25.00
2" and over	Actual Cost

REFUND OF METER BENCH TEST DEPOSIT - The Company may refund the meter bench test deposit in accordance with Rule 25-30.266, Florida Administrative Code.

METER FIELD TEST REQUEST - A Customer may request a no-charge field test of the accuracy of a meter in accordance with Rule 25-30.266, Florida Administrative Code.

EFFECTIVE DATE -

TYPE OF FILING - Original Certificate

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

MISCELLANEOUS SERVICE CHARGES

The Company may charge the following miscellaneous service charges in accordance with the terms stated herein. If both water and wastewater services are provided, only a single charge is appropriate unless circumstances beyond the control of the Company requires multiple actions.

INITIAL CONNECTION - This charge may be levied for service initiation at a location where service did not exist previously.

NORMAL RECONNECTION - This charge may be levied for transfer of service to a new Customer account at a previously served location or reconnection of service subsequent to a Customer requested disconnection.

VIOLATION RECONNECTION - This charge may be levied prior to reconnection of an existing Customer after disconnection of service for cause according to Rule 25-30.320(2), Florida Administrative Code, including a delinquency in bill payment.

PREMISES VISIT CHARGE (IN LIEU OF DISCONNECTION) - This charge may be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill and does not discontinue service because the Customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

DELINQUENT PAYMENT CHARGE - This charge is levied for any customer paying their bill 20 days after the date of billing. \$10.00

Schedule of Miscellaneous Service Charges

	<u>Normal Hours</u>	<u>After Hours</u>
Initial Connection Fee	\$ <u>30.00</u>	\$ <u>40.00</u>
Normal Reconnection Fee	\$ <u>30.00</u>	\$ <u>40.00</u>
Violation Reconnection Fee	\$ <u>30.00</u>	\$ <u>40.00</u>
Premises Visit Fee	\$ <u>35.00</u>	\$ <u>50.00</u>

EFFECTIVE DATE -

TYPE OF FILING - Original Certificate

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

Refer to Service
Availability Policy
Sheet No./Rule No.

<u>Description</u>	<u>Amount</u>
<u>Back-Flow Preventor Installation Fee</u>	
5/8" x 3/4"	\$
1"	\$
1 1/2"	\$
2"	\$
Over 2"	\$ ¹
<u>Customer Connection (Tap-in) Charge</u>	
5/8" x 3/4" metered service	\$
1" metered service	\$
1 1/2" metered service	\$
2" metered service	\$
Over 2" metered service	\$ ¹
<u>Guaranteed Revenue Charge</u>	
With Prepayment of Service Availability Charges:	
Residential-per ERC/month (__GPD)	\$
All others-per gallon/month	\$
Without Prepayment of Service Availability Charges:	
Residential-per ERC/month (__GPD)	\$
All others-per gallon/month	\$
<u>Inspection Fee</u>	\$ ¹
<u>Main Extension Charge</u>	
Residential-per ERC (350 GPD)	\$1,161.00
All others-per gallon	\$ 3.32
or	
Residential-per lot (__foot frontage)	\$
All others-per front foot	\$
<u>Meter Installation Fee</u>	
5/8" x 3/4"	\$150
1"	\$Actual Cost
1 1/2"	\$Actual Cost
2"	\$Actual Cost
Over 2"	\$ ¹ Actual Cost
<u>Plan Review Charge</u>	\$ ¹
<u>Plant Capacity Charge</u>	
Residential-per ERC (350 GPD)	\$3,042.00
All others-per gallon	\$ 8.69
<u>System Capacity Charge</u>	
Residential-per ERC (__GPD)	\$
All others-per gallon	\$

¹Actual Cost is equal to the total cost incurred for services rendered by a Customer.

EFFECTIVE DATE -

TYPE OF FILING - Original Certificate

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

INDEX OF STANDARD FORMS

<u>Description</u>	<u>Sheet No.</u>
APPLICATION FOR METER INSTALLATION	21.0
APPLICATION FOR WATER SERVICE	20.0
COPY OF CUSTOMER'S BILL	22.0
CUSTOMER'S GUARANTEE DEPOSIT RECEIPT	19.0

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

ORANGE BLOSSOM UTILITIES, INC.

CUSTOMER'S GUARANTEE DEPOSIT RECEIPT



Orange Blossom Utilities, Inc.

108 S. Old Dixie Hwy
Lady Lake, Florida 32159

Date _____

Received from _____

Street Address _____

Mailing Address _____

As a Deposit of _____ WATER _____ SEWER

To guarantee the payment of any and all indebtedness for water, and/or sewer service which may be or become due to Orange Blossom Utilities, Inc., (hereinafter called the Utility) by said customer. Customer agrees that such deposit or any part thereof may be applied in discharge of any indebtedness of the consumer to the Utility whatsoever and that the Utility may use such deposit as if the Utility were the absolute owner thereof. Upon discontinuance of service covered by this deposit and the presentation of this receipt and proper identification, the Utility agrees to refund to the consumer the deposit, less any amounts then due the Utility.

This shall not preclude the Utility from discontinuing for nonpayment the service covered by this deposit regardless of the sufficiency of said deposit to cover such indebtedness for such service.

THIS RECEIPT IS NOT NEGOTIABLE OR TRANSFERABLE AND IS REDEEMABLE ONLY BY THE CUSTOMER WHOSE NAME APPEARS HEREON

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

Sample Application Form

Name _____ Telephone Number _____

Billing Address _____

City _____ State _____ Zip _____

Service Address _____

City _____ State _____ Zip _____

Date service should begin _____

Service requested: Water ____ Wastewater ____ Both ____

By signing this agreement, the Customer agrees to the following:

1. The Company shall not be responsible for the maintenance and operation of the Customer's pipes and facilities. The Customer agrees not to utilize any appliance or device which is not properly constructed, controlled and protected or which may adversely affect the water service; the Company reserves the right to discontinue or withhold water service to such apparatus or device.
2. The Company may refuse or discontinue water service rendered under application made by any member or agent of a household, organization, or business for any of the reasons contained in Rule 25-30.320, Florida Administrative Code. Any unauthorized connections to the Customer's water service shall be subject to immediate discontinuance without notice, in accordance with Rule 25-30.320, Florida Administrative Code.
3. The Customer agrees to abide by all existing Company Rules and Regulations as contained in the tariff.
4. Bills for water service will be rendered - Monthly, Bimonthly, or Quarterly - as stated in the rate schedule. Bills must be paid within 20 days of mailing bills. If payment is not made after five working days written notice, service may be discontinued.
5. When a Customer wishes to terminate service on any premises where water and/or wastewater service is supplied by the Company, the Company may require (oral, written) notice within ____ days prior to the date the Customer desires to terminate service.

Signature

Date

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

APPLICATION FOR METER INSTALLATION

N/A

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

COPY OF CUSTOMER'S BILL



ORANGE BLOSSOM UTILITIES, INC.

108 S. OLD DIXIE HWY
LADY LAKE, FL 32159
Phone # 352-753-9009

WATER/SEWER

Billing Date	Invoice #
6/12/2007	1

Bill To
TEST LADY LAKE
Service Address
123 service address

Account #	123TEST
-----------	---------

Due Date	7/2/2007
----------	----------

Item	Service Period	# of Days	Current Reading	Previous Reading	Usage	Rate	Amount
WATER	5/01/07 TO 5/31/07	31	500	450	50.00	1.00	50.00
SEWER						0.00	0.00
	COMMERCIAL WATER TAX					6.00%	3.00
Total							\$55.00
Payments/Credits				5-5.00	Balance Due		\$48.00

Please notify Customer Service at 352-753-9009 immediately upon receipt of your bill if you feel it is in error. Service will be disconnected on accounts unpaid 30 days after billing date without notice.
PAST DUE BALANCES ARE DUE NOW AND SUBJECT TO DISCONNECT.
 If Past Due Balance is not received in the Utilities Office prior to shut off day, a reconnect fee of \$25 will be assessed, (\$50 after hours) even if service is not interrupted.
 A late payment fee of \$10 will be added to accounts unpaid 20 days after the BILLING DATE.
 Payments can be made by mail or in person at:
 108 S. Old Dixie Hwy, Lady Lake, FL 32159
 A dishonored check fee is assessed on any returned check in accordance with State Statute.

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

INDEX OF SERVICE AVAILABILITY

<u>Description</u>	<u>Sheet Number</u>
Schedule of Fees and Charges	Go to Sheet No. 17.0
Service Availability Policy	24.0

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WATER TARIFF

SERVICE AVAILABILITY POLICY

The Service Company will invest in all off site facilities and will impose a main extension charge and a plant capacity charge as outlined in this tariff.

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

WASTEWATER TARIFF

ORANGE BLOSSOM UTILITIES, INC.
NAME OF COMPANY

FILED WITH
FLORIDA PUBLIC SERVICE COMMISSION

WASTEWATER TARIFF

ORANGE BLOSSOM UTILITIES, INC.
NAME OF COMPANY

108 S. Old Dixie Highway

Lady Lake, Florida 32159
(ADDRESS OF COMPANY)

352-753-9009
(Business & Emergency Telephone Numbers)

FILED WITH
FLORIDA PUBLIC SERVICE COMMISSION

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

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Communities Served Listing	4.0
Description of Territory Served	3.1
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Rates and Charges Schedules	11.0
Rules and Regulations	6.0
Service Availability Policy	21.0
Standard Forms	17.0
Technical Terms and Abbreviations	5.0
Territory Authority	3.0

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

TERRITORY AUTHORITY

CERTIFICATE NUMBER -

COUNTY -

COMMISSION ORDER(S) APPROVING TERRITORY SERVED -

Order Number

Date Issued

Docket Number

Filing Type

(Continued to Sheet No. 3.1)

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

(Continued from Sheet No. 3.0)

DESCRIPTION OF TERRITORY SERVED

BEGIN AT A POINT 1442.39 FEET EAST OF THE NORTHWEST CORNER OF SECTION 15, TOWNSHIP 18 SOUTH, RANGE 23 EAST, SUMTER CONTY, FLORIDA; THENCE RUN S. 89° 59' 25" E., 1442.24 FEET; THENCE RUN S. 45° 03' 32" E., 49.56 FEET; THENCE RUN S. 00° 07' 42" E., 14.99 FEET; THENCE RUN S. 89° 59' 45" E., 14.99 FEET; THENCE RUN S. 45° 03' 32" E., 14.16 FEET; THENCE RUN S. 00° 07' 39" E., 1271.93 FEET; THENCE RUN S. 89° 55' 20" W., 661.67 FEET; THENCE RUN S. 00° 05' 52" E., 609.07 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF COUNTY ROAD NO. 466; THENCE RUN ALONG SAID NORTHERLY RIGHT OF WAY THE FOLLOWING COURSES; N. 45° 43' 48" W., 96.20 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 1960.08 FEET AND A CENTRAL ANGLE OF 26° 40' 29"; THENCE RUN ALONG THE ARC OF SAID CURVE 912.54 FEET SAID ARC HAVING A CHORD BEARING OF N. 59° 08' 15" W.; AND A CHORD DISTANCE OF 904.32 FEET; THENCE DEPARTING SAID RIGHT OF WAY RUN N. 00° 01' 25" E., 1411.10 FEET TO THE POINT OF BEGINNING.

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

COMMUNITIES SERVED LISTING

<u>County</u> <u>Name</u>	<u>Development</u> <u>Name</u>	<u>Rate</u> <u>Schedule(s)</u> <u>Available</u>	<u>Sheet No.</u>
Sumter	Village Park Center		

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

TECHNICAL TERMS AND ABBREVIATIONS

- 1.0 "BFC" - The abbreviation for "Base Facility Charge" which is the minimum amount the Company may charge its Customers and is separate from the amount the Company bills its Customers for wastewater consumption.
- 2.0 "CERTIFICATE" - A document issued by the Commission authorizing the Company to provide wastewater service in a specific territory.
- 3.0 "COMMISSION" - The shortened name for the Florida Public Service Commission.
- 4.0 "COMMUNITIES SERVED" - The group of Customers who receive wastewater service from the Company and whose service location is within a specific area or locality that is uniquely separate from another.
- 5.0 "COMPANY" - The shortened name for the full name of the utility which is _____.
- 6.0 "CUSTOMER" - Any person, firm or corporation who has entered into an agreement to receive wastewater service from the Company and who is liable for the payment of that wastewater service.
- 7.0 "CUSTOMER'S INSTALLATION" - All pipes, shut-offs, valves, fixtures and appliances or apparatus of every kind and nature used in connection with or forming a part of the installation for disposing of wastewater located on the Customer's side of the Service Connection whether such installation is owned by the Customer or used by the Customer under lease or other agreement.
- 8.0 "MAIN" - A pipe, conduit, or other facility used to convey wastewater service from individual service lines or through other mains.
- 9.0 "RATE" - Amount which the Company may charge for wastewater service which is applied to the Customer's water consumption.
- 10.0 "RATE SCHEDULE" - The rate(s) or charge(s) for a particular classification of service plus the several provisions necessary for billing, including all special terms and conditions under which service shall be furnished at such rate or charge.
- 11.0 "SERVICE" - As mentioned in this tariff and in agreement with Customers, "Service" shall be construed to include, in addition to all wastewater service required by the Customer, the readiness and ability on the part of the Company to furnish wastewater service to the Customer. Service shall conform to the standards set forth in Section 367.111 of the Florida Statutes.

(Continued to Sheet No. 5.1)

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

(Continued from Sheet No. 5.0)

- 12.0 "SERVICE CONNECTION" - The point where the Company's pipes or meters are connected with the pipes of the Customer.
- 13.0 "SERVICE LINES" - The pipes between the Company's Mains and the Service Connection and which includes all of the pipes, fittings and valves necessary to make the connection to the Customer's premises, excluding the meter.
- 14.0 "TERRITORY" - The geographical area described, if necessary, by metes and bounds but, in all cases, with township, range and section in a Certificate, which may be within or without the boundaries of an incorporated municipality and may include areas in more than one county.

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

INDEX OF RULES AND REGULATIONS

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Adjustment of Bills	10.0	20.0
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Applications by Agents	7.0	4.0
Change of Customer's Installation	8.0	10.0
Continuity of Service	8.0	8.0
Customer Billing	9.0	15.0
Delinquent Bills	10.0	17.0
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Extensions	7.0	6.0
Filing of Contracts	10.0	21.0
General Information	7.0	1.0
Inspection of Customer's Installation	8.0	11.0
Limitation of Use	8.0	9.0
Payment of Water and Wastewater Service Bills Concurrently	9.0	16.0
Policy Dispute	7.0	2.0
Protection of Company's Property	9.0	13.0
Refusal or Discontinuance of Service	7.0	5.0

(Continued to Sheet No. 6.1)

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

(Continued from Sheet No. 6.0)

	<u>Sheet</u> <u>Number:</u>	<u>Rule</u> <u>Number:</u>
Right-of-way or Easements	9.0	14.0
Termination of Service	10.0	18.0
Type and Maintenance	7.0	7.0
Unauthorized Connections - Wastewater	10.0	19.0

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

RULES AND REGULATIONS

- 1.0 GENERAL INFORMATION - These Rules and Regulations are a part of the rate schedules and applications and contracts of the Company and, in the absence of specific written agreement to the contrary, apply without modifications or change to each and every Customer to whom the Company renders wastewater service.
- The Company shall provide wastewater service to all Customers requiring such service within its Certificated territory pursuant to Chapter 25-30, Florida Administrative Code and Chapter 367, Florida Statutes.
- 2.0 POLICY DISPUTE - Any dispute between the Company and the Customer or prospective Customer regarding the meaning or application of any provision of this tariff shall upon written request by either party be resolved by the Florida Public Service Commission.
- 3.0 APPLICATION - In accordance with Rule 25-30.310, Florida Administrative Code, a signed application is required prior to the initiation of service. The Company shall provide each applicant with a copy of the brochure entitled "Your Water and Wastewater Service," prepared by the Florida Public Service Commission.
- 4.0 APPLICATIONS BY AGENTS - Applications for wastewater service requested by firms, partnerships, associations, corporations, and others shall be rendered only by duly authorized parties or agents.
- 5.0 REFUSAL OR DISCONTINUANCE OF SERVICE - The Company may refuse or discontinue wastewater service rendered under application made by any member or agent of a household, organization, or business in accordance with Rule 25-30.320, Florida Administrative Code.
- 6.0 EXTENSIONS - Extensions will be made to the Company's facilities in compliance with Commission Rules and Orders and the Company's tariff.
- 7.0 TYPE AND MAINTENANCE - In accordance with Rule 25-30.545, Florida Administrative Code, the Customer's pipes, apparatus and equipment shall be selected, installed, used and maintained in accordance with standard practice and shall conform with the Rules and Regulations of the Company and shall comply with all Laws and Governmental Regulations applicable to same. The Company shall not be responsible for the maintenance and operation of the Customer's pipes and facilities. The Customer expressly agrees not to utilize any appliance or device which is not properly constructed, controlled and protected or which may adversely affect the wastewater service. The Company reserves the right to discontinue or withhold wastewater service to such apparatus or device.

(Continued on Sheet No. 8.0)

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

(Continued from Sheet No. 7.0)

8.0 CONTINUITY OF SERVICE - In accordance with Rule 25-30.250, Florida Administrative Code, the Company will at all times use reasonable diligence to provide continuous wastewater service and, having used reasonable diligence, shall not be liable to the Customer for failure or interruption of continuous wastewater service.

If at any time the Company shall interrupt or discontinue its service, all Customers affected by said interruption or discontinuance shall be given not less than 24 hours written notice.

9.0 LIMITATION OF USE - Wastewater service purchased from the Company shall be used by the Customer only for the purposes specified in the application for wastewater service. Wastewater service shall be rendered to the Customer for the Customer's own use and shall be collected directly into the Company's main wastewater lines.

In no case shall a Customer, except with the written consent of the Company, extend his lines across a street, alley, lane, court, property line, avenue, or other way in order to furnish wastewater service to the adjacent property even though such adjacent property may be owned by him. In case of such unauthorized extension, sale, or disposition of service, the Customer's wastewater service will be subject to discontinuance until such unauthorized extension, remetering, sale or disposition of service is discontinued and full payment is made to the Company for wastewater service rendered by the Company (calculated on proper classification and rate schedules) and until reimbursement in full is made in full to the Company for all extra expenses incurred for clerical work, testing, and inspections. (This shall not be construed as prohibiting a Customer from remetering.)

10.0 CHANGE OF CUSTOMER'S INSTALLATION - No changes or increases in the Customer's installation, which will materially affect the proper operation of the pipes, mains, or stations of the Company, shall be made without written consent of the Company. The Customer shall be liable for any change resulting from a violation of this Rule.

11.0 INSPECTION OF CUSTOMER'S INSTALLATION - All Customer's wastewater service installations or changes shall be inspected upon completion by a competent authority to ensure that the Customer's piping, equipment, and devices have been installed in accordance with accepted standard practice and local laws and governmental regulations. Where municipal or other governmental inspection is required by local rules and ordinances, the Company cannot render wastewater service until such inspection has been made and a formal notice of approval from the inspecting authority has been received by the Company.

Notwithstanding the above, the Company reserves the right to inspect the Customer's installation prior to rendering wastewater service, and from time to time thereafter, but assumes no responsibility whatsoever for any portion thereof.

(Continued on Sheet No. 9.0)

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

(Continued from Sheet No. 8.0)

- 12.0 ACCESS TO PREMISES - In accordance with Rule 25-30.320(2)(f), Florida Administrative Code, the Customer shall provide the duly authorized agents of the Company access at all reasonable hours to its property. If reasonable access is not provided, service may be discontinued pursuant to the above rule.
- 13.0 PROTECTION OF COMPANY'S PROPERTY - The Customer shall exercise reasonable diligence to protect the Company's property. If the Customer is found to have tampered with any Company property or refuses to correct any problems reported by the Company, service may be discontinued in accordance with Rule 25-30.320, Florida Administrative Code. In the event of any loss or damage to property of the Company caused by or arising out of carelessness, neglect, or misuse by the Customer, the cost of making good such loss or repairing such damage shall be paid by the Customer.
- 14.0 RIGHT-OF-WAY OR EASEMENTS - The Customer shall grant or cause to be granted to the Company, and without cost to the Company, all rights, easements, permits, and privileges which are necessary for the rendering of wastewater service.
- 15.0 CUSTOMER BILLING - Bills for wastewater service will be rendered - Monthly, Bimonthly, or Quarterly - as stated in the rate schedule.

In accordance with Rule 25-30.335, Florida Administrative Code, the Company may not consider a Customer delinquent in paying his or her bill until the twenty-first day after the Company has mailed or presented the bill for payment.

A municipal or county franchise tax levied upon a water or wastewater public utility shall not be incorporated into the rate for water or wastewater service but shall be shown as a separate item on the Company's bills to its Customers in such municipality or county.

If a utility utilizes the base facility and usage charge rate structure and does not have a Commission authorized vacation rate, the Company shall bill the Customer the base facility charge regardless of whether there is any usage.

- 16.0 PAYMENT OF WATER AND WASTEWATER SERVICE BILLS CONCURRENTLY - In accordance with Rule 25-30.320(2)(g), Florida Administrative Code, when both water and wastewater service are provided by the Company, payment of any wastewater service bill rendered by the Company to a Customer shall not be accepted by the Company without the simultaneous or concurrent payment of any water service bill rendered by the Company.

(Continued on Sheet No. 10.0)

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

(Continued from Sheet No. 9.0)

- 17.0 DELINQUENT BILLS - When it has been determined that a Customer is delinquent in paying any bill, wastewater service may be discontinued after the Company has mailed or presented a written notice to the Customer in accordance with Rule 25-30.320, Florida Administrative Code.
- 18.0 TERMINATION OF SERVICE - When a Customer wishes to terminate service on any premises where wastewater service is supplied by the Company with wastewater service, the Company may require reasonable notice to the Company in accordance with Rule 25-30.325, Florida Administrative Code.
- 19.0 UNAUTHORIZED CONNECTIONS - WASTEWATER - Any unauthorized connections to the Customer's wastewater service shall be subject to immediate discontinuance without notice, in accordance with Rule 25-30.320, Florida Administrative Code.
- 20.0 ADJUSTMENT OF BILLS - When a Customer has been undercharged as a result of incorrect application of the rate schedule or, if wastewater service is measured by water consumption and a meter error is determined, the amount may be credited or billed to the Customer as the case may be, pursuant to Rules 25-30.340 and 25-30.350, Florida Administrative Code.
- 21.0 FILING OF CONTRACTS - Whenever a Developer Agreement or Contract, Guaranteed Revenue Contract, or Special Contract or Agreement is entered into by the Company for the sale of its product or services in a manner not specifically covered by its Rules and Regulations or approved Rate Schedules, a copy of such contracts or agreements shall be filed with the Commission prior to its execution in accordance with Rule 25-9.034 and Rule 25-30.550, Florida Administrative Code. If such contracts or agreements are approved by the Commission, a conformed copy shall be placed on file with the Commission within 30 days of execution.
- 22.0 EVIDENCE OF CONSUMPTION - The initiation or continuation or resumption of water service to the Customer's premises shall constitute the initiation or continuation or resumption of wastewater service to the Customer's premises regardless of occupancy.

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

INDEX OF RATES AND CHARGES SCHEDULES

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Customer Deposits	14.0
General Service, GS	12.0
Miscellaneous Service Charges	15.0
Residential Service, RS	13.0
Service Availability Fees and Charges	16.0

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

GENERAL SERVICE

RATE SCHEDULE GS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For wastewater service to all Customers for which no other schedule applies.
- LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD - Monthly
- RATE -

<u>Meter Size</u>	<u>Base Facility Charge</u>
5/8"	\$12.19
3/4"	18.29
1"	30.48
1 1/2"	60.95
2"	97.52
3"	213.33
4"	365.70
6"	761.89
8"	1,097.10

Gallage Charge
Per 1,000 Gallons \$10.38

MINIMUM CHARGE - Base Facility Charge

TERMS OF PAYMENT - Bills are due and payable when rendered. In accordance with Rule 25-30.320, Florida Administrative Code, if a Customer is delinquent in paying the bill for wastewater service, service may then be discontinued.

EFFECTIVE DATE -
TYPE OF FILING - Original Certificate

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

RESIDENTIAL SERVICE

RATE SCHEDULE RS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For wastewater service for all purposes in private residences and individually metered apartment units.
- LIMITATIONS - Subject to all of the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD - Monthly
- RATE -

<u>Meter Size</u>	<u>Base Facility Charge</u>
5/8"	\$12.19
3/4"	18.29
1"	30.48
1 1/2"	60.95
2"	97.52
3"	213.33
4"	365.70
6"	761.89
8"	1,097.10

Gallage Charge Per 1,000 Gallons \$10.38

- MINIMUM CHARGE - Base Facility Charge
- TERMS OF PAYMENT - Bills are due and payable when rendered. In accordance with Rule 25-30.320, Florida Administrative Code, if a Customer is delinquent in paying the bill for wastewater service, service may then be discontinued.

EFFECTIVE DATE -

TYPE OF FILING - Original Certificate

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

SCHEDULE OF CUSTOMER DEPOSITS

ESTABLISHMENT OF CREDIT - Before rendering wastewater service, the Company may require an Applicant for service to satisfactorily establish credit, but such establishment of credit shall not relieve the Customer from complying with the Company's rules for prompt payment. Credit will be deemed so established if the Customer complies with the requirements of Rule 25-30.311, Florida Administrative Code.

AMOUNT OF DEPOSIT - The amount of initial deposit shall be the following according to meter size:

	<u>Residential</u>	<u>General Service</u>
5/8" x 3/4"	2 Times Average Bill	2 Times Average Bill
1"	2 Times Average Bill	2 Times Average Bill
1 1/2"	2 Times Average Bill	2 Times Average Bill
Over 2"	2 Times Average Bill	2 Times Average Bill

ADDITIONAL DEPOSIT - Under Rule 25-30.311(7), Florida Administrative Code, the Company may require a new deposit, where previously waived or returned, or an additional deposit in order to secure payment of current bills provided.

INTEREST ON DEPOSIT - The Company shall pay interest on Customer deposits pursuant to Rule 25-30.311(4) and (4a). The Company will pay or credit accrued interest to the Customers account during the month of July each year.

REFUND OF DEPOSIT - After a residential Customer has established a satisfactory payment record and has had continuous service for a period of 23 months, the Company shall refund the Customer's deposit provided the Customer has met the requirements of Rule 25-30.311(5), Florida Administrative Code. The Company may hold the deposit of a non-residential Customer after a continuous service period of 23 months and shall pay interest on the non-residential Customer's deposit pursuant to Rule 25-30.311(4) and (5), Florida Administrative Code.

Nothing in this rule shall prohibit the Company from refunding a Customer's deposit in less than 23 months.

EFFECTIVE DATE -

TYPE OF FILING - Original Certificate

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

MISCELLANEOUS SERVICE CHARGES

The Company may charge the following miscellaneous service charges in accordance with the terms state herein. If both water and wastewater services are provided, only a single charge is appropriate unless circumstances beyond the control of the Company requires multiple actions.

INITIAL CONNECTION - This charge may be levied for service initiation at a location where service did not exist previously.

NORMAL RECONNECTION - This charge may be levied for transfer of service to a new Customer account at a previously served location or reconnection of service subsequent to a Customer requested disconnection.

VIOLATION RECONNECTION - This charge may be levied prior to reconnection of an existing Customer after disconnection of service for cause according to Rule 25-30.320(2), Florida Administrative Code, including a delinquency in bill payment.

PREMISES VISIT CHARGE (IN LIEU OF DISCONNECTION) - This charge may be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill and does not discontinue service because the Customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

DELINQUENT PAYMENT CHARGE - This charge is levied for any customer paying their bill 20 days after the date of billing. \$10.00

Schedule of Miscellaneous Service Charges

	<u>Normal Hours</u>	<u>After Hours</u>
Initial Connection Fee	\$ <u>30.00</u>	\$ <u>40.00</u>
Normal Reconnection Fee	\$ <u>30.00</u>	\$ <u>40.00</u>
Violation Reconnection Fee	\$ <u>30.00</u>	\$ <u>40.00</u>
Premises Visit Fee	\$ <u>35.00</u>	\$ <u>50.00</u>

EFFECTIVE DATE

TYPE OF FILING - Original Certificate

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

<u>DESCRIPTION</u> <u>NO.</u>	<u>REFER TO SERVICE</u> <u>AVAIL. POLICY</u> <u>AMOUNT</u>	<u>SHEET NO./RULE</u>
<u>Customer Connection (Tap-in) Charge</u>		
5/8" x 3/4" metered service	\$	
1" metered service	\$	
1 1/2" metered service	\$	
2" metered service	\$	
Over 2" metered service	\$ ¹	
<u>Guaranteed Revenue Charge</u>		
With Prepayment of Service Availability Charges:		
Residential-per ERC/month (__)GPD	\$	
All others-per gallon/month	\$	
Without Prepayment of Service Availability Charges:		
Residential-per ERC/month (__)GPD	\$	
All others-per gallon/month	\$	
Inspection Fee	\$ ¹	
<u>Main Extension Charge</u>		
Residential-per ERC (280 GPD)	\$1,907.00	
All others-per gallon	\$ 6.81	
or		
Residential-per lot (__foot frontage)	\$	
All others-per front foot	\$	
Plan Review Charge	\$ ¹	
<u>Plant Capacity Charge</u>		
Residential-per ERC (280 GPD)	\$1,366.00	
All others-per gallon	\$ 4.88	
<u>System Capacity Charge</u>		
Residential-per ERC (__GPD)	\$	
All others-per gallon	\$	

¹Actual Cost is equal to the total cost incurred for services rendered by a Customer.

EFFECTIVE DATE -
TYPE OF FILING - Original Certificate

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.
WASTEWATER TARIFF

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COPY OF CUSTOMER'S BILL	20.0
CUSTOMER'S GUARANTEE DEPOSIT RECEIPT	18.0

Nancy Steinmetz
ISSUING OFFICER
President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

ORANGE BLOSSOM UTILITIES, INC.

CUSTOMER'S GUARANTEE DEPOSIT RECEIPT



Orange Blossom Utilities, Inc.
108 S. Old Dixie Hwy
Lady Lake, Florida 32159

Date _____

Received from _____

Street Address _____

Mailing Address _____

As a Deposit of _____ WATER _____ SEWER

To guarantee the payment of any and all indebtedness for water, and/or sewer service which may be or become due to Orange Blossom Utilities, Inc., (hereinafter called the Utility) by said customer. Customer agrees that such deposit or any part thereof may be applied in discharge of any indebtedness of the consumer to the Utility whatsoever and that the Utility may use such deposit as if the Utility were the absolute owner thereof. Upon discontinuance of service covered by this deposit and the presentation of this receipt and proper identification, the Utility agrees to refund to the consumer the deposit, less any amounts then due the Utility.

This shall not preclude the Utility from discontinuing for nonpayment the service covered by this deposit regardless of the sufficiency of said deposit to cover such indebtedness for such service.

THIS RECEIPT IS NOT NEGOTIABLE OR TRANSFERABLE AND IS REDEEMABLE ONLY BY THE CUSTOMER WHOSE NAME APPEARS HEREON

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

Sample Application Form

Name _____ Telephone Number _____

Billing Address _____ City _____

State _____ Zip _____

Service Address _____ City _____ State _____

Zip _____

Date service should begin _____

Service requested: Water ____ Wastewater ____ Both ____

By signing this agreement, the Customer agrees to the following:

1. The Company shall not be responsible for the maintenance and operation of the Customer's pipes and facilities. The Customer agrees not to utilize any appliance or device which is not properly constructed, controlled and protected or which may adversely affect the wastewater service; the Company reserves the right to discontinue or withhold wastewater service to such apparatus or device.
2. The Company may refuse or discontinue wastewater service rendered under application made by any member or agent of a household, organization, or business for any of the reasons contained in Rule 25-30.320, Florida Administrative Code. Any unauthorized connections to the Customer's wastewater service shall be subject to immediate discontinuance without notice, in accordance with Rule 25-30.320, Florida Administrative Code.
3. The Customer agrees to abide by all existing Company Rules and Regulations as contained in the tariff. In addition, the Customer has received from the Company a copy of the brochure "Your Water and Wastewater Service" produced by the Florida Public Service Commission.
4. Bills for wastewater service will be rendered - Monthly, Bimonthly, or Quarterly - as stated in the rate schedule. Bills must be paid within 20 days of mailing bills. If payment is not made after five working days written notice, service may be discontinued.
5. When a Customer wishes to terminate service on any premises where water and/or wastewater service is supplied by the Company, the Company may require (oral, written) notice within ____ days prior to the date the Customer desires to terminate service.

Signature

Date

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.
 WASTEWATER TARIFF

COPY OF CUSTOMER'S BILL



ORANGE BLOSSOM UTILITIES, INC.
 108 S. OLD DIXIE HWY
 LADY LAKE, FL 32159
 Phone # 352-753-9009

WATER/SEWER

Billing Date	Invoice #
6/12/2007	1

Bill To
TEST LADY LAKE
Service Address
123 service address

Account #	123TEST
Due Date	7/2/2007

Item	Service Period	# of Days	Current Reading	Previous Reading	Usage	Rate	Amount
WATER	5/01/07 TO 5/31/07	31	500	450	50.00	1.00	50.00
SEWER						0.00	0.00
	COMMERCIAL WATER TAX					6.00%	3.00
Total							\$53.00
				Payments/Credits	\$-5.00	Balance Due	\$48.00

Please notify Customer Service at 352-753-9009 immediately upon receipt of your bill if you feel it is in error.
 Service will be disconnected on accounts unpaid 30 days after billing date without notice.
PAST DUE BALANCES ARE DUE NOW AND SUBJECT TO DISCONNECT.
 If Past Due Balance is not reviewed in the Utilities Office prior to shut off day, a reconnect fee of \$25 will be assessed, (\$50 after hours) even if service is not interrupted.
 A late payment fee of \$10 will be added to accounts unpaid 20 days after the BILLING DATE.
 Payments can be made by mail or in person at:
 108 S. Old Dixie Hwy, Lady Lake, FL 32159
 A dishonored check fee is assessed on any returned check in accordance with State Statute.

Nancy Steinmetz
 ISSUING OFFICER

President
 TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

INDEX OF SERVICE AVAILABILITY POLICY

	<u>Sheet Number</u>
Schedule of Fees and Charges	Go to Sheet No. 16.0
Service Availability Policy	22.0

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

NAME OF COMPANY ORANGE BLOSSOM UTILITIES, INC.

WASTEWATER TARIFF

SERVICE AVAILABILITY POLICY

The Service Company will invest in all off site facilities and will impose a main extension charge and a plant capacity charge as outlined in this tariff.

Nancy Steinmetz
ISSUING OFFICER

President
TITLE

Orange Blossom Utilities, Inc.
Calculation of Proposed Miscellaneous Service Charges

Type of Service/Component	Normal Hours Hourly Rate	Normal Hours Typical Time	Normal Hours Total Cost	Notes
Initial Connection/Normal Reconnection:				
Clerical & Administrative Labor	\$ 28.81	1/4 hour	\$ 7.20	Includes all overhead costs/payroll tax/benefits.
Labor to Inspect Facilities/Perform Task	\$ 25.00	0.58	\$ 14.50	Incl.all OH costs. 15 minutes each way+5 minutes at location
Transportation Costs			\$ 8.90	Truck at 44.5 cents/mile and 20 miles round trip from office
OfficeSupplies/Computer/Copier			\$ 0.19	Based on \$120/month and 1/4 hour (1)
Postage			\$ 0.41	
			\$ 30.79	
Requested Fee			\$ 30.00	

Type of Service/Component	After Hours** Hourly Rate	After Hours** Typical Time	After Hours** Total Cost	Notes
Reconnection Fee:				
Clerical & Administrative Labor	\$ 43.22	1/4 hour	\$ 10.80	Includes all overhead costs/payroll tax/benefits.
Labor to Inspect Facilities/Perform Task	\$ 37.50	0.58	\$ 21.75	Incl.all OH costs. 15 minutes each way+5 minutes at location
Transportation Costs			\$ 8.90	Truck at 44.5 cents/mile and 20 miles round trip from office
OfficeSupplies/Computer/Copier			\$ 0.19	Based on \$120/month and 1/4 hour (1)
Postage			\$ 0.41	
			\$ 41.64	
Requested Fee			\$ 40.00	

** Means after 5 PM Monday through Friday. Labor is calculated at 1.5 times the standard regular hourly rate. Additionally, after hours calls will come to clerical/administrative support staff that will dispatch field personnel accordingly.

Type of Service/Component	Normal Hours Hourly Rate	Normal Hours Typical Time	Normal Hours Total Cost	Notes
Premise Visit:				
Clerical & Administrative Labor	\$ 28.81	1/4 hour	\$ 7.20	Includes all overhead costs/payroll tax/benefits.
Labor to Inspect Facilities/Perform Task	\$ 25.00	3/4 hour	\$ 18.75	Incl. all OH costs. 15 minutes one way+15 minutes at location
Transportation Costs			\$ 8.90	Truck at 44.5 cents/mile and 20 miles round trip from office
OfficeSupplies/Computer/Copier			\$ 0.19	Based on \$120/month and 1/4 hour (1)
Postage			\$ 0.41	
			\$ 35.04	
Requested Fee			\$ 35.00	

Type of Service/Component	After Hours** Hourly Rate	After Hours** Typical Time	After Hours** Total Cost	Notes
Premise Visit:				
Clerical & Administrative Labor	\$ 43.22	1/4 hour	\$ 10.80	Includes all overhead costs/payroll tax/benefits.
Labor to Inspect Facilities/Perform Task	\$ 37.50	3/4 hour	\$ 28.13	Incl. all OH costs. 15 minutes one way+15 minutes at location
Transportation Costs			\$ 8.90	Truck at 44.5 cents/mile and 20 miles round trip from office
OfficeSupplies/Computer/Copier			\$ 0.19	Based on \$120/month and 1/4 hour (1)
Postage			\$ 0.41	
			\$ 48.02	
Requested Fee			\$ 50.00	

** Means after 5 PM Monday through Friday. Labor is calculated at 1.5 times the standard regular hourly rate. Additionally, after hours calls will come to clerical/administrative support staff that will dispatch field personnel accordingly.

(1) OBU is allocated \$120 per month for the use of office equipment, computers, copiers, printers, and associated office supplies such as paper, printer ink cartridges, lease and maintenance of office copier.

Orange Blossom Utilities, Inc
Calculation of Proposed Late Payment Fee

	Normal Hours Hourly Rate	Normal Hours Typical Time	Normal Hours Total Cost	Notes
Clerical & Administrative Labor	\$ 28.81	1/3 hour	\$ 9.60	Includes all overhead costs/payroll tax/benefits.
OfficeSupplies/Computer/Copier			\$ 0.25	Based on \$120/month and 1/3 hour (1)
Postage to Mail Late Notice			\$ 0.41	
			\$ 9.85	
Requested Fee			\$ 10.00	

(1) OBU is allocated \$120 per month for the use of office equipment,computers, copiers, printers, and associated office supplies such as paper, printer ink cartridges, lease and maintenance of office copier.

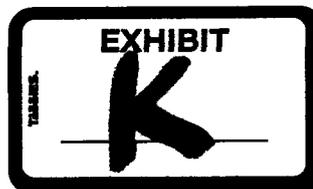
Schedule of Rate Base

Florida Public Service Commission

**Orange Blossom Utilities, Inc.
Docket No. 070391-WS**

**Exhibit K Revised 8-22-2007
Page 1 of 1**

Line No.	Water	Sewer	Total
1 Net Plant Investment	\$ 436,411	\$ 1,267,482	\$ 1,703,893
2 Phase 2 Estimated Cost	\$ 447,862	\$ 1,034,975	\$ 1,482,837
2 Net CIAC (75%)	\$ (106,971)	\$ (172,606)	\$ (279,577)
3 Net CIAC Estimated Phase 2 (75%)	\$ (217,579)	\$ (776,231)	\$ (993,810)
3 Cash Working Capital	3,204	5,589	8,793
4 Rate Base for Phase 1	\$ 562,927	\$ 1,100,465	\$ 1,922,136



Orange Blossom Utilities, Inc.
Schedule of CIAC and Amortization @ 80% Build Out
Docket No. 070391-WS

Exhibit _____

Line No.	Service Availability	Water Charge	ERC's	CIAC Collected	Composite Deprec. Rate	CIAC Amortization	Notes
1	2007	\$ 1,592	67	\$ 106,971	4.60%	\$ 4,923	Phase 1 completed
2	2008	\$ 1,592	55	\$ 86,914	4.60%	\$ 4,000	Phase 2 Begins-remaining growth spread over 4 year equally to
3	2009	\$ 1,592	55	\$ 86,914	4.60%	\$ 4,000	
4	2010	\$ 1,592	55	\$ 86,914	4.60%	\$ 4,000	
5	2011	\$ 1,592	55	\$ 86,914	4.60%	\$ 4,000	
6			286	\$ 454,626			

<u>Sewer</u>							
Line No.	Year	Charge	ERC's	CIAC Collected	Composite Deprec. Rate	CIAC Amortization	Notes
7	2007	\$ 2,569	67	\$ 172,606	5.48%	\$ 9,465	
8	2008	\$ 2,569	55	\$ 140,243	5.48%	\$ 7,690	
9	2009	\$ 2,569	55	\$ 140,243	5.48%	\$ 7,690	
10	2010	\$ 2,569	55	\$ 140,243	5.48%	\$ 7,690	
11	2011	\$ 2,569	55	\$ 140,243	5.48%	\$ 7,690	
12			286	\$ 733,576			

Cost of Capital-Capital Structure

Florida Public Service Commission

Orange Blossom Utilities, Inc.
Docket No. 070391-WSExhibit K Revised 8-22-2007
Page 1 of 1

Line No.	Cost of Capital	Total Capital	Ratio	Cost Rate	Weighted Cost
1	Long Tem Debt	\$1,113,474	63.9%	9.0%	5.75%
2	Customer Deposits	\$0	0.0%	0	0.00%
3	Common Equity	\$630,361	36.1%	11.55%	4.17%
4	Other	\$0	0.0%	0	0.00%
5	TOTAL	\$1,743,834	100.0%		9.92%

Projected Revenue Requirement - Water

Florida Public Service Commission

Orange Blossom Utilities, Inc.
Docket No. 070391-WS

Exhibit K Revised 8-22-2007
Page 1 of 2
Preparer: Gary Morse

Line No.	NARUC Account No.	Account Description	7-Months	
			Actual 2006	Projected 2007 (1)
1	601	Salaries and Wages - Employees (4)	\$ 3,650	\$ 6,967
2	603	Salaries and Wages - Officers, Directors, and Majority Stockholder	-	-
3	604	Employee Pensions and Benefits	-	-
4	610	Purchased Water	-	-
5	615	Purchased Power	1,597	4,062 (2)
6	616	Fuel for Power Production	-	500
7	618	Chemicals	-	(2)
8	620	Materials and Supplies	448	806
9	630	Contractual Services		
10		Professional (Contract Ops/Meter Reading)	1,400	2,520
11		Lab Testing	3,567	5,346
12		Other (Repair and Maintenance)	1,565	3,859
13		Accounting and Legal (Annual Report/Rate Indexings)	-	500
14	640	Rents	116	331
15	650	Transportation Expense	-	-
16	655	Insurance Expense	58	213
17	665	Regulatory Commission Expense	-	-
18	670	Bad Debt Expense	-	-
19	675	Miscellaneous Expenses	75	525
20		Total Operation and Maintenance Expenses	12,475	25,630
		Taxes Other Than Income Tax:		
21		Regulatory Assessment Fees	-	-
22		Payroll Tax	-	-
23		Property Tax	-	979
24		Total Taxes Other Than Income Tax	-	979
25		Income Taxes	-	FALSE
26		Depreciation/Amortization Expense	10,759	21,517
27		Total Revenue Requirement Before Return on Investment	23,234	48,126
28		Return on Net Investment @ 9.92% and 80%	-	44,674 (3)
29		Total Revenue Requirement Including Return on Investment	\$ 23,234	\$ 92,800

Footnotes:

(1) Projected based on proforma 2006 and escalated by 5% for 2007

(2) It is noted that the actual expense incurred during 2006 was just for the hotel and one office building. Phase I will also include the construction of a strip mall that will be served through eight one inch meters. As such, the annualized costs associated with power have been adjusted for 2007 to reflect costs to 80% of the projected water demand on the system.

(3) Per attached capital structure at December 31, 2006.

(4) Represents an allocated amount for clerical and administrative functions.

Water Rate Design

Florida Public Service Commission

Orange Blossom Utilities, Inc.
Docket No. 070391-WS

Exhibit K Revised 8-22-2007
Page 2 of 2
Preparer: Gary Morse

Line No.	NARUC Account No.	Account Description	Projected 2007	Allocation Basis		Amount Allocated To:	
				Base Facility	Gallage	Base Facility	Gallage
1	601	Salaries and Wages - Employees	\$ 6,967	50%	50%	\$ 3,483	\$ 3,483
2	603	Salaries and Wages - Officers, Directors, and Majority Stockholder	-	50%	50%	-	-
3	604	Employee Pensions and Benefits	-	50%	50%	-	-
4	610	Purchased Water	-	0%	100%	-	-
5	615	Purchased Power	4,062	0%	100%	-	4,062
6	616	Fuel for Power Production	500	0%	100%	-	500
7	618	Chemicals	-	0%	100%	-	-
8	620	Materials and Supplies	806	50%	50%	403	403
9	630	Contractual Services					
10		Professional (Contract Ops/Meter Reading)	2,520	50%	50%	1,260	1,260
11		Lab Testing	5,346	50%	50%	2,673	2,673
12		Other (Repair and Maintenance)	3,859	0%	100%	-	3,859
13		Accounting and Legal (Annual Report/Rate Indexings)	500	50%	50%	250	250
14	640	Rents	331	100%	0%	331	-
15	650	Transportation Expense	-	50%	50%	-	-
16	655	Insurance Expense	213	50%	50%	107	107
17	665	Regulatory Commission Expenses	-	50%	50%	-	-
18	670	Bad Debt Expense	-	50%	50%	-	-
19	675	Miscellaneous Expenses	525	50%	50%	263	263
20		Total Operation and Maintenance Expenses	25,630			8,770	16,860
		Taxes Other Than Income Tax:					
21		Regulatory Assessment Fees	4,284	60%	40%	2,570	1,714
22		Payroll Tax	-	50%	50%	-	-
23		Property Tax	979	100%	0%	979	-
24		Total Taxes Other Than Income Tax	5,262			3,549	1,714
25		Income Taxes	FALSE	-	-	-	-
26		Depreciation/Amortization Expense	37,741	100%	0%	37,741	-
27		Total Revenue Requirement Before Return on Investment	68,634			50,060	18,574
28		Return on Net Investment @ 9.92% and 80%	44,674	50%	50%	22,337	22,337
29		Total Revenue Requirement Including Return on Investment	\$ 113,308			\$ 72,397	\$ 40,910
		Rate Design:					
30		ERC's at 80% at Build Out (based on 357 ERC's)				3,427	
31		Revenue Gallons (000's) at 80% of Build Out					39,694
32		Monthly Base Facility Charge (1 ERC)				\$ 1.76	
33		Gallage Charge(\$/000)					\$ 1.03

Projected Revenue Requirement - Sewer

Florida Public Service Commission

**Orange Blossom Utilities, Inc.
Docket No. 070391-WS**

**Exhibit K Revised 8-22-2007
Page 1 of 2
Preparer: Gary Morse**

Line No.	NARUC Account No.	Account Description	7-Months	
			Actual 2006	Projected 2007 (1)
1	701	Salaries and Wages - Employees (4)	\$ 7,374	\$ 14,010
2	703	Salaries and Wages - Officers, Directors, and Majority Stockholders	-	-
3	704	Employee Pensions and Benefits	-	-
4	710	Purchased Wastewater Treatment	-	-
5	711	Sludge Removal Expense	-	-
6	715	Purchased Power	3,887	8,554 (2)
7	716	Fuel for Power Production	-	500
8	718	Chemicals	564	1,012
9	720	Materials and Supplies	1,055	1,900
10	730	Contractual Services:		
11		Professional (Contract Ops/Meter Reading)	2,800	5,040
12		Lab Testing	1,685	2,389
13		Other (Repair and Maintenance)	4,866	9,519
14		Accounting and Legal (Annual Report/Rate Indexings)	-	500
15	740	Rents	116	331
16	750	Transportation Expense	-	-
17	755	Insurance Expense	117	432
18	765	Regulatory Commission Expense	-	-
19	770	Bad Debt Expense	-	-
20	775	Miscellaneous Expenses	75	525
21		Total Operation and Maintenance Expenses	22,537	44,712
		Taxes Other Than Income Tax:		
22		Regulatory Assessment Fees	-	-
23		Payroll Tax	-	-
24		Property Tax	-	1,913
25		Total Taxes Other Than Income Tax	-	1,913
26		Income Taxes	-	19,176
27		Depreciation/Amortization Expense	22,601	9,771
28		Total Revenue Requirement	45,139	75,572
29		Return on Net Investment @ 9.92% and 80%	-	87,333 (3)
30		Total Revenue Requirement Including Return on Investment	\$ 45,139	\$ 162,905

Footnotes:

(1) Projected based on proforma 2006 and escalated by 5% for 2007

(2) It is noted that the actual expense incurred during 2006 was just for the hotel and one office building. Phase I will also include the construction of a strip mall that will be served through eight one inch meters. As such, the annualized costs associated with power have been adjusted for 2007 to reflect costs to 80% of the projected wastewater demand on the system.

(3) Per attached capital structure at December 31, 2006

(4) Represents an allocated amount for clerical and administrative functions.

Wastewater Rate Design

Florida Public Service Commission

**Orange Blossom Utilities, Inc.
Docket No. 070391-WS**

**Exhibit K Revised 8-22-2007
Page 2 of 2
Preparer: Gary Morse**

Line No.	NARUC Account		Projected 2007	Allocation Basis		Amount Allocated To:	
	No.	Account Description		Base Facility	Gallorage	Base Facility	Gallorage
1	701	Salaries and Wages - Employees	\$ 14,010	50%	50%	\$ 7,005	\$ 7,005
2	703	Salaries and Wages - Officers, Directors, and Majority Stockholders	-	50%	50%	-	-
3	704	Employee Pensions and Benefits	-	50%	50%	-	-
4	710	Purchased Wastewater Treatment	-	0%	100%	-	-
5	711	Sludge Removal Expense	-	50%	50%	-	-
6	715	Purchased Power	8,554	0%	100%	-	8,554
7	716	Fuel for Power Production	500	0%	100%	-	500
8	718	Chemicals	1,012	0%	100%	-	1,012
9	720	Materials and Supplies	1,900	50%	50%	950	950
10	730	Contractual Services:					
11		Professional (Contract Ops/Meter Reading)	5,040	50%	50%	2,520	2,520
12		Lab Testing	2,389	50%	50%	1,194	1,194
13		Other (Repair and Maintenance)	9,519	0%	100%	-	9,519
14		Accounting and Legal (Annual Report/Rate Indexings)	500	50%	50%	250	250
15	740	Rents	331	100%	0%	331	-
16	750	Transportation Expense	-	50%	50%	-	-
17	755	Insurance Expense	432	50%	50%	216	216
18	765	Regulatory Commission Expense	-	50%	50%	-	-
19	770	Bad Debt Expense	-	50%	50%	-	-
20	775	Miscellaneous Expenses	525	50%	50%	263	263
21		Total Operation and Maintenance Expenses	44,712			12,729	31,982
		Taxes Other Than Income Tax:					
22		Regulatory Assessment Fees	8,374	53%	47%	4,438	3,936
23		Payroll Tax	-	50%	50%	-	-
24		Property Tax	1,913	100%	0%	1,913	-
25		Total Taxes Other Than Income Tax	10,288			6,352	3,936
26		Income Taxes	19,176	-	-	-	-
27		Depreciation/Amortization Expense	47,436	100%	0%	47,436	-
28		Total Revenue Requirement	121,612			66,517	35,918
29		Return on Net Investment @ 9.92% and 80%	87,333	50%	50%	43,666	43,666
30		Total Revenue Requirement Including Return on Investment	\$ 208,945			\$ 110,184	\$ 79,585
		Rate Design:					
31		ERC's at 80% of Build Out				3,427	
32		Revenue Gallons (300's) No Cap, Build Out at 80% of 99,000 GPD STP Capacity					28,908
33		Monthly Base Facility Charge (1 ERC)				\$ 2.68	
34		Gallorage Charge(\$/000)					\$ 2.75

Orange Blossom Utilities, Inc.
Estimated Cost for Well No. 2 and Lines for Phase 2
Docket No. 070391-WS

Exhibit _____

<u>Line No.</u>	<u>Est. Original Cost</u>	<u>Deprec. Rate</u>	<u>Annual Accrual</u>
1 Construct 12-inch Diameter Well	\$ 52,167	3.70%	\$ 1,932
2 1,000 GPM Well Pump/Motor	\$ 105,589	6.67%	\$ 7,039
3 Total Cost to Complete Well 2	<u>\$ 157,757</u>		<u>\$ 8,971</u>
4 Estimated Cost for Water Lines	\$ 200,850	2.50%	\$ 5,021
5 Estimated Cost for Water Services	\$ 72,740	2.50%	\$ 1,819
6 Estimated Cost for Hydrants	\$ 16,515	2.50%	\$ 413
7 Total Addl Water Lines	<u>\$ 290,105</u>		<u>\$ 7,253</u>
8 Estimated Cost for Sewer Gravity Lines	\$ 956,175	3.70%	\$ 35,414
9 Estimated Cost for Sewer Services	\$ 78,800	2.86%	\$ 2,251
10 Total Addl Sewer Lines	<u>\$ 1,034,975</u>		<u>\$ 37,665</u>

Note:

The well is already permitted by the Water Management District.

The cost is estimated to be the same as well no. 1.

Information for water/sewer lines from engineer's preliminary cost estimate.

Annual depreciation accrual to be included in revenue requirement

Proposed Service Availability Charges-Revised 8/29/2007

FPSC
Exhibit _____
Page 1 of 1

Orange Blossom Utilities, Inc.
Docket No. 070391-WS

Line No.	Water	Sewer
1 Net Plant Investment @ 80% Build Out (excl Land and Meter Installatons for water)	\$ 279,935	\$ 515,195
2 CIAC @ 75% (excl Land)	\$ 209,951	\$ 386,396
3 Permitted Plant Capacity-ERC's at 80% Build Out	286	283
4 Proposed Plant Capacity Fee	<u>\$ 735.12</u>	<u>\$ 1,366.36</u>
5 Transmission/Collection Line Investment @ 80% Build Out	\$ 76,761	\$ 107,806
6 CIAC @ 75%	\$ 57,571	\$ 80,854
7 ERCs Served by Phase 1 Lines @ 80%	67.20	67.20
8 Proposed Line Capacity Fee	<u>\$ 856.71</u>	<u>\$ 1,203.19</u>
9 Phase 1 Level of CIAC Based on Existing Connections	\$ 106,971	\$ 172,606

Note:

Does not include second well which is not constructed yet or the investment
in the lines for Phase 2 of the project.

Projected Net Plant Investment for 2007

Florida Public Service Commission

Orange Blossom Utilities Inc.
Docket No. 070391-WS

Revised 8-22-2007
Page 1 of 1

Line No	NARUC Account	Description	2006 Original Cost	Average Service Life	FPSC Deprec. Rate	Annual Depreciation Accrual	2006 Book Accumulated Depreciation	2006 Net Plant	2007 Net Plant
Water System:									
1	301	Organization	\$ 3,708	40	2.50%	\$ 93	\$ 46	\$ 3,661	\$ 3,569
2	303	Land and Land Rights	2,313	0	0	0	0	2,313	2,313
3	304	Structures and Improvements	95,896	27	3.70%	3,552	1,776	94,121	90,569
4	307	Wells and Springs	52,167	27	3.70%	1,932	966	51,201	49,269
5	309	Supply Mains	21,579	32	3.13%	674	337	21,241	20,567
6	310	Power Generation Equipment	76,643	17	5.88%	4,508	2,254	74,389	69,881
7	311	Pumping Equipment	105,589	15	6.67%	7,039	3,520	102,070	95,030
8	320	Water Treatment Equipment	5,298	7	14.29%	757	378	4,920	4,163
9	330	Distribution Reservoirs and Standpipes	21,390	30	3.33%	713	356	21,033	20,320
10	331	Transmission & Distribution Mains	79,752	40	2.50%	1,994	997	78,755	76,761
11	334	Meters and Meter Installations	4,223	17	5.88%	248	124	4,099	3,850
12	339	Other Plant & Misc Equipment	129	20	5.00%	6	3	126	119
13	Total Water Plant Original Cost Investment		\$ 468,687			\$ 21,517	\$ 10,759	\$ 457,928	\$ 436,411
Wastewater System:									
14	351	Organization	\$ 4,911	40	2.50%	\$ 123	\$ 61	\$ 4,850	\$ 4,727
15	353	Land and Land Rights	510,956	0	0	0	0	510,956	510,956
16	354	Structures and Improvements	134,194	32	3.13%	4,194	2,097	132,097	127,903
17	355	Power Generation Equipment	59,825	17	5.88%	3,519	1,760	58,065	54,546
18	360	Collection Sewers-Force	29,105	27	3.70%	1,078	539	28,566	27,488
19	361	Collection Sewers-Gravity	79,565	40	2.50%	1,989	995	78,570	76,581
20	363	Services to Customers	3,904	35	2.86%	112	56	3,848	3,736
21	380	Treatment & Disposal Equipment	512,598	15	6.67%	34,173	17,087	495,512	461,339
22	389	Other Plant & Misc Equipment	228	15	6.67%	15	8	221	206
23	Total Wastewater Plant Original Cost Investment		\$ 1,335,286			\$ 45,203	\$ 22,601	\$ 1,312,684	\$ 1,267,482



Department of the Treasury Internal Revenue Service

Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation. See separate instructions.

2006

Header section containing: For calendar year 2006 or tax year beginning, 2006, ending, 20; A Effective date of S election 01-01-2005; B Business activity code number 221300; Name ORANGE BLOSSOM UTILITIES INC; Address 108 SOUTH OLD DIXIE HIGHWAY, LADY LAKE FL 32159; C Employer ID no. 20-2434465; D Date incorporated 03-09-2004; E Total assets (see instr.) \$ 1,688,313; F Check if: (1) Initial return (2) Final return (3) Name change (4) Address change (5) Amended return; G Enter the number of shareholders in the corporation at the end of the tax year 6; H Check if Schedule M-3 is required (attach Schedule M-3).

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Main table with columns for Income (1a-6), Deductions (7-21), and Tax and Payments (22a-27). Includes handwritten entries: 1c 0, 8 20,293, 11 626 #2, 12 494 #3, 13 98,963, 14 77,210 (circled), 19 42,184 #4, 20 239,770, 21 -239,770, 23e 0, 24 0, 25 0, 27 0.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here: Nancy R. Hartman, 13-28-07, PRESIDENT. May the IRS discuss this return with the preparer shown below (see inst.)? [X] Yes [] No

Paid: Preparer's signature William K. O'Brien CPA, Date 3/27/2007, Check if self-employed [], Preparer's SSN or PTIN P00606122; Preparer's Use Only: Firm's name (or yours if self-employed) HARTMAN HARTMAN & O'BRIEN PA, EIN 59-2410381, address, and ZIP code 10935 SE 177TH PLACE STE 205, Summerfield FL 34491, Phone no. 352-347-8080

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Form 1120S (2006)



Part I

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
 (ii) Lower of cost or market as described in Regulations section 1.471-4
 (iii) Other (Specify method used and attach explanation.) ▶ _____

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
 If "Yes," attach explanation.

Schedule B Other Information (see instructions)

		Yes	No
1	Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶ _____		
2	See the instructions and enter the: a Business activity ▶ UTILITIES b Product or service ▶ WATER, SEWAGE & OTHE		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		X
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5	Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
6	Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ <input type="checkbox"/> If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
7	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ▶ \$ _____		
8	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ _____		
9	Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1.		X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Pro Rata Share Items

		Total amount	
I N C O M E L O S S	1 Ordinary business income (loss) (page 1, line 21)	1	-239,770
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Interest income	4	
	5 Dividends: a Ordinary dividends	5a	
	b Qualified dividends	5b	
	6 Royalties	6	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7	
8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a		
b Collectibles (28%) gain (loss)	8b		
c Unrecaptured section 1250 gain (attach statement)	8c		
9 Net section 1231 gain (loss) (attach Form 4797)	9		
10 Other income (loss) (see instructions) Type ▶	10		

		Shareholders' Pro Rata Share Items (continued)	Total amount	
Deductions	11	Section 179 deduction (attach Form 4562)	11	
	12a	Contributions	12a	
	b	Investment interest expense	12b	
	c	Section 59(e)(2) expenditures (1) Type (2) Amount	12c(2)	
	d	Other deductions (see instructions) Type	12d	
Credits	13a	Low-income housing credit (section 42(j)(5))	13a	
	b	Low-income housing credit (other)	13b	
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d	Other rental real estate credits (see instructions) Type	13d	
	e	Other rental credits (see instructions) Type	13e	
	f	Credit for alcohol used as fuel (attach Form 6478)	13f	
	g	Other credits (see instructions) Type	13g	
Foreign Transactions	14a	Name of country or U.S. possession		
	b	Gross income from all sources	14b	
	c	Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c	
	d	Passive	14d	
	e	Listed categories (attach statement)	14e	
	f	General limitation Deductions allocated and apportioned at shareholder level	14f	
	g	Interest expense	14g	
	h	Other Deductions allocated and apportioned at corporate level to foreign source income	14h	
	i	Passive	14i	
	j	Listed categories (attach statement)	14j	
	k	General limitation Other information	14k	
	l	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
	m	Reduction in taxes available for credit (attach statement)	14m	
	n	Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) items	15a	Post-1986 depreciation adjustment	15a	
	b	Adjusted gain or loss	15b	
	c	Depletion (other than oil and gas)	15c	
	d	Oil, gas, and geothermal properties--gross income	15d	
	e	Oil, gas, and geothermal properties--deductions	15e	
	f	Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a	Tax-exempt interest income	16a	
	b	Other tax-exempt income	16b	
	c	Nondeductible expenses	16c	
	d	Property distributions	16d	
	e	Repayment of loans from shareholders	16e	
Other Information	17a	Investment income	17a	
	b	Investment expenses	17b	
	c	Dividend distributions paid from accumulated earnings and profits	17c	
	d	Other items and amounts (attach statement)		
Reconciliation	18	Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	-239,770

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		1,084		858
2a Trade notes and accounts receivable				
b Less allowance for bad debts	()		()	
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach statement)		3,000		3,075 #5
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach statement)				
10a Buildings and other depreciable assets	1,272,837		1,278,182	
b Less accumulated depreciation	(39,688)	1,233,149	(116,898)	1,161,284
11a Depletable assets				
b Less accumulated depletion	()		()	
12 Land (net of any amortization)		513,269		513,269
13a Intangible assets (amortizable only)	10,273		12,523	
b Less accumulated amortization	(855)	9,418	(3,133)	9,390
14 Other assets (attach statement)				437 #6
15 Total assets		1,759,920		1,688,313
Liabilities and Shareholders' Equity				
16 Accounts payable		3,801	1,290,705	
17 Mortgages, notes, bonds payable in less than 1 yr				
18 Other current liabilities (attach statement)				
19 Loans from shareholders		555,875		628,875
20 Mortgages, notes, bonds payable in 1 year or more		509,599		509,599
21 Other liabilities (attach statement)		9,051		108,015 #7
22 Capital stock		500		500
23 Additional paid-in capital		741,816		741,816
24 Retained earnings		-60,722		-300,492
25 Adjustments to shareholders' equity (attach stmt.)				
26 Less cost of treasury stock	()		()	
27 Total liabilities and shareholders' equity		1,759,920		1,688,313

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return	
Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions	
1 Net income (loss) per books	-239,770
2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14 (itemize):	
a Depreciation \$	
b Travel and entertainment \$	
4 Add lines 1 through 3	-239,770
5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
a Tax-exempt interest \$	
6 Deductions included on Schedule K, lines 1 through 12 and 14, not charged against book income this year (itemize):	
a Depreciation \$	
7 Add lines 5 and 6	
8 Income (loss) (Schedule K, line 18). Line 4 less line 7	-239,770

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)			
	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	-60,722		
2 Ordinary income from page 1, line 21			
3 Other additions			
4 Loss from page 1, line 21	(239,770)		
5 Other reductions	()	()	
6 Combine lines 1 through 5	-300,492		
7 Distributions other than dividend distributions	0		
8 Balance at end of tax year. Subtract line 7 from line 6	-300,492		

Depreciation and Amortization (Including Information on Listed Property)

2006

Department of the Treasury
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No. 67

Name(s) shown on return ORANGE BLOSSOM UTILITIES INC	Business or activity to which this form relates FOR FORM 1120S	Identifying number 20-2434465
--	--	---

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000
6 (a) Description of property (b) Cost (busn. use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	108,000
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12	▶ 13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	77,091
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	▶ <input type="checkbox"/>	

Section B -- Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		3,038	25 yrs.	HY	S/L	61
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	
				MM	S/L	

Section C -- Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20 a Class life		2,307	20	HY	S/L	58
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	77,210
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)					25		
26	Property used more than 50% in a qualified business use:	%						
27	Property used 50% or less in a qualified business use:	%			S/L-			
28	Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1					28		
29	Add amounts in column (i), line 26. Enter here and on line 7, page 1							29

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30	Total business/investment miles driven during the year (do not include commuting miles)											
31	Total commuting miles driven during the year											
32	Total other personal (noncommuting) miles driven											
33	Total miles driven during the year. Add lines 30 through 32											
34	Was the vehicle available for personal use during off-duty hours?											
35	Was the vehicle used primarily by a more than 5% owner or related person?											
36	Is another vehicle available for personal use?											

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37	Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	
38	Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.	
39	Do you treat all use of vehicles by employees as personal use?	
40	Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?	
41	Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)	

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions):					
WATER ORG COSTS	02-01-2006	1,125	0	0	17
WST ORGANIZATION COS	02-01-2006	1,125	0	0	206
43	Amortization of costs that began before your 2006 tax year				2,055
44	Total. Add amounts in column (f). See the instructions for where to report				2,278

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method	Year	Cost	Land/ Other	\$179	Spec Allow	Basis	Prior	Current
Form 1120S										
COLL SWRS FORCE	08-01-05	150DBHY	20	29,105	0	0	0	29,105	1,091	2,101
COLL SWRS GRAVITY	08-01-05	150DBHY	20	79,565	0	0	0	79,565	2,984	5,744
DIST RESERVOIRS	08-01-05	S/L	25	21,390	0	0	0	21,390	428	856
LAND	08-01-05	Land	0	2,313	2,313	0	0	0	0	0
LAND	08-01-05	Land	0	510,956	510,956	0	0	0	0	0
METER & INSTALLATION	08-01-05	S/L	25	4,223	0	0	0	4,223	84	169
MISC EQUIPMENT	08-01-05	150DBHY	20	228	0	0	0	228	9	16
MISC EQUIPMENT	08-01-05	S/L	25	129	0	0	0	129	3	5
ORGANIZATION COSTS	08-01-05	AMORT	5	2,583	0	0	0	2,583	215	517
ORGANIZATION COSTS	08-01-05	AMORT	5	3,786	0	0	0	3,786	315	757
PERMITS	08-01-05	AMORT	5	3,904	0	0	0	3,904	325	781
POWER GEN EQUIP	08-01-05	S/L	25	76,643	0	0	0	76,643	1,533	3,066
POWER GEN EQUIPMENT	08-01-05	150DBHY	20	59,825	0	0	0	59,825	2,243	4,319
PUMPING EQUIP	08-01-05	S/L	25	105,589	0	0	0	105,589	2,112	4,224
STRUCTURE & IMPROVEM	08-01-05	S/L	25	92,858	0	0	0	92,858	1,857	3,714
STRUCTURES & IMP	08-01-05	150DBHY	20	134,194	0	0	0	134,194	5,032	9,687
SUPPLY MAINS	08-01-05	S/L	25	21,579	0	0	0	21,579	432	863
TRANS & DIST MAINS	08-01-05	S/L	25	79,752	0	0	0	79,752	1,595	3,190
TRMNT & DIS EQUIPMNT	08-01-05	150DBHY	20	510,292	0	0	0	510,292	19,136	36,838
WATER ORG COSTS	02-01-06	AMORT	60	1,125	0	0	0	1,125	0	17
WATER STRUCT	02-01-06	S/L	25	3,038	0	0	0	3,038	0	61
WATER TREATMNT EQUIP	08-01-05	S/L	25	5,298	0	0	0	5,298	106	212
WELLS & SPRINGS	08-01-05	S/L	25	52,167	0	0	0	52,167	1,043	2,087
WST ORGANIZATION COS	02-01-06	AMORT	5	1,125	0	0	0	1,125	0	206
WST TRMT & DISP	02-01-06	S/L	20	2,307	0	0	0	2,307	0	58
25 Assets			Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

- 2278 Amort
7,7210 Depr



- * Asset disposed this year
- C Carryover basis in like-kind exchange transaction
- B Excess basis in like-kind exchange transaction

Part II

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
25 Assets		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

Balance Sheet Reconciliation

	Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Less Future Purchases:		0	0	0	0	0	0	0
Less Current Year Disposals:		0	0	0	0	0	0	0
End of Year Totals:		1,803,974	513,269	0	0	1,290,705	40,543	79,488

Buildings and Other Depreciable Assets: 1,278,182

Prior Depreciation: 39,688
 Current Depreciation: 77,210
 179: 0
 Special Depreciation Allowance: 0

Ending Accumulated Depreciation (Per Balance Sheet): 116,898

Land: 513,269

Intangible Assets (Amortizable Only): 12,523

Prior Amortization: 855
 Current Amortization: 2,278
 179: 0
 Special Depreciation Allowance: 0

Ending Accumulated Amortization (Per Balance Sheet): 3,133

- * Asset disposed this year
- C Carryover basis in like-kind exchange transaction
- B Excess basis in like-kind exchange transaction

Form 1120S

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0130

Do not file this form unless the corporation has filed

Form 2553 to elect to be an S corporation.

See separate instructions.

2006

Department of the Treasury Internal Revenue Service

For calendar year 2006 or tax year beginning

2006, ending

20

Header section containing: A Effective date of S election (01-01-2005), B Business activity code number (221300), Name (ORANGE BLOSSOM UTILITIES INC), Address (108 SOUTH OLD DIXIE HIGHWAY, LADY LAKE FL 32159), C Employer ID no. (20-2434465), D Date incorporated (03-09-2004), E Total assets (see instr.) (\$ 1,688,313)

F Check if: (1) Initial return (2) Final return (3) Name change (4) Address change (5) Amended return
G Enter the number of shareholders in the corporation at the end of the tax year (6)
H Check if Schedule M-3 is required (attach Schedule M-3)

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Main table with columns for Income (1a-6), Deductions (7-21), and Tax and Payments (22a-27). Includes handwritten values and annotations like #2, #3, #4.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here section with signature of officer (Mary R. Himmety), Date (13-28-07), Title (PRESIDENT), and checkbox for IRS discussion.

Paid Preparer's Use Only section with signature of preparer (William K. O'Brien, CPA), Date (3/27/2007), Firm's name (HARTMAN HARTMAN & O'BRIEN PA), Address (10935 SE 177TH PLACE STE 205, Summerfield FL 34491), and Phone no. (352-347-8080).

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Form 1120S (2006)



Part I

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
(ii) Lower of cost or market as described in Regulations section 1.471-4
(iii) Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

Schedule B Other Information (see instructions)

			Yes	No
1	Check accounting method:	a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶ _____		
2	See the instructions and enter the:			
	a Business activity ▶	<u>UTILITIES</u> b Product or service ▶ <u>WATER, SEWAGE & OTHE</u>		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?			X
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?			X
5	Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?			X
6	Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/>			
If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.				
7	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ▶ \$ _____			
8	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ _____			
9	Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1			X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Pro Rata Share Items

		Total amount		
INCOME	1	Ordinary business income (loss) (page 1, line 21)	1	-239,770
	2	Net rental real estate income (loss) (attach Form 8825)	2	
	3a	Other gross rental income (loss)	3a	
	b	Expenses from other rental activities (attach statement)	3b	
	c	Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4	Interest income	4	
	5	Dividends: a Ordinary dividends	5a	
	b	Qualified dividends	5b	
	6	Royalties	6	
	LOSS	7	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
8a		Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a	
b		Collectibles (28%) gain (loss)	8b	
c		Unrecaptured section 1250 gain (attach statement)	8c	
9	Net section 1231 gain (loss) (attach Form 4797)	9		
10	Other income (loss) (see instructions) Type ▶	10		

		Shareholders' Pro Rata Share Items (continued)	Total amount	
Deductions	11	Section 179 deduction (attach Form 4562)	11	
	12a	Contributions	12a	
	b	Investment interest expense	12b	
	c	Section 59(e)(2) expenditures (1) Type (2) Amount	12c(2)	
	d	Other deductions (see instructions) Type	12d	
Credits	13a	Low-income housing credit (section 42(j)(5))	13a	
	b	Low-income housing credit (other)	13b	
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d	Other rental real estate credits (see instructions) Type	13d	
	e	Other rental credits (see instructions) Type	13e	
	f	Credit for alcohol used as fuel (attach Form 6478)	13f	
	g	Other credits (see instructions) Type	13g	
Foreign Transactions	14a	Name of country or U.S. possession		
	b	Gross income from all sources	14b	
	c	Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c	
	d	Passive	14d	
	e	Listed categories (attach statement)	14e	
	f	General limitation Deductions allocated and apportioned at shareholder level	14f	
	g	Interest expense	14g	
	h	Other Deductions allocated and apportioned at corporate level to foreign source income	14h	
	i	Passive	14i	
	j	Listed categories (attach statement)	14j	
	k	General limitation Other information	14k	
	l	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
	m	Reduction in taxes available for credit (attach statement)	14m	
	n	Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a	Post-1986 depreciation adjustment	15a	
	b	Adjusted gain or loss	15b	
	c	Depletion (other than oil and gas)	15c	
	d	Oil, gas, and geothermal properties--gross income	15d	
	e	Oil, gas, and geothermal properties--deductions	15e	
	f	Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a	Tax-exempt interest income	16a	
	b	Other tax-exempt income	16b	
	c	Nondeductible expenses	16c	
	d	Property distributions	16d	
	e	Repayment of loans from shareholders	16e	
Other Information	17a	Investment income	17a	
	b	Investment expenses	17b	
	c	Dividend distributions paid from accumulated earnings and profits	17c	
	d	Other items and amounts (attach statement)		
Reconciliation	18	Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	-239,770

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
1	Cash		1,084		858
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)		3,000		3,075 #5
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	1,272,837		1,278,182	
b	Less accumulated depreciation	(39,688)	1,233,149	(116,898)	1,161,284
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		513,269		513,269
13a	Intangible assets (amortizable only)	10,273		12,523	
b	Less accumulated amortization	(855)	9,418	(3,133)	9,390
14	Other assets (attach statement)				437 #6
15	Total assets		1,759,920		1,688,313
Liabilities and Shareholders' Equity					
16	Accounts payable		3,801	1,290,705	
17	Mortgages, notes, bonds payable in less than 1 yr				
18	Other current liabilities (attach statement)				
19	Loans from shareholders		555,875		628,875
20	Mortgages, notes, bonds payable in 1 year or more		509,599		509,599
21	Other liabilities (attach statement)		9,051		108,015 #7
22	Capital stock		500		500
23	Additional paid-in capital		741,816		741,816
24	Retained earnings		-60,722		-300,492
25	Adjustments to shareholders' equity (attach stmt.)				
26	Less cost of treasury stock	()		()	
27	Total liabilities and shareholders' equity		1,759,920		1,688,313

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions

1	Net income (loss) per books	-239,770	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	
4	Add lines 1 through 3	-239,770	8	Income (loss) (Schedule K, line 18). Line 4 less line 7	-239,770

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-60,722	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(239,770)	
5	Other reductions	()	
6	Combine lines 1 through 5	-300,492	
7	Distributions other than dividend distributions	0	
8	Balance at end of tax year. Subtract line 7 from line 6	-300,492	

Depreciation and Amortization (Including Information on Listed Property)

2006

Department of the Treasury
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No. 67

Name(s) shown on return ORANGE BLOSSOM UTILITIES INC	Business or activity to which this form relates FOR FORM 1120S	Identifying number 20-2434465
--	--	---

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000
6 (a) Description of property (b) Cost (busn. use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29		
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	108,000
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	77,091
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	<input type="checkbox"/>	

Section B -- Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		3,038	25 yrs.	HY	S/L	61
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C -- Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20 a Class life		2,307	20	HY	S/L	58
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	77,210
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles)	(a)	(b)	(c)	(d)	(e)	(f)
	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4	Vehicle 5	Vehicle 6
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions):					
WATER ORG COSTS	02-01-2006	1,125	0	0	17
WST ORGANIZATION COS	02-01-2006	1,125	0	0	206
43 Amortization of costs that began before your 2006 tax year				43	2,055
44 Total. Add amounts in column (f). See the instructions for where to report				44	2,278

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method	Year	Cost	Land/ Other	\$179	Spec Allow	Basis	Prior	Current	
Form 1120S											
COLL SWRS FORCE	08-01-05	150DBHY	20	29,105	0	0	0	29,105	1,091	2,101	
COLL SWRS GRAVITY	08-01-05	150DBHY	20	79,565	0	0	0	79,565	2,984	5,744	
DIST RESERVOIRS	08-01-05	S/L	25	21,390	0	0	0	21,390	428	856	
LAND	08-01-05	Land	0	2,313	2,313	0	0	0	0	0	
LAND	08-01-05	Land	0	510,956	510,956	0	0	0	0	0	
METER & INSTALLATION	08-01-05	S/L	25	4,223	0	0	0	4,223	84	169	
MISC EQUIPMENT	08-01-05	150DBHY	20	228	0	0	0	228	9	16	
MISC EQUIPMENT	08-01-05	S/L	25	129	0	0	0	129	3	5	
ORGANIZATION COSTS	08-01-05	AMORT	5	2,583	0	0	0	2,583	215	517	
ORGANIZATION COSTS	08-01-05	AMORT	5	3,786	0	0	0	3,786	315	757	
PERMITS	08-01-05	AMORT	5	3,904	0	0	0	3,904	325	781	
POWER GEN EQUIP	08-01-05	S/L	25	76,643	0	0	0	76,643	1,533	3,066	
POWER GEN EQUIPMENT	08-01-05	150DBHY	20	59,825	0	0	0	59,825	2,243	4,319	
PUMPING EQUIP	08-01-05	S/L	25	105,589	0	0	0	105,589	2,112	4,224	
STRUCTURE & IMPROVEM	08-01-05	S/L	25	92,858	0	0	0	92,858	1,857	3,714	
STRUCTURES & IMP	08-01-05	150DBHY	20	134,194	0	0	0	134,194	5,032	9,687	
SUPPLY MAINS	08-01-05	S/L	25	21,579	0	0	0	21,579	432	863	
TRANS & DIST MAINS	08-01-05	S/L	25	79,752	0	0	0	79,752	1,595	3,190	
TRMNT & DIS EQUIPMNT	08-01-05	150DBHY	20	510,292	0	0	0	510,292	19,136	36,838	
WATER ORG COSTS	02-01-06	AMORT	60	1,125	0	0	0	1,125	0	17	
WATER STRUCT	02-01-06	S/L	25	3,038	0	0	0	3,038	0	61	
WATER TREATMNT EQUIP	08-01-05	S/L	25	5,298	0	0	0	5,298	106	212	
WELLS & SPRINGS	08-01-05	S/L	25	52,167	0	0	0	52,167	1,043	2,087	
WST ORGANIZATION COS	02-01-06	AMORT	5	1,125	0	0	0	1,125	0	206	
WST TRMT & DISP	02-01-06	S/L	20	2,307	0	0	0	2,307	0	58	
25 Assets				Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

- 2278 Amort
77,210 Dep

* Asset disposed this year
-C Carryover basis in like-kind exchange transaction
-B Excess basis in like-kind exchange transaction



Part II

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
25 Assets		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Balance Sheet Reconciliation									
		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
		Less Future Purchases:	0	0	0	0	0	0	0
		Less Current Year Disposals:	0	0	0	0	0	0	0
		End of Year Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Buildings and Other Depreciable Assets:			1,278,182					Prior Depreciation:	39,688
								Current Depreciation:	77,210
								179:	0
								Special Depreciation Allowance:	0
								<u>Ending Accumulated Depreciation (Per Balance Sheet):</u>	<u>116,898</u>
Land:			513,269					Prior Amortization:	855
Intangible Assets (Amortizable Only):			12,523					Current Amortization:	2,278
								179:	0
								Special Depreciation Allowance:	0
								<u>Ending Accumulated Amortization (Per Balance Sheet):</u>	<u>3,133</u>

* Asset disposed this year
 ~C Carryover basis in like-kind exchange transaction
 ~B Excess basis in like-kind exchange transaction

U.S. Income Tax Return for an S Corporation

Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation. See separate instructions.

2006

Department of the Treasury Internal Revenue Service

For calendar year 2006 or tax year beginning 2006, ending 20

Header section containing: A Effective date of S election (01-01-2005), B Business activity code number (221300), C Employer ID no. (20-2434465), D Date incorporated (03-09-2004), E Total assets (see instr.) (\$ 1,688,313), Name (ORANGE BLOSSOM UTILITIES INC), and address (108 SOUTH OLD DIXIE HIGHWAY, LADY LAKE FL 32159).

F Check if: (1) Initial return, (2) Final return, (3) Name change, (4) Address change, (5) Amended return. G Enter the number of shareholders in the corporation at the end of the tax year (6). H Check if Schedule M-3 is required (attach Schedule M-3).

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Main table with columns for Income (1a-6), Deductions (7-21), and Tax and Payments (22a-27). Includes handwritten annotations like '#2', '#3', '#4' and a circled '77,210' on line 14.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here: Signature of officer (Wmacy R. Hartman), Date (13-28-07), Title (PRESIDENT). Includes checkbox for IRS discussion.

Preparer's Use Only: Preparer's signature (William K. O'Brien CPA), Date (3/27/2007), Firm's name (HARTMAN HARTMAN & O'BRIEN PA), EIN (59-2410381), and address (10935 SE 177TH PLACE STE 205, Summerfield FL 34491).



Part I

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
(ii) Lower of cost or market as described in Regulations section 1.471-4
(iii) Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

Schedule B Other Information (see instructions)

		Yes	No
1	Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶ _____		
2	See the instructions and enter the: a Business activity ▶ <u>UTILITIES</u> b Product or service ▶ <u>WATER, SEWAGE & OTHE</u>		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		X
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5	Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
6	Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ <input type="checkbox"/> If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
7	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ▶ \$ _____		
8	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ _____		
9	Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1.		X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Pro Rata Share Items

		Total amount
1	Ordinary business income (loss) (page 1, line 21)	1 -239,770
2	Net rental real estate income (loss) (attach Form 8825)	2
I N C O M E	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
4	Interest income	4
D I V I D E N D	5 Dividends: a Ordinary dividends	5a
	b Qualified dividends	5b
6	Royalties	6
L O S S	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a
	b Collectibles (28%) gain (loss)	8b
	c Unrecaptured section 1250 gain (attach statement)	8c
9	Net section 1231 gain (loss) (attach Form 4797)	9
10	Other income (loss) (see instructions) Type ▶	10

Shareholders' Pro Rata Share Items (continued)		Total amount
Deductions	11 Section 179 deduction (attach Form 4562)	11
	12a Contributions	12a
	b Investment interest expense	12b
	c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	12c(2)
	d Other deductions (see instructions) Type ▶	12d
Credits	13a Low-income housing credit (section 42(j)(5))	13a
	b Low-income housing credit (other)	13b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c
	d Other rental real estate credits (see instructions) Type ▶	13d
	e Other rental credits (see instructions) Type ▶	13e
	f Credit for alcohol used as fuel (attach Form 6478)	13f
	g Other credits (see instructions) Type ▶	13g
Foreign Transactions	14a Name of country or U.S. possession ▶	
	b Gross income from all sources	14b
	c Gross income sourced at shareholder level	14c
	Foreign gross income sourced at corporate level	
	d Passive	14d
	e Listed categories (attach statement)	14e
	f General limitation	14f
	Deductions allocated and apportioned at shareholder level	
	g Interest expense	14g
	h Other	14h
	Deductions allocated and apportioned at corporate level to foreign source income	
	i Passive	14i
	j Listed categories (attach statement)	14j
	k General limitation	14k
Other information		
l Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
m Reduction in taxes available for credit (attach statement)	14m	
n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a
	b Adjusted gain or loss	15b
	c Depletion (other than oil and gas)	15c
	d Oil, gas, and geothermal properties--gross income	15d
	e Oil, gas, and geothermal properties--deductions	15e
	f Other AMT items (attach statement)	15f
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a
	b Other tax-exempt income	16b
	c Nondeductible expenses	16c
	d Property distributions	16d
	e Repayment of loans from shareholders	16e
Other Information	17a Investment income	17a
	b Investment expenses	17b
	c Dividend distributions paid from accumulated earnings and profits	17c
	d Other items and amounts (attach statement)	
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18

- 239,770

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		1,084		858
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)		3,000		3,075 #5
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	1,272,837		1,278,182	
b	Less accumulated depreciation	(39,688)	1,233,149	(116,898)	1,161,284
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		513,269		513,269
13a	Intangible assets (amortizable only)	10,273		12,523	
b	Less accumulated amortization	(855)	9,418	(3,133)	9,390
14	Other assets (attach statement)				437 #6
15	Total assets		1,759,920		1,688,313
Liabilities and Shareholders' Equity					
16	Accounts payable		3,801	1,290,705	
17	Mortgages, notes, bonds payable in less than 1 yr				
18	Other current liabilities (attach statement)				
19	Loans from shareholders		555,875		628,875
20	Mortgages, notes, bonds payable in 1 year or more		509,599		509,599
21	Other liabilities (attach statement)		9,051		108,015 #7
22	Capital stock		500		500
23	Additional paid-in capital		741,816		741,816
24	Retained earnings		-60,722		-300,492
25	Adjustments to shareholders' equity (attach stmt.)				
26	Less cost of treasury stock	()		()	
27	Total liabilities and shareholders' equity		1,759,920		1,688,313

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions

1	Net income (loss) per books	-239,770	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14 (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	
4	Add lines 1 through 3	-239,770	8	Income (loss) (Schedule K, line 18). Line 4 less line 7	-239,770

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-60,722	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(239,770)	
5	Other reductions	()	
6	Combine lines 1 through 5	-300,492	
7	Distributions other than dividend distributions	0	
8	Balance at end of tax year. Subtract line 7 from line 6	-300,492	

Part V Listed Property (include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25	
26	Property used more than 50% in a qualified business use:							
		%						
		%						
		%						
27	Property used 50% or less in a qualified business use:							
		%				S/L-		
		%				S/L-		
		%				S/L-		
28	Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28	
29	Add amounts in column (i), line 26. Enter here and on line 7, page 1							29

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30	Total business/investment miles driven during the year (do not include commuting miles)											
31	Total commuting miles driven during the year											
32	Total other personal (noncommuting) miles driven											
33	Total miles driven during the year. Add lines 30 through 32											
34	Was the vehicle available for personal use during off-duty hours?											
35	Was the vehicle used primarily by a more than 5% owner or related person?											
36	Is another vehicle available for personal use?											

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37	Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	
38	Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.	
39	Do you treat all use of vehicles by employees as personal use?	
40	Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?	
41	Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)	

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year	
42 Amortization of costs that begins during your 2006 tax year (see instructions):						
WATER ORG COSTS	02-01-2006	1,125	0	0	17	
WST ORGANIZATION COS	02-01-2006	1,125	0	0	206	
43	Amortization of costs that began before your 2006 tax year				43	2,055
44	Total. Add amounts in column (f). See the instructions for where to report				44	2,278

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method	Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
Form 1120S										
COLL SWRS FORCE	08-01-05	150DBHY	20	29,105	0	0	0	29,105	1,091	2,101
COLL SWRS GRAVITY	08-01-05	150DBHY	20	79,565	0	0	0	79,565	2,984	5,744
DIST RESERVOIRS	08-01-05	S/L	25	21,390	0	0	0	21,390	428	856
LAND	08-01-05	Land	0	2,313	2,313	0	0	0	0	0
LAND	08-01-05	Land	0	510,956	510,956	0	0	0	0	0
METER & INSTALLATION	08-01-05	S/L	25	4,223	0	0	0	4,223	84	169
MISC EQUIPMENT	08-01-05	150DBHY	20	228	0	0	0	228	9	16
MISC EQUIPMENT	08-01-05	S/L	25	129	0	0	0	129	3	5
ORGANIZATION COSTS	08-01-05	AMORT	5	2,583	0	0	0	2,583	215	517
ORGANIZATION COSTS	08-01-05	AMORT	5	3,786	0	0	0	3,786	315	757
PERMITS	08-01-05	AMORT	5	3,904	0	0	0	3,904	325	781
POWER GEN EQUIP	08-01-05	S/L	25	76,643	0	0	0	76,643	1,533	3,066
POWER GEN EQUIPMENT	08-01-05	150DBHY	20	59,825	0	0	0	59,825	2,243	4,319
PUMPING EQUIP	08-01-05	S/L	25	105,589	0	0	0	105,589	2,112	4,224
STRUCTURE & IMPROVEM	08-01-05	S/L	25	92,858	0	0	0	92,858	1,857	3,714
STRUCTURES & IMP	08-01-05	150DBHY	20	134,194	0	0	0	134,194	5,032	9,687
SUPPLY MAINS	08-01-05	S/L	25	21,579	0	0	0	21,579	432	863
TRANS & DIST MAINS	08-01-05	S/L	25	79,752	0	0	0	79,752	1,595	3,190
TRMNT & DIS EQUIPMNT	08-01-05	150DBHY	20	510,292	0	0	0	510,292	19,136	36,838
WATER ORG COSTS	02-01-06	AMORT	60	1,125	0	0	0	1,125	0	17
WATER STRUCT	02-01-06	S/L	25	3,038	0	0	0	3,038	0	61
WATER TREATMNT EQUIP	08-01-05	S/L	25	5,298	0	0	0	5,298	106	212
WELLS & SPRINGS	08-01-05	S/L	25	52,167	0	0	0	52,167	1,043	2,087
WST ORGANIZATION COS	02-01-06	AMORT	5	1,125	0	0	0	1,125	0	206
WST TRMT & DISP	02-01-06	S/L	20	2,307	0	0	0	2,307	0	58
25 Assets Totals:				1,803,974	513,269	0	0	1,290,705	40,543	79,488

- 2278 Amort
77,210 Depn

Part II

* Asset disposed this year
-C Carryover basis in like-kind exchange transaction
-B Excess basis in like-kind exchange transaction



2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
25 Assets		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Balance Sheet Reconciliation									
		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
		Less Future Purchases:	0	0	0	0	0	0	0
		Less Current Year Disposals:	0	0	0	0	0	0	0
		End of Year Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Buildings and Other Depreciable Assets:			1,278,182					Prior Depreciation:	39,688
								Current Depreciation:	77,210
								179:	0
								Special Depreciation Allowance:	0
								<u>Ending Accumulated Depreciation (Per Balance Sheet):</u>	<u>116,898</u>
Land:			513,269					Prior Amortization:	855
Intangible Assets (Amortizable Only):			12,523					Current Amortization:	2,278
								179:	0
								Special Depreciation Allowance:	0
								<u>Ending Accumulated Amortization (Per Balance Sheet):</u>	<u>3,133</u>

* Asset disposed this year
 -C Carryover basis in like-kind exchange transaction
 -B Excess basis in like-kind exchange transaction

Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation. See separate instructions.

2006

Department of the Treasury Internal Revenue Service

For calendar year 2006 or tax year beginning 2006, ending 20

Header section containing: A Effective date of S election (01-01-2005), B Business activity code number (221300), C Employer ID no. (20-2434465), D Date incorporated (03-09-2004), E Total assets (see instr.) (\$ 1,688,313)

F Check if: (1) Initial return (2) Final return (3) Name change (4) Address change (5) Amended return. G Enter the number of shareholders in the corporation at the end of the tax year (6). H Check if Schedule M-3 is required (attach Schedule M-3).

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Main table with columns for income/expense items (1a-27) and amounts. Includes sections for Income (1-6), Deductions (7-21), and Tax and Payments (22-27). Key values: Line 6 Total income (loss) 0; Line 20 Total deductions 239,770; Line 21 Ordinary business income (loss) -239,770.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature section: Sign Here, Signature of officer (Francis R. Hartman), Date (13-28-07), Title (PRESIDENT). Includes checkbox for IRS discussion.

Preparer's information: Paid Preparer's signature (William K. O'Brien, CPA), Date (3/27/2007), Firm's name (HARTMAN HARTMAN & O'BRIEN PA), EIN (59-2410381), Address (10935 SE 177TH PLACE STE 205, Summerfield FL 34491), Phone no. (352-347-8080).



Part I

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
(ii) Lower of cost or market as described in Regulations section 1.471-4
(iii) Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO **9d**

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

Schedule B Other Information (see instructions)

		Yes	No
1	Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶		
2	See the instructions and enter the: a Business activity ▶ <u>UTILITIES</u> b Product or service ▶ <u>WATER, SEWAGE & OTHE</u>		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		X
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5	Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
6	Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
7	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ▶ \$ _____		
8	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ _____		
9	Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1		X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Pro Rata Share Items

		Total amount
I N C O M E	1 Ordinary business income (loss) (page 1, line 21)	1 -239,770
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss) 3a	
	b Expenses from other rental activities (attach statement) 3b	
	c Other net rental income (loss). Subtract line 3b from line 3a 3c	
	4 Interest income	4
	5 Dividends: a Ordinary dividends 5a b Qualified dividends 5b	
	6 Royalties	6
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S)) 8a	
L O S S	b Collectibles (28%) gain (loss) 8b	
	c Unrecaptured section 1250 gain (attach statement) 8c	
	9 Net section 1231 gain (loss) (attach Form 4797)	9
10 Other income (loss) (see instructions) Type ▶	10	

		Shareholders' Pro Rata Share Items (continued)	Total amount	
Deductions	11	Section 179 deduction (attach Form 4562)	11	
	12a	Contributions	12a	
	b	Investment interest expense	12b	
	c	Section 59(e)(2) expenditures (1) Type (2) Amount	12c(2)	
	d	Other deductions (see instructions) Type	12d	
Credits	13a	Low-income housing credit (section 42(j)(5))	13a	
	b	Low-income housing credit (other)	13b	
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d	Other rental real estate credits (see instructions) Type	13d	
	e	Other rental credits (see instructions) Type	13e	
	f	Credit for alcohol used as fuel (attach Form 5478)	13f	
	g	Other credits (see instructions) Type	13g	
Foreign Transactions	14a	Name of country or U.S. possession		
	b	Gross income from all sources	14b	
	c	Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c	
	d	Passive	14d	
	e	Listed categories (attach statement)	14e	
	f	General limitation Deductions allocated and apportioned at shareholder level	14f	
	g	Interest expense	14g	
	h	Other Deductions allocated and apportioned at corporate level to foreign source income	14h	
	i	Passive	14i	
	j	Listed categories (attach statement)	14j	
	k	General limitation Other information	14k	
	l	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
	m	Reduction in taxes available for credit (attach statement)	14m	
	n	Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) items	15a	Post-1986 depreciation adjustment	15a	
	b	Adjusted gain or loss	15b	
	c	Depletion (other than oil and gas)	15c	
	d	Oil, gas, and geothermal properties--gross income	15d	
	e	Oil, gas, and geothermal properties--deductions	15e	
	f	Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a	Tax-exempt interest income	16a	
	b	Other tax-exempt income	16b	
	c	Nondeductible expenses	16c	
	d	Property distributions	16d	
	e	Repayment of loans from shareholders	16e	
Other Information	17a	Investment income	17a	
	b	Investment expenses	17b	
	c	Dividend distributions paid from accumulated earnings and profits	17c	
	d	Other items and amounts (attach statement)		
Reconciliation	18	Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	-239,770

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		1,084		858
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)		3,000		3,075 #5
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	1,272,837		1,278,182	
b	Less accumulated depreciation	(39,688)	1,233,149	(116,898)	1,161,284
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		513,269		513,269
13a	Intangible assets (amortizable only)	10,273		12,523	
b	Less accumulated amortization	(855)	9,418	(3,133)	9,390
14	Other assets (attach statement)				437 #6
15	Total assets		1,759,920		1,688,313
Liabilities and Shareholders' Equity					
16	Accounts payable		3,801	1,290,705	
17	Mortgages, notes, bonds payable in less than 1 yr				
18	Other current liabilities (attach statement)				
19	Loans from shareholders		555,875		628,875
20	Mortgages, notes, bonds payable in 1 year or more		509,599		509,599
21	Other liabilities (attach statement)		9,051		108,015 #7
22	Capital stock		500		500
23	Additional paid-in capital		741,816		741,816
24	Retained earnings		-60,722		-300,492
25	Adjustments to shareholders' equity (attach stmt.)				
26	Less cost of treasury stock	()		()	
27	Total liabilities and shareholders' equity		1,759,920		1,688,313

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions

1	Net income (loss) per books	-239,770	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14 (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	
4	Add lines 1 through 3	-239,770	8	Income (loss) (Schedule K, line 18), Line 4 less line 7	-239,770

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-60,722	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(239,770)	
5	Other reductions	()	
6	Combine lines 1 through 5	-300,492	
7	Distributions other than dividend distributions	0	
8	Balance at end of tax year. Subtract line 7 from line 6	-300,492	

Depreciation and Amortization (Including Information on Listed Property)

2006

Department of the Treasury
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No. 67

Name(s) shown on return ORANGE BLOSSOM UTILITIES INC	Business or activity to which this form relates FOR FORM 1120S	Identifying number 20-2434465
--	--	---

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000
6 (a) Description of property (b) Cost (busn. use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	108,000
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	77,091
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		<input type="checkbox"/>

Section B -- Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		3,038	25 yrs.	HY	S/L	61
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C -- Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20 a Class life		2,307	20	HY	S/L	58
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	77,210
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25	
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No										
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions):					
WATER ORG COSTS	02-01-2006	1,125	0	0	17
WST ORGANIZATION COS	02-01-2006	1,125	0	0	206
43 Amortization of costs that began before your 2006 tax year				43	2,055
44 Total. Add amounts in column (f). See the instructions for where to report				44	2,278

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method	Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current	
Form 1120S											
COLL SWRS FORCE	08-01-05	150DBHY	20	29,105	0	0	0	29,105	1,091	2,101	
COLL SWRS GRAVITY	08-01-05	150DBHY	20	79,565	0	0	0	79,565	2,984	5,744	
DIST RESERVOIRS	08-01-05	S/L	25	21,390	0	0	0	21,390	428	856	
LAND	08-01-05	Land	0	2,313	2,313	0	0	0	0	0	
LAND	08-01-05	Land	0	510,956	510,956	0	0	0	0	0	
METER & INSTALLATION	08-01-05	S/L	25	4,223	0	0	0	4,223	84	169	
MISC EQUIPMENT	08-01-05	150DBHY	20	228	0	0	0	228	9	16	
MISC EQUIPMENT	08-01-05	S/L	25	129	0	0	0	129	3	5	
ORGANIZATION COSTS	08-01-05	AMORT	5	2,583	0	0	0	2,583	215	517	
ORGANIZATION COSTS	08-01-05	AMORT	5	3,786	0	0	0	3,786	315	757	
PERMITS	08-01-05	AMORT	5	3,904	0	0	0	3,904	325	781	
POWER GEN EQUIP	08-01-05	S/L	25	76,643	0	0	0	76,643	1,533	3,066	
POWER GEN EQUIPMENT	08-01-05	150DBHY	20	59,825	0	0	0	59,825	2,243	4,319	
PUMPING EQUIP	08-01-05	S/L	25	105,589	0	0	0	105,589	2,112	4,224	
STRUCTURE & IMPROVEM	08-01-05	S/L	25	92,858	0	0	0	92,858	1,857	3,714	
STRUCTURES & IMP	08-01-05	150DBHY	20	134,194	0	0	0	134,194	5,032	9,687	
SUPPLY MAINS	08-01-05	S/L	25	21,579	0	0	0	21,579	432	863	
TRANS & DIST MAINS	08-01-05	S/L	25	79,752	0	0	0	79,752	1,595	3,190	
TRMNT & DIS EQUIPMNT	08-01-05	150DBHY	20	510,292	0	0	0	510,292	19,136	36,838	
WATER ORG COSTS	02-01-06	AMORT	60	1,125	0	0	0	1,125	0	17	
WATER STRUCT	02-01-06	S/L	25	3,038	0	0	0	3,038	0	61	
WATER TREATMNT EQUIP	08-01-05	S/L	25	5,298	0	0	0	5,298	106	212	
WELLS & SPRINGS	08-01-05	S/L	25	52,167	0	0	0	52,167	1,043	2,087	
WST ORGANIZATION COS	02-01-06	AMORT	5	1,125	0	0	0	1,125	0	206	
WST TRMT & DISP	02-01-06	S/L	20	2,307	0	0	0	2,307	0	58	
25 Assets				Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

- 2278 Amort
77,210 Dep



* Asset disposed this year
-C Carryover basis in like-kind exchange transaction
-B Excess basis in like-kind exchange transaction

Part II

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
25 Assets		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Balance Sheet Reconciliation									
		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
		Less Future Purchases:	0	0	0	0	0	0	0
		Less Current Year Disposals:	0	0	0	0	0	0	0
		End of Year Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Buildings and Other Depreciable Assets:			1,278,182					Prior Depreciation:	39,688
								Current Depreciation:	77,210
								179:	0
								Special Depreciation Allowance:	0
								Ending Accumulated Depreciation (Per Balance Sheet):	116,898
		Land:	513,269					Prior Amortization:	855
		Intangible Assets (Amortizable Only):	12,523					Current Amortization:	2,278
								179:	0
								Special Depreciation Allowance:	0
								Ending Accumulated Amortization (Per Balance Sheet):	3,133

* Asset disposed this year
 -C Carryover basis in like-kind exchange transaction
 -B Excess basis in like-kind exchange transaction

U.S. Income Tax Return for an S Corporation

Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation. See separate instructions.

2006

Department of the Treasury Internal Revenue Service

For calendar year 2006 or tax year beginning 2006, ending 20

Header section containing: A Effective date of S election (01-01-2005), B Business activity code number (221300), C Employer ID no. (20-2434465), D Date incorporated (03-09-2004), E Total assets (see instr.) (\$ 1,688,313)

Check boxes for: F Initial return, G Number of shareholders (6), H Check if Schedule M-3 is required

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Table with 3 columns: Line number, Description, Amount. Lines 1a-6: Gross receipts, Cost of goods sold, Gross profit, Net gain, Other income, Total income.

Table with 3 columns: Line number, Description, Amount. Lines 7-21: Compensation of officers, Salaries and wages, Repairs and maintenance, Bad debts, Rents, Taxes and licenses, Interest, Depreciation, Depletion, Advertising, Pension, Employee benefit programs, Other deductions, Total deductions, Ordinary business income.

Table with 3 columns: Line number, Description, Amount. Lines 22a-27: Excess net passive income, Tax from Schedule D, 2006 est. tax payments, Estimated tax penalty, Amount owed, Overpayment, Enter amount from line 26.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: James R. Hartman, Date: 13-28-07, Title: PRESIDENT. Includes checkbox for IRS discussion.

Preparer's information: Preparer's signature: William K. O'Brien CPA, Date: 3/27/2007, Firm's name: HARTMAN HARTMAN & O'BRIEN PA, Address: 10935 SE 177TH PLACE STE 205, Summerfield FL 34491, Phone no.: 352-347-8080.



Part I

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
(ii) Lower of cost or market as described in Regulations section 1.471-4
(iii) Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

Schedule B Other Information (see instructions)

	Yes	No
1 Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) <input type="checkbox"/>		
2 See the instructions and enter the: a Business activity UTILITIES b Product or service WATER, SEWAGE & OTHE		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		X
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5 Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
6 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
7 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years \$ _____		
8 Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ _____		
9 Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1.		X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Pro Rata Share Items

		Total amount
INCOME LOSS	1 Ordinary business income (loss) (page 1, line 21)	1 -239,770
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Interest income	4
	5 Dividends: a Ordinary dividends	5a
	b Qualified dividends	5b
	6 Royalties	6
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a	
b Collectibles (28%) gain (loss)	8b	
c Unrecaptured section 1250 gain (attach statement)	8c	
9 Net section 1231 gain (loss) (attach Form 4797)	9	
10 Other income (loss) (see instructions) Type <input type="checkbox"/>	10	

		Shareholders' Pro Rata Share Items (continued)	Total amount
Deductions	11	Section 179 deduction (attach Form 4592)	11
	12a	Contributions	12a
	b	Investment interest expense	12b
	c	Section 59(e)(2) expenditures (1) Type (2) Amount	12c(2)
	d	Other deductions (see instructions) Type	12d
Credits	13a	Low-income housing credit (section 42(j)(5))	13a
	b	Low-income housing credit (other)	13b
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c
	d	Other rental real estate credits (see instructions) Type	13d
	e	Other rental credits (see instructions) Type	13e
	f	Credit for alcohol used as fuel (attach Form 6478)	13f
	g	Other credits (see instructions) Type	13g
Foreign Transactions	14a	Name of country or U.S. possession	
	b	Gross income from all sources	14b
	c	Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c
	d	Passive	14d
	e	Listed categories (attach statement)	14e
	f	General limitation Deductions allocated and apportioned at shareholder level	14f
	g	Interest expense	14g
	h	Other Deductions allocated and apportioned at corporate level to foreign source income	14h
	i	Passive	14i
	j	Listed categories (attach statement)	14j
	k	General limitation Other information	14k
	l	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l
	m	Reduction in taxes available for credit (attach statement)	14m
	n	Other foreign tax information (attach statement)	
Alternative Minimum Tax (AMT) Items	15a	Post-1986 depreciation adjustment	15a
	b	Adjusted gain or loss	15b
	c	Depletion (other than oil and gas)	15c
	d	Oil, gas, and geothermal properties--gross income	15d
	e	Oil, gas, and geothermal properties--deductions	15e
	f	Other AMT items (attach statement)	15f
Items Affecting Shareholder Basis	16a	Tax-exempt interest income	16a
	b	Other tax-exempt income	16b
	c	Nondeductible expenses	16c
	d	Property distributions	16d
	e	Repayment of loans from shareholders	16e
Other Information	17a	Investment income	17a
	b	Investment expenses	17b
	c	Dividend distributions paid from accumulated earnings and profits	17c
	d	Other items and amounts (attach statement)	
Reconciliation	18	Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18
			-239,770

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		1,084		858
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)		3,000		3,075 #5
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	1,272,837		1,278,182	
b	Less accumulated depreciation	(39,688)	1,233,149	(116,898)	1,161,284
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		513,269		513,269
13a	Intangible assets (amortizable only)	10,273		12,523	
b	Less accumulated amortization	(855)	9,418	(3,133)	9,390
14	Other assets (attach statement)				437 #6
15	Total assets		1,759,920		1,688,313
Liabilities and Shareholders' Equity					
16	Accounts payable		3,801	1,290,705	
17	Mortgages, notes, bonds payable in less than 1 yr				
18	Other current liabilities (attach statement)				
19	Loans from shareholders		555,875		628,875
20	Mortgages, notes, bonds payable in 1 year or more		509,599		509,599
21	Other liabilities (attach statement)		9,051		108,015 #7
22	Capital stock		500		500
23	Additional paid-in capital		741,816		741,816
24	Retained earnings		-60,722		-300,492
25	Adjustments to shareholders' equity (attach stmt.)				
26	Less cost of treasury stock	()		()	
27	Total liabilities and shareholders' equity		1,759,920		1,688,313

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions

1	Net income (loss) per books	-239,770	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14 (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	
4	Add lines 1 through 3	-239,770	8	Income (loss) (Schedule K, line 18). Line 4 less line 7	-239,770

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-60,722	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(239,770)	
5	Other reductions	()	
6	Combine lines 1 through 5	-300,492	
7	Distributions other than dividend distributions	0	
8	Balance at end of tax year. Subtract line 7 from line 6	-300,492	

Depreciation and Amortization (Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No. 67

Name(s) shown on return ORANGE BLOSSOM UTILITIES INC	Business or activity to which this form relates FOR FORM 1120S	Identifying number 20-2434465
--	--	---

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000
6 (a) Description of property (b) Cost (busn. use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29		
7		
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	108,000
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	77,091
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	<input type="checkbox"/>	

Section B -- Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		3,038	25 yrs.	HY	S/L	61
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C -- Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20 a Class life		2,307	20	HY	S/L	58
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	77,210
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%			S/L-			
		%			S/L-			
		%			S/L-			
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles)	(a)	(b)	(c)	(d)	(e)	(f)
	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4	Vehicle 5	Vehicle 6
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?	Yes	No	Yes	No	Yes	No
36 Is another vehicle available for personal use?	Yes	No	Yes	No	Yes	No

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year	
42 Amortization of costs that begins during your 2006 tax year (see instructions):						
WATER ORG COSTS	02-01-2006	1,125	0	0	17	
WST ORGANIZATION COS	02-01-2006	1,125	0	0	206	
43 Amortization of costs that began before your 2006 tax year					43	2,055
44 Total. Add amounts in column (f). See the instructions for where to report					44	2,278

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method	Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
Form 1120S										
COLL SWRS FORCE	08-01-05	150DBHY	20	29,105	0	0	0	29,105	1,091	2,101
COLL SWRS GRAVITY	08-01-05	150DBHY	20	79,565	0	0	0	79,565	2,984	5,744
DIST RESERVOIRS	08-01-05	S/L	25	21,390	0	0	0	21,390	428	856
LAND	08-01-05	Land	0	2,313	2,313	0	0	0	0	0
LAND	08-01-05	Land	0	510,956	510,956	0	0	0	0	0
METER & INSTALLATION	08-01-05	S/L	25	4,223	0	0	0	4,223	84	169
MISC EQUIPMENT	08-01-05	150DBHY	20	228	0	0	0	228	9	16
MISC EQUIPMENT	08-01-05	S/L	25	129	0	0	0	129	3	5
ORGANIZATION COSTS	08-01-05	AMORT	5	2,583	0	0	0	2,583	215	517
ORGANIZATION COSTS	08-01-05	AMORT	5	3,786	0	0	0	3,786	315	757
PERMITS	08-01-05	AMORT	5	3,904	0	0	0	3,904	325	781
POWER GEN EQUIP	08-01-05	S/L	25	76,643	0	0	0	76,643	1,533	3,066
POWER GEN EQUIPMENT	08-01-05	150DBHY	20	59,825	0	0	0	59,825	2,243	4,319
PUMPING EQUIP	08-01-05	S/L	25	105,589	0	0	0	105,589	2,112	4,224
STRUCTURE & IMPROVEM	08-01-05	S/L	25	92,858	0	0	0	92,858	1,857	3,714
STRUCTURES & IMP	08-01-05	150DBHY	20	134,194	0	0	0	134,194	5,032	9,687
SUPPLY MAINS	08-01-05	S/L	25	21,579	0	0	0	21,579	432	863
TRANS & DIST MAINS	08-01-05	S/L	25	79,752	0	0	0	79,752	1,595	3,190
TRMNT & DIS EQUIPMNT	08-01-05	150DBHY	20	510,292	0	0	0	510,292	19,136	36,838
WATER ORG COSTS	02-01-06	AMORT	60	1,125	0	0	0	1,125	0	17
WATER STRUCT	02-01-06	S/L	25	3,038	0	0	0	3,038	0	61
WATER TREATMNT EQUIP	08-01-05	S/L	25	5,298	0	0	0	5,298	106	212
WELLS & SPRINGS	08-01-05	S/L	25	52,167	0	0	0	52,167	1,043	2,087
WST ORGANIZATION COS	02-01-06	AMORT	5	1,125	0	0	0	1,125	0	206
WST TRMT & DISP	02-01-06	S/L	20	2,307	0	0	0	2,307	0	58
25 Assets			Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

- 2278 Amn
7,7210 Dep



*Asset disposed this year
-C Carryover basis in like-kind exchange transaction
-B Excess basis in like-kind exchange transaction

Part II

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
25 Assets		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Balance Sheet Reconciliation									
		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
		Less Future Purchases:	0	0	0	0	0	0	0
		Less Current Year Disposals:	0	0	0	0	0	0	0
		End of Year Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Buildings and Other Depreciable Assets:			1,278,182					Prior Depreciation:	39,688
								Current Depreciation:	77,210
								179:	0
								Special Depreciation Allowance:	0
								Ending Accumulated Depreciation (Per Balance Sheet):	116,898
		Land:	513,269					Prior Amortization:	855
		Intangible Assets (Amortizable Only):	12,523					Current Amortization:	2,278
								179:	0
								Special Depreciation Allowance:	0
								Ending Accumulated Amortization (Per Balance Sheet):	3,133

* Asset disposed this year
 -C Carryover basis in like-kind exchange transaction
 -B Excess basis in like-kind exchange transaction

Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation. See separate instructions.

2006

Department of the Treasury Internal Revenue Service

For calendar year 2006 or tax year beginning 2006, ending 20

Header section containing: A Effective date of S election (01-01-2005), B Business activity code number (221300), C Employer ID no. (20-2434465), D Date incorporated (03-09-2004), E Total assets (see instr.) (\$1,688,313), Name (ORANGE BLOSSOM UTILITIES INC), and address (108 SOUTH OLD DIXIE HIGHWAY, LADY LAKE FL 32159).

G Enter the number of shareholders in the corporation at the end of the tax year (6). H Check if Schedule M-3 is required (attach Schedule M-3).

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Main table with columns for Income (1a-6), Deductions (7-21), and Tax Payments (22a-27). Includes handwritten annotations like '77,210' circled and '#2', '#3', '#4' next to certain values.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here section with signature of Nancy R. Hartman, dated 13-28-07, Title: PRESIDENT. Includes checkbox for 'May the IRS discuss this return with the preparer shown below (see inst.)?' with 'Yes' checked.

Paid Preparer's Use Only section with signature of William K. O'Brien, CPA, dated 3/27/2007, Firm name: HARTMAN HARTMAN & O'BRIEN PA, EIN 59-2410381, address: 10935 SE 177TH PLACE STE 205, Summerfield FL 34491, Phone no. 352-347-8080.



Part I

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
 (ii) Lower of cost or market as described in Regulations section 1.471-4
 (iii) Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
 If "Yes," attach explanation.

Schedule B Other Information (see instructions)

			Yes	No
1	Check accounting method:	a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶		
2	See the instructions and enter the:	a Business activity ▶ <u>UTILITIES</u> b Product or service ▶ <u>WATER, SEWAGE & OTHE</u>		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?			X
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?			X
5	Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?			X
6	Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ <input type="checkbox"/> If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.			
7	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ▶ \$ _____			
8	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ _____			
9	Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1			X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Pro Rata Share Items

		Total amount
I N C O M E	1 Ordinary business income (loss) (page 1, line 21)	1 -239,770
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Interest income	4
	5 Dividends: a Ordinary dividends	5a
	b Qualified dividends	5b
	6 Royalties	6
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
L O S S	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a
	b Collectibles (28%) gain (loss)	8b
	c Unrecaptured section 1250 gain (attach statement)	8c
	9 Net section 1231 gain (loss) (attach Form 4797)	9
10 Other income (loss) (see instructions) Type ▶	10	

Shareholders' Pro Rata Share Items (continued)		Total amount	
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12a Contributions	12a	
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures (1) Type ▶ _____ (2) Amount ▶ _____	12c(2)	
	d Other deductions (see instructions) Type ▶ _____	12d	
Credits	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d Other rental real estate credits (see instructions) Type ▶ _____	13d	
	e Other rental credits (see instructions) Type ▶ _____	13e	
	f Credit for alcohol used as fuel (attach Form 6478)	13f	
	g Other credits (see instructions) Type ▶ _____	13g	
Foreign Transactions	14a Name of country or U.S. possession ▶ _____		
	b Gross income from all sources	14b	
	c Gross income sourced at shareholder level	14c	
	Foreign gross income sourced at corporate level		
	d Passive	14d	
	e Listed categories (attach statement)	14e	
	f General limitation	14f	
	Deductions allocated and apportioned at shareholder level		
	g Interest expense	14g	
	h Other	14h	
	Deductions allocated and apportioned at corporate level to foreign source income		
	i Passive	14i	
	j Listed categories (attach statement)	14j	
	k General limitation	14k	
Other information			
l Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l		
m Reduction in taxes available for credit (attach statement)	14m		
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties--gross income	15d	
	e Oil, gas, and geothermal properties--deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	
	d Property distributions	16d	
	e Repayment of loans from shareholders	16e	
Other Information	17a Investment income	17a	
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement)		
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	- 239,770

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		1,084		858
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)		3,000		3,075 #5
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	1,272,837		1,278,182	
b	Less accumulated depreciation	(39,688)	1,233,149	(116,898)	1,161,284
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		513,269		513,269
13a	Intangible assets (amortizable only)	10,273		12,523	
b	Less accumulated amortization	(855)	9,418	(3,133)	9,390
14	Other assets (attach statement)				437 #6
15	Total assets		1,759,920		1,688,313
Liabilities and Shareholders' Equity					
16	Accounts payable		3,801	1,290,705	
17	Mortgages, notes, bonds payable in less than 1 yr				
18	Other current liabilities (attach statement)				
19	Loans from shareholders		555,875		628,875
20	Mortgages, notes, bonds payable in 1 year or more		509,599		509,599
21	Other liabilities (attach statement)		9,051		108,015 #7
22	Capital stock		500		500
23	Additional paid-in capital		741,816		741,816
24	Retained earnings		-60,722		-300,492
25	Adjustments to shareholders' equity (attach stmt.)				
26	Less cost of treasury stock	()		()	
27	Total liabilities and shareholders' equity		1,759,920		1,688,313

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions

1	Net income (loss) per books	-239,770	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14 (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	
4	Add lines 1 through 3	-239,770	8	Income (loss) (Schedule K, line 18). Line 4 less line 7	-239,770

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-60,722	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(239,770)	
5	Other reductions	()	
6	Combine lines 1 through 5	-300,492	
7	Distributions other than dividend distributions	0	
8	Balance at end of tax year. Subtract line 7 from line 6	-300,492	

Depreciation and Amortization (Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No. 67

Name(s) shown on return ORANGE BLOSSOM UTILITIES INC	Business or activity to which this form relates FOR FORM 1120S	Identifying number 20-2434465
--	--	---

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000
6 (a) Description of property (b) Cost (busn. use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	108,000
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for qualified New York Liberty or Gull Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	77,091
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B -- Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		3,038	25 yrs.	HY	S/L	61
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C -- Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20 a Class life		2,307	20	HY	S/L	58
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	77,210
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No		
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
25	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26	Property used more than 50% in a qualified business use:								
		%							
		%							
		%							
27	Property used 50% or less in a qualified business use:								
		%				S/L-			
		%				S/L-			
		%				S/L-			
28	Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.						28		
29	Add amounts in column (i), line 26. Enter here and on line 7, page 1.							29	

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30	Total business/investment miles driven during the year (do not include commuting miles)											
31	Total commuting miles driven during the year											
32	Total other personal (noncommuting) miles driven											
33	Total miles driven during the year. Add lines 30 through 32											
34	Was the vehicle available for personal use during off-duty hours?											
35	Was the vehicle used primarily by a more than 5% owner or related person?											
36	Is another vehicle available for personal use?											

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37	Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	
38	Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.	
39	Do you treat all use of vehicles by employees as personal use?	
40	Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?	
41	Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)	

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions):					
WATER ORG COSTS	02-01-2006	1,125	0	0	17
WST ORGANIZATION COS	02-01-2006	1,125	0	0	206
43	Amortization of costs that began before your 2006 tax year				2,055
44	Total. Add amounts in column (f). See the instructions for where to report				2,278

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method	Year	Cost	Land/ Other	\$179	Spec Allow	Basis	Prior	Current	
Form 1120S											
COLL SWRS FORCE	08-01-05	150DBHY	20	29,105	0	0	0	29,105	1,091	2,101	
COLL SWRS GRAVITY	08-01-05	150DBHY	20	79,565	0	0	0	79,565	2,984	5,744	
DIST RESERVOIRS	08-01-05	S/L	25	21,390	0	0	0	21,390	428	856	
LAND	08-01-05	Land	0	2,313	2,313	0	0	0	0	0	
LAND	08-01-05	Land	0	510,956	510,956	0	0	0	0	0	
METER & INSTALLATION	08-01-05	S/L	25	4,223	0	0	0	4,223	84	169	
MISC EQUIPMENT	08-01-05	150DBHY	20	228	0	0	0	228	9	16	
MISC EQUIPMENT	08-01-05	S/L	25	129	0	0	0	129	3	5	
ORGANIZATION COSTS	08-01-05	AMORT	5	2,583	0	0	0	2,583	215	517	
ORGANIZATION COSTS	08-01-05	AMORT	5	3,786	0	0	0	3,786	315	757	
PERMITS	08-01-05	AMORT	5	3,904	0	0	0	3,904	325	781	
POWER GEN EQUIP	08-01-05	S/L	25	76,643	0	0	0	76,643	1,533	3,066	
POWER GEN EQUIPMENT	08-01-05	150DBHY	20	59,825	0	0	0	59,825	2,243	4,319	
PUMPING EQUIP	08-01-05	S/L	25	105,589	0	0	0	105,589	2,112	4,224	
STRUCTURE & IMPROVEM	08-01-05	S/L	25	92,858	0	0	0	92,858	1,857	3,714	
STRUCTURES & IMP	08-01-05	150DBHY	20	134,194	0	0	0	134,194	5,032	9,687	
SUPPLY MAINS	08-01-05	S/L	25	21,579	0	0	0	21,579	432	863	
TRANS & DIST MAINS	08-01-05	S/L	25	79,752	0	0	0	79,752	1,595	3,190	
TRMNT & DIS EQUIPMNT	08-01-05	150DBHY	20	510,292	0	0	0	510,292	19,136	36,838	
WATER ORG COSTS	02-01-06	AMORT	60	1,125	0	0	0	1,125	0	17	
WATER STRUCT	02-01-06	S/L	25	3,038	0	0	0	3,038	0	61	
WATER TREATMNT EQUIP	08-01-05	S/L	25	5,298	0	0	0	5,298	106	212	
WELLS & SPRINGS	08-01-05	S/L	25	52,167	0	0	0	52,167	1,043	2,087	
WST ORGANIZATION COS	02-01-06	AMORT	5	1,125	0	0	0	1,125	0	206	
WST TRMT & DISP	02-01-06	S/L	20	2,307	0	0	0	2,307	0	58	
25 Assets				Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

- 2278 Amort
77,210 Depn



* Asset disposed this year
-C Carryover basis in like-kind exchange transaction
-B Excess basis in like-kind exchange transaction

Part II

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
25 Assets		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

Balance Sheet Reconciliation

	Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
	Less Future Purchases:	0	0	0	0	0	0	0
	Less Current Year Disposals:	0	0	0	0	0	0	0
	End of Year Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

Buildings and Other Depreciable Assets: 1,278,182

Prior Depreciation: 39,688
Current Depreciation: 77,210
179: 0
Special Depreciation Allowance: 0

Ending Accumulated Depreciation (Per Balance Sheet): 116,898

Land: 513,269

Intangible Assets (Amortizable Only): 12,523

Prior Amortization: 855
Current Amortization: 2,278
179: 0
Special Depreciation Allowance: 0

Ending Accumulated Amortization (Per Balance Sheet): 3,133

* Asset disposed this year
-C Carryover basis in like-kind exchange transaction
-B Excess basis in like-kind exchange transaction

Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation. See separate instructions.

2006

Department of the Treasury Internal Revenue Service

For calendar year 2006 or tax year beginning 2006, ending 20

Header section containing: A Effective date of S election (01-01-2005), B Business activity code number (221300), Name (ORANGE BLOSSOM UTILITIES INC), Address (108 SOUTH OLD DIXIE HIGHWAY, LADY LAKE FL 32159), C Employer ID no. (20-2434465), D Date incorporated (03-09-2004), E Total assets (\$1,688,313)

G Enter the number of shareholders in the corporation at the end of the tax year (6)
H Check if Schedule M-3 is required (attach Schedule M-3)

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Main table with columns for Income (1-6), Deductions (7-21), and Tax Payments (22-27). Includes handwritten annotations like '77,210' circled and '#2', '#3', '#4' next to certain values.

Sign Here

Signature section: Nancy R. Hartman, Date 13-28-07, Title PRESIDENT. Includes checkbox for IRS discussion.

Preparer's section: Paid Preparer's signature (William K. O'Brien CPA), Date 5/27/2007, Firm's name (HARTMAN HARTMAN & O'BRIEN PA), EIN 59-2410381, Address (10935 SE 177TH PLACE STE 205, Summerfield FL 34491), Phone no. 352-347-8080



Part I

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
(ii) Lower of cost or market as described in Regulations section 1.471-4
(iii) Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

Schedule B Other Information (see instructions)

		Yes	No
1	Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) <input type="checkbox"/>		
2	See the instructions and enter the: a Business activity UTILITIES b Product or service WATER, SEWAGE & OTHE		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		X
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5	Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
6	Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
7	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years <input type="checkbox"/> \$		
8	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$		
9	Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1 <input type="checkbox"/>		X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Pro Rata Share Items

		Total amount
I N C O M E	1 Ordinary business income (loss) (page 1, line 21)	1 -239,770
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Interest income	4
	5 Dividends: a Ordinary dividends	5a
	b Qualified dividends	5b
	6 Royalties	6
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
L O S S	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a
	b Collectibles (28%) gain (loss)	8b
	c Unrecaptured section 1250 gain (attach statement)	8c
	9 Net section 1231 gain (loss) (attach Form 4797)	9
10 Other income (loss) (see instructions) Type	10	

Shareholders' Pro Rata Share Items (continued)		Total amount	
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12a Contributions	12a	
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures (1) Type (2) Amount	12c(2)	
	d Other deductions (see instructions) Type	12d	
Credits	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d Other rental real estate credits (see instructions) Type	13d	
	e Other rental credits (see instructions) Type	13e	
	f Credit for alcohol used as fuel (attach Form 6478)	13f	
	g Other credits (see instructions) Type	13g	
Foreign Transactions	14a Name of country or U.S. possession		
	b Gross income from all sources	14b	
	c Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c	
	d Passive	14d	
	e Listed categories (attach statement)	14e	
	f General limitation Deductions allocated and apportioned at shareholder level	14f	
	g Interest expense	14g	
	h Other Deductions allocated and apportioned at corporate level to foreign source income	14h	
	i Passive	14i	
	j Listed categories (attach statement)	14j	
	k General limitation Other information	14k	
	l Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
	m Reduction in taxes available for credit (attach statement)	14m	
	n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties--gross income	15d	
	e Oil, gas, and geothermal properties--deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	
	d Property distributions	16d	
	e Repayment of loans from shareholders	16e	
Other Information	17a Investment income	17a	
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement)		
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	- 239,770

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		1,084		853
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)		3,000		3,075 #5
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	1,272,837		1,278,182	
b	Less accumulated depreciation	(39,688)	1,233,149	(116,898)	1,161,284
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		513,269		513,269
13a	Intangible assets (amortizable only)	10,273		12,523	
b	Less accumulated amortization	(855)	9,418	(3,133)	9,390
14	Other assets (attach statement)				437 #6
15	Total assets		1,759,920		1,688,313
Liabilities and Shareholders' Equity					
16	Accounts payable		3,801	1,290,705	
17	Mortgages, notes, bonds payable in less than 1 yr				
18	Other current liabilities (attach statement)				
19	Loans from shareholders		555,875		628,875
20	Mortgages, notes, bonds payable in 1 year or more		509,599		509,599
21	Other liabilities (attach statement)		9,051		108,015 #7
22	Capital stock		500		500
23	Additional paid-in capital		741,816		741,816
24	Retained earnings		-60,722		-300,492
25	Adjustments to shareholders' equity (attach stmt.)				
26	Less cost of treasury stock		()		()
27	Total liabilities and shareholders' equity		1,759,920		1,688,313

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions

1	Net income (loss) per books	-239,770	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	
4	Add lines 1 through 3	-239,770	8	Income (loss) (Schedule K, line 18), Line 4 less line 7	-239,770

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-60,722	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(239,770)	
5	Other reductions	()	
6	Combine lines 1 through 5	-300,492	
7	Distributions other than dividend distributions	0	
8	Balance at end of tax year. Subtract line 7 from line 6	-300,492	

Depreciation and Amortization (Including Information on Listed Property)

2006

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

▶ Attach to your tax return.

Attachment
Sequence No. 67

Name(s) shown on return ORANGE BLOSSOM UTILITIES INC	Business or activity to which this form relates FOR FORM 1120S	Identifying number 20-2434465
--	--	---

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000
6 (a) Description of property (b) Cost (busn. use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29 7		
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	108,000
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	77,091
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>		

Section B -- Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		3,038	25 yrs.	HY	S/L	61
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	

Section C -- Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20 a Class life		2,307	20	HY	S/L	58
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	77,210
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25	
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.								29

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles)	(a)	(b)	(c)	(d)	(e)	(f)				
	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4	Vehicle 5	Vehicle 6				
31 Total commuting miles driven during the year										
32 Total other personal (noncommuting) miles driven										
33 Total miles driven during the year. Add lines 30 through 32										
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?										
36 Is another vehicle available for personal use?										

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year	
42 Amortization of costs that begins during your 2006 tax year (see instructions):						
WATER ORG COSTS	02-01-2006	1,125	0	0	17	
WST ORGANIZATION COS	02-01-2006	1,125	0	0	206	
43 Amortization of costs that began before your 2006 tax year					43	2,055
44 Total. Add amounts in column (f). See the instructions for where to report					44	2,278

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method	Year	Cost	Land/ Other	\$179	Spec Allow	Basis	Prior	Current
Form 1120S										
COLL SWRS FORCE	08-01-05	150DBHY	20	29,105	0	0	0	29,105	1,091	2,101
COLL SWRS GRAVITY	08-01-05	150DBHY	20	79,565	0	0	0	79,565	2,984	5,744
DIST RESERVOIRS	08-01-05	S/L	25	21,390	0	0	0	21,390	428	856
LAND	08-01-05	Land	0	2,313	2,313	0	0	0	0	0
LAND	08-01-05	Land	0	510,956	510,956	0	0	0	0	0
METER & INSTALLATION	08-01-05	S/L	25	4,223	0	0	0	4,223	84	169
MISC EQUIPMENT	08-01-05	150DBHY	20	228	0	0	0	228	9	16
MISC EQUIPMENT	08-01-05	S/L	25	129	0	0	0	129	3	5
ORGANIZATION COSTS	08-01-05	AMORT	5	2,583	0	0	0	2,583	215	517
ORGANIZATION COSTS	08-01-05	AMORT	5	3,786	0	0	0	3,786	315	757
PERMITS	08-01-05	AMORT	5	3,904	0	0	0	3,904	325	781
POWER GEN EQUIP	08-01-05	S/L	25	76,643	0	0	0	76,643	1,533	3,066
POWER GEN EQUIPMENT	08-01-05	150DBHY	20	59,825	0	0	0	59,825	2,243	4,319
PUMPING EQUIP	08-01-05	S/L	25	105,589	0	0	0	105,589	2,112	4,224
STRUCTURE & IMPROVEM	08-01-05	S/L	25	92,858	0	0	0	92,858	1,857	3,714
STRUCTURES & IMP	08-01-05	150DBHY	20	134,194	0	0	0	134,194	5,032	9,687
SUPPLY MAINS	08-01-05	S/L	25	21,579	0	0	0	21,579	432	863
TRANS & DIST MAINS	08-01-05	S/L	25	79,752	0	0	0	79,752	1,595	3,190
TRMNT & DIS EQUIPMNT	08-01-05	150DBHY	20	510,292	0	0	0	510,292	19,136	36,838
WATER ORG COSTS	02-01-06	AMORT	60	1,125	0	0	0	1,125	0	17
WATER STRUCT	02-01-06	S/L	25	3,038	0	0	0	3,038	0	61
WATER TREATMNT EQUIP	08-01-05	S/L	25	5,298	0	0	0	5,298	106	212
WELLS & SPRINGS	08-01-05	S/L	25	52,167	0	0	0	52,167	1,043	2,087
WST ORGANIZATION COS	02-01-06	AMORT	5	1,125	0	0	0	1,125	0	206
WST TRMT & DISP	02-01-06	S/L	20	2,307	0	0	0	2,307	0	58
25 Assets	Totals:			1,803,974	513,269	0	0	1,290,705	40,543	79,488

- 2278 Amort

77,210 Depn



* Asset disposed this year
-C Carryover basis in like-kind exchange transaction
-B Excess basis in like-kind exchange transaction

Part II

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
25 Assets		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Balance Sheet Reconciliation									
		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
		Less Future Purchases:	0	0	0	0	0	0	0
		Less Current Year Disposals:	0	0	0	0	0	0	0
		End of Year Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Buildings and Other Depreciable Assets:			1,278,182					Prior Depreciation:	39,688
								Current Depreciation:	77,210
								179:	0
								Special Depreciation Allowance:	0
								Ending Accumulated Depreciation (Per Balance Sheet):	116,898
		Land:	513,269					Prior Amortization:	855
		Intangible Assets (Amortizable Only):	12,523					Current Amortization:	2,278
								179:	0
								Special Depreciation Allowance:	0
								Ending Accumulated Amortization (Per Balance Sheet):	3,133

* Asset disposed this year
 ~C Carryover basis in like-kind exchange transaction
 ~B Excess basis in like-kind exchange transaction

U.S. Income Tax Return for an S Corporation

Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation. See separate instructions.

2006

Department of the Treasury Internal Revenue Service

For calendar year 2006 or tax year beginning 2006, ending 20

Header section containing: A Effective date of S election (01-01-2005), B Business activity code number (221300), Name (ORANGE BLOSSOM UTILITIES INC), Address (108 SOUTH OLD DIXIE HIGHWAY, LADY LAKE FL 32159), C Employer ID no. (20-2434465), D Date incorporated (03-09-2004), E Total assets (see instr.) (\$ 1,688,313)

F Check if: (1) Initial return (2) Final return (3) Name change (4) Address change (5) Amended return. G Enter the number of shareholders in the corporation at the end of the tax year (6). H Check if Schedule M-3 is required (attach Schedule M-3).

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Table with 3 columns: Line number, Description, and Amount. Rows 1a-6: Gross receipts or sales, Less returns and allowances, Cost of goods sold, Gross profit, Net gain (loss), Total income (loss).

Table with 3 columns: Line number, Description, and Amount. Rows 7-21: Compensation of officers, Salaries and wages, Repairs and maintenance, Bad debts, Rents, Taxes and licenses, Interest, Depreciation, Depletion, Advertising, Pension, Employee benefit programs, Other deductions, Total deductions, Ordinary business income (loss).

Table with 3 columns: Line number, Description, and Amount. Rows 22a-27: Excess net passive income or LIFO recapture tax, Tax from Schedule D, Add lines 22a and 22b, 2006 est. tax payments and 2005 overpayment credited to 2006, Tax deposited with Form 7004, Credit for federal tax paid on fuels, Credit for federal telephone excise tax paid, Add lines 23a through 23d, Estimated tax penalty, Amount owed, Overpayment, Enter amount from line 25 Credited to 2007 estimated tax.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here section: Signature of officer (Wmacy R. Hartman), Date (13-28-07), Title (PRESIDENT). Includes checkbox: May the IRS discuss this return with the preparer shown below (see inst.)? [X] Yes [] No

Preparer's Use Only section: Preparer's signature (William K. O'Brien CPA), Date (3/27/2007), Firm's name (HARTMAN HARTMAN & O'BRIEN PA), Address (10935 SE 177TH PLACE STE 205, Summerfield FL 34491), EIN (59-2410381), Phone no. (352-347-8080)

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Form 1120S (2006)



Part I

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
(ii) Lower of cost or market as described in Regulations section 1.471-4
(iii) Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

Schedule B Other Information (see instructions)

		Yes	No
1	Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) <input type="text"/>		
2	See the instructions and enter the: a Business activity UTILITIES b Product or service WATER, SEWAGE & OTHE		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		X
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5	Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
6	Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
7	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years <input type="text"/> \$ <input type="text"/>		
8	Enter the accumulated earnings and profits of the corporation at the end of the tax year. <input type="text"/> \$ <input type="text"/>		
9	Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1.		X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Pro Rata Share Items

		Total amount	
I N C O M E	1 Ordinary business income (loss) (page 1, line 21)	1	-239,770
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Interest income	4	
	5 Dividends: a Ordinary dividends	5a	
	b Qualified dividends	5b	
	6 Royalties	6	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7	
L O S S	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a	
	b Collectibles (28%) gain (loss)	8b	
	c Unrecaptured section 1250 gain (attach statement)	8c	
	9 Net section 1231 gain (loss) (attach Form 4797)	9	
10 Other income (loss) (see instructions) Type <input type="text"/>	10		

		Shareholders' Pro Rata Share Items (continued)	Total amount	
Deductions	11	Section 179 deduction (attach Form 4562)	11	
	12a	Contributions	12a	
	b	Investment interest expense	12b	
	c	Section 59(e)(2) expenditures (1) Type (2) Amount	12c(2)	
	d	Other deductions (see instructions) Type	12d	
Credits	13a	Low-income housing credit (section 42(j)(5))	13a	
	b	Low-income housing credit (other)	13b	
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d	Other rental real estate credits (see instructions) Type	13d	
	e	Other rental credits (see instructions) Type	13e	
	f	Credit for alcohol used as fuel (attach Form 6478)	13f	
	g	Other credits (see instructions) Type	13g	
Foreign Transactions	14a	Name of country or U.S. possession		
	b	Gross income from all sources	14b	
	c	Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c	
	d	Passive	14d	
	e	Listed categories (attach statement)	14e	
	f	General limitation Deductions allocated and apportioned at shareholder level	14f	
	g	Interest expense	14g	
	h	Other Deductions allocated and apportioned at corporate level to foreign source income	14h	
	i	Passive	14i	
	j	Listed categories (attach statement)	14j	
	k	General limitation Other information	14k	
	l	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
	m	Reduction in taxes available for credit (attach statement)	14m	
	n	Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a	Post-1986 depreciation adjustment	15a	
	b	Adjusted gain or loss	15b	
	c	Depletion (other than oil and gas)	15c	
	d	Oil, gas, and geothermal properties--gross income	15d	
	e	Oil, gas, and geothermal properties--deductions	15e	
	f	Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a	Tax-exempt interest income	16a	
	b	Other tax-exempt income	16b	
	c	Nondeductible expenses	16c	
	d	Property distributions	16d	
	e	Repayment of loans from shareholders	16e	
Other Information	17a	Investment income	17a	
	b	Investment expenses	17b	
	c	Dividend distributions paid from accumulated earnings and profits	17c	
	d	Other items and amounts (attach statement)		
Reconciliation	18	Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	-239,770

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		1,084		858
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)		3,000		3,075 #5
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	1,272,837		1,278,182	
b	Less accumulated depreciation	(39,688)	1,233,149	(116,898)	1,161,284
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		513,269		513,269
13a	Intangible assets (amortizable only)	10,273		12,523	
b	Less accumulated amortization	(855)	9,418	(3,133)	9,390
14	Other assets (attach statement)				437 #6
15	Total assets		1,759,920		1,688,313
Liabilities and Shareholders' Equity					
16	Accounts payable		3,801	1,290,705	
17	Mortgages, notes, bonds payable in less than 1 yr				
18	Other current liabilities (attach statement)				
19	Loans from shareholders		555,875		628,875
20	Mortgages, notes, bonds payable in 1 year or more		509,599		509,599
21	Other liabilities (attach statement)		9,051		108,015 #7
22	Capital stock		500		500
23	Additional paid-in capital		741,816		741,816
24	Retained earnings		-60,722		-300,492
25	Adjustments to shareholders' equity (attach stmt.)				
26	Less cost of treasury stock	()		()	
27	Total liabilities and shareholders' equity		1,759,920		1,688,313

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return				
Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions				
1	Net income (loss) per books	-239,770	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$ _____
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14i (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14i, not charged against book income this year (itemize):
a	Depreciation \$ _____		a	Depreciation \$ _____
b	Travel and entertainment \$ _____		7	Add lines 5 and 6
4	Add lines 1 through 3	-239,770	8	Income (loss) (Schedule K, line 18). Line 4 less line 7
				-239,770

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)			
	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-60,722	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(239,770)	
5	Other reductions	()	
6	Combine lines 1 through 5	-300,492	
7	Distributions other than dividend distributions	0	
8	Balance at end of tax year. Subtract line 7 from line 6	-300,492	

Depreciation and Amortization (Including Information on Listed Property)

2006

Department of the Treasury
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No. 67

Name(s) shown on return ORANGE BLOSSOM UTILITIES INC	Business or activity to which this form relates FOR FORM 1120S	Identifying number 20-2434465
--	--	---

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000
6 (a) Description of property (b) Cost (busn. use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	108,000
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	77,091
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	<input type="checkbox"/>	

Section B -- Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		3,038	25 yrs.	HY	S/L	61
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C -- Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20 a Class life		2,307	20	HY	S/L	58
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	77,210
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions):					
WATER ORG COSTS	02-01-2006	1,125	0	0	17
WST ORGANIZATION COS	02-01-2006	1,125	0	0	206
43 Amortization of costs that began before your 2006 tax year				43	2,055
44 Total. Add amounts in column (f). See the instructions for where to report				44	2,278

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method	Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current	
Form 1120S											
COLL SWRS FORCE	08-01-05	150DBHY	20	29,105	0	0	0	29,105	1,091	2,101	
COLL SWRS GRAVITY	08-01-05	150DBHY	20	79,565	0	0	0	79,565	2,984	5,744	
DIST RESERVOIRS	08-01-05	S/L	25	21,390	0	0	0	21,390	428	856	
LAND	08-01-05	Land	0	2,313	2,313	0	0	0	0	0	
LAND	08-01-05	Land	0	510,956	510,956	0	0	0	0	0	
METER & INSTALLATION	08-01-05	S/L	25	4,223	0	0	0	4,223	84	169	
MISC EQUIPMENT	08-01-05	150DBHY	20	228	0	0	0	228	9	16	
MISC EQUIPMENT	08-01-05	S/L	25	129	0	0	0	129	3	5	
ORGANIZATION COSTS	08-01-05	AMORT	5	2,583	0	0	0	2,583	215	517	
ORGANIZATION COSTS	08-01-05	AMORT	5	3,786	0	0	0	3,786	315	757	
PERMITS	08-01-05	AMORT	5	3,904	0	0	0	3,904	325	781	
POWER GEN EQUIP	08-01-05	S/L	25	76,643	0	0	0	76,643	1,533	3,066	
POWER GEN EQUIPMENT	08-01-05	150DBHY	20	59,825	0	0	0	59,825	2,243	4,319	
PUMPING EQUIP	08-01-05	S/L	25	105,589	0	0	0	105,589	2,112	4,224	
STRUCTURE & IMPROVEM	08-01-05	S/L	25	92,858	0	0	0	92,858	1,857	3,714	
STRUCTURES & IMP	08-01-05	150DBHY	20	134,194	0	0	0	134,194	5,032	9,687	
SUPPLY MAINS	08-01-05	S/L	25	21,579	0	0	0	21,579	432	863	
TRANS & DIST MAINS	08-01-05	S/L	25	79,752	0	0	0	79,752	1,595	3,190	
TRMNT & DIS EQUIPMNT	08-01-05	150DBHY	20	510,292	0	0	0	510,292	19,136	36,838	
WATER ORG COSTS	02-01-06	AMORT	60	1,125	0	0	0	1,125	0	17	
WATER STRUCT	02-01-06	S/L	25	3,038	0	0	0	3,038	0	61	
WATER TREATMNT EQUIP	08-01-05	S/L	25	5,298	0	0	0	5,298	106	212	
WELLS & SPRINGS	08-01-05	S/L	25	52,167	0	0	0	52,167	1,043	2,087	
WST ORGANIZATION COS	02-01-06	AMORT	5	1,125	0	0	0	1,125	0	206	
WST TRMT & DISP	02-01-06	S/L	20	2,307	0	0	0	2,307	0	58	
25 Assets				Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

- 2278 Amn
77,210 Dep



* Asset disposed this year
-C Carryover basis in like-kind exchange transaction
-B Excess basis in like-kind exchange transaction

Part II

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
25 Assets		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Balance Sheet Reconciliation									
		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
		Less Future Purchases:	0	0	0	0	0	0	0
		Less Current Year Disposals:	0	0	0	0	0	0	0
		End of Year Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Buildings and Other Depreciable Assets:			1,278,182					Prior Depreciation:	39,688
								Current Depreciation:	77,210
								179:	0
								Special Depreciation Allowance:	0
								Ending Accumulated Depreciation (Per Balance Sheet):	116,898
		Land:	513,269					Prior Amortization:	855
		Intangible Assets (Amortizable Only):	12,523					Current Amortization:	2,278
								179:	0
								Special Depreciation Allowance:	0
								Ending Accumulated Amortization (Per Balance Sheet):	3,133

*Asset disposed this year
 -C Carryover basis in like-kind exchange transaction
 -B Excess basis in like-kind exchange transaction

Department of the Treasury Internal Revenue Service

Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation. See separate instructions.

2006

For calendar year 2006 or tax year beginning 2006, ending 20

Header section containing: A Effective date of S election (01-01-2005), B Business activity code number (221300), C Employer ID no. (20-2434465), D Date incorporated (03-09-2004), E Total assets (see instr.) (\$ 1,688,313)

F Check if: (1) Initial return (2) Final return (3) Name change (4) Address change (5) Amended return. G Enter the number of shareholders in the corporation at the end of the tax year (6). H Check if Schedule M-3 is required (attach Schedule M-3).

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Main table with columns for INCOME, DEDUCTIONS, and TAX AND PAYMENTS. Rows include: 1a Gross receipts or sales, 2 Cost of goods sold, 3 Gross profit, 4 Net gain, 5 Other income, 6 Total income, 7 Compensation of officers, 8 Salaries and wages, 9 Repairs and maintenance, 10 Bad debts, 11 Rents, 12 Taxes and licenses, 13 Interest, 14 Depreciation not claimed, 15 Depletion, 16 Advertising, 17 Pension, 18 Employee benefit programs, 19 Other deductions, 20 Total deductions, 21 Ordinary business income, 22a Excess net passive income, 22b Tax from Schedule D, 22c Add lines 22a and 22b, 23a 2006 est. tax payments, 23b Tax deposited, 23c Credit for federal tax, 23d Credit for federal telephone excise, 23e Add lines 23a through 23d, 24 Estimated tax penalty, 25 Amount owed, 26 Overpayment, 27 Enter amount from line 26.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature section: Sign Here, Signature of officer (Francis R. Hartman), Date (13-28-07), Title (PRESIDENT), and box for 'May the IRS discuss this return with the preparer shown below?' (Yes checked).

Preparer section: Paid Preparer's signature (William K. O'Brien CPA), Date (3/27/2007), Check if self-employed, Preparer's SSN or PTIN (P00606122), Firm's name (HARTMAN HARTMAN & O'BRIEN PA), EIN (59-2410381), Address (10935 SE 177TH PLACE STE 205, Summerfield FL 34491), Phone no. (352-347-8080).

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Form 1120S (2006)



Part I

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
(ii) Lower of cost or market as described in Regulations section 1.471-4
(iii) Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. **9d**

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

Schedule B Other Information (see instructions)

		Yes	No
1	Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) <input type="checkbox"/>		
2	See the instructions and enter the: a Business activity UTILITIES b Product or service WATER, SEWAGE & OTHE		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		X
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5	Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
6	Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
7	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years \$ _____		
8	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ _____		
9	Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1.		X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Pro Rata Share Items

		Total amount
I N C O M E	1 Ordinary business income (loss) (page 1, line 21)	1 -239,770
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Interest income	4
	5 Dividends: a Ordinary dividends	5a
	b Qualified dividends	5b
	6 Royalties	6
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
L O S S	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a
	b Collectibles (28%) gain (loss)	8b
	c Unrecaptured section 1250 gain (attach statement)	8c
	9 Net section 1231 gain (loss) (attach Form 4797)	9
10 Other income (loss) (see instructions) Type <input type="checkbox"/>	10	

		Shareholders' Pro Rata Share Items (continued)	Total amount	
Deductions	11	Section 179 deduction (attach Form 4562)	11	
	12a	Contributions	12a	
	b	Investment interest expense	12b	
	c	Section 59(e)(2) expenditures (1) Type ▶ _____ (2) Amount ▶ _____	12c(2)	
	d	Other deductions (see instructions) Type ▶ _____	12d	
Credits	13a	Low-income housing credit (section 42(j)(5))	13a	
	b	Low-income housing credit (other)	13b	
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d	Other rental real estate credits (see instructions) Type ▶ _____	13d	
	e	Other rental credits (see instructions) Type ▶ _____	13e	
	f	Credit for alcohol used as fuel (attach Form 6478)	13f	
	g	Other credits (see instructions) Type ▶ _____	13g	
Foreign Trans- actions	14a	Name of country or U.S. possession ▶ _____		
	b	Gross income from all sources	14b	
	c	Gross income sourced at shareholder level	14c	
		Foreign gross income sourced at corporate level		
	d	Passive	14d	
	e	Listed categories (attach statement)	14e	
	f	General limitation	14f	
		Deductions allocated and apportioned at shareholder level		
	g	Interest expense	14g	
	h	Other	14h	
		Deductions allocated and apportioned at corporate level to foreign source income		
	i	Passive	14i	
	j	Listed categories (attach statement)	14j	
	k	General limitation	14k	
	Other information			
	l	Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
	m	Reduction in taxes available for credit (attach statement)	14m	
	n	Other foreign tax information (attach statement)		
Altern- ative Mini- mum Tax (AMT) Items	15a	Post-1986 depreciation adjustment	15a	
	b	Adjusted gain or loss	15b	
	c	Depletion (other than oil and gas)	15c	
	d	Oil, gas, and geothermal properties--gross income	15d	
	e	Oil, gas, and geothermal properties--deductions	15e	
	f	Other AMT items (attach statement)	15f	
Items Affect- ing Share- holder Basis	16a	Tax-exempt interest income	16a	
	b	Other tax-exempt income	16b	
	c	Nondeductible expenses	16c	
	d	Property distributions	16d	
	e	Repayment of loans from shareholders	16e	
Other Inform- ation	17a	Investment income	17a	
	b	Investment expenses	17b	
	c	Dividend distributions paid from accumulated earnings and profits	17c	
	d	Other items and amounts (attach statement)		
Recon- ciliation	18	Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	-239,770

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		1,084		858
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)		3,000		3,075 #5
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	1,272,837		1,278,182	
b	Less accumulated depreciation	(39,688)	1,233,149	(116,898)	1,161,284
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		513,269		513,269
13a	Intangible assets (amortizable only)	10,273		12,523	
b	Less accumulated amortization	(855)	9,418	(3,133)	9,390
14	Other assets (attach statement)				437 #6
15	Total assets		1,759,920		1,688,313
Liabilities and Shareholders' Equity					
16	Accounts payable		3,801	1,290,705	
17	Mortgages, notes, bonds payable in less than 1 yr				
18	Other current liabilities (attach statement)				
19	Loans from shareholders		555,875		628,875
20	Mortgages, notes, bonds payable in 1 year or more		509,599		509,599
21	Other liabilities (attach statement)		9,051		108,015 #7
22	Capital stock		500		500
23	Additional paid-in capital		741,816		741,816
24	Retained earnings		-60,722		-300,492
25	Adjustments to shareholders' equity (attach stmt.)				
26	Less cost of treasury stock	()		()	
27	Total liabilities and shareholders' equity		1,759,920		1,688,313

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions

1	Net income (loss) per books	-239,770	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14i (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14i, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	
4	Add lines 1 through 3	-239,770	8	Income (loss) (Schedule K, line 18). Line 4 less line 7	-239,770

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-60,722	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(239,770)	
5	Other reductions	()	
6	Combine lines 1 through 5	-300,492	
7	Distributions other than dividend distributions	0	
8	Balance at end of tax year. Subtract line 7 from line 6	-300,492	

Depreciation and Amortization (Including Information on Listed Property)

2006

Department of the Treasury
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No. 67

Name(s) shown on return ORANGE BLOSSOM UTILITIES INC	Business or activity to which this form relates FOR FORM 1120S	Identifying number 20-2434465
--	--	---

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000
6 (a) Description of property (b) Cost (busn. use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29		
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	108,000
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	77,091
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	<input type="checkbox"/>	

Section B -- Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		3,038	25 yrs.	HY	S/L	61
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C -- Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20 a Class life		2,307	20	HY	S/L	58
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	77,210
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25	
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.								29

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles)	(a)	(b)	(c)	(d)	(e)	(f)
	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4	Vehicle 5	Vehicle 6
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions):					
WATER ORG COSTS	02-01-2006	1,125	0		17
WST ORGANIZATION COS	02-01-2006	1,125	0		206
43 Amortization of costs that began before your 2006 tax year				43	2,055
44 Total. Add amounts in column (f). See the instructions for where to report				44	2,278

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method	Year	Cost	Land/ Other	\$179	Spec Allow	Basis	Prior	Current
Form 1120S										
COLL SWRS FORCE	08-01-05	150DBHY	20	29,105	0	0	0	29,105	1,091	2,101
COLL SWRS GRAVITY	08-01-05	150DBHY	20	79,565	0	0	0	79,565	2,984	5,744
DIST RESERVOIRS	08-01-05	S/L	25	21,390	0	0	0	21,390	428	856
LAND	08-01-05	Land	0	2,313	2,313	0	0	0	0	0
LAND	08-01-05	Land	0	510,956	510,956	0	0	0	0	0
METER & INSTALLATION	08-01-05	S/L	25	4,223	0	0	0	4,223	84	169
MISC EQUIPMENT	08-01-05	150DBHY	20	228	0	0	0	228	9	16
MISC EQUIPMENT	08-01-05	S/L	25	129	0	0	0	129	3	5
ORGANIZATION COSTS	08-01-05	AMORT	5	2,583	0	0	0	2,583	215	517
ORGANIZATION COSTS	08-01-05	AMORT	5	3,786	0	0	0	3,786	315	757
PERMITS	08-01-05	AMORT	5	3,904	0	0	0	3,904	325	781
POWER GEN EQUIP	08-01-05	S/L	25	76,643	0	0	0	76,643	1,533	3,066
POWER GEN EQUIPMENT	08-01-05	150DBHY	20	59,825	0	0	0	59,825	2,243	4,319
PUMPING EQUIP	08-01-05	S/L	25	105,589	0	0	0	105,589	2,112	4,224
STRUCTURE & IMPROVEM	08-01-05	S/L	25	92,858	0	0	0	92,858	1,857	3,714
STRUCTURES & IMP	08-01-05	150DBHY	20	134,194	0	0	0	134,194	5,032	9,687
SUPPLY MAINS	08-01-05	S/L	25	21,579	0	0	0	21,579	432	863
TRANS & DIST MAINS	08-01-05	S/L	25	79,752	0	0	0	79,752	1,595	3,190
TRMNT & DIS EQUIPMNT	08-01-05	150DBHY	20	510,292	0	0	0	510,292	19,136	36,838
WATER ORG COSTS	02-01-06	AMORT	60	1,125	0	0	0	1,125	0	17
WATER STRUCT	02-01-06	S/L	25	3,038	0	0	0	3,038	0	61
WATER TREATMNT EQUIP	08-01-05	S/L	25	5,298	0	0	0	5,298	106	212
WELLS & SPRINGS	08-01-05	S/L	25	52,167	0	0	0	52,167	1,043	2,087
WST ORGANIZATION COS	02-01-06	AMORT	5	1,125	0	0	0	1,125	0	206
WST TRMT & DISP	02-01-06	S/L	20	2,307	0	0	0	2,307	0	58
25 Assets	Totals:			1,803,974	513,269	0	0	1,290,705	40,543	79,488

- 2278 Amc
77,210 Dep

* Asset disposed this year
-C Carryover basis in like-kind exchange transaction
-B Excess basis in like-kind exchange transaction



Part II

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
25 Assets		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Balance Sheet Reconciliation									
		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
		Less Future Purchases:	0	0	0	0	0	0	0
		Less Current Year Disposals:	0	0	0	0	0	0	0
		End of Year Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Buildings and Other Depreciable Assets:			1,278,182				Prior Depreciation:		39,688
						Current Depreciation:		77,210	
						179:		0	
						Special Depreciation Allowance:		0	
						<u>Ending Accumulated Depreciation (Per Balance Sheet):</u>		<u>116,898</u>	
Land:			513,269				Prior Amortization:		855
Intangible Assets (Amortizable Only):			12,523				Current Amortization:		2,278
						179:		0	
						Special Depreciation Allowance:		0	
						<u>Ending Accumulated Amortization (Per Balance Sheet):</u>		<u>3,133</u>	

* Asset disposed this year
 -C Carryover basis in like-kind exchange transaction
 -B Excess basis in like-kind exchange transaction

Department of the Treasury Internal Revenue Service

Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation. See separate instructions.

2006

For calendar year 2006 or tax year beginning 2006, ending 20

Header section containing: A Effective date of S election (01-01-2005), B Business activity code number (221300), Name (ORANGE BLOSSOM UTILITIES INC), Address (108 SOUTH OLD DIXIE HIGHWAY, LADY LAKE FL 32159), C Employer ID no. (20-2434465), D Date incorporated (03-09-2004), E Total assets (see instr.) (\$ 1,688,313)

F Check if: (1) Initial return (2) Final return (3) Name change (4) Address change (5) Amended return. G Enter the number of shareholders in the corporation at the end of the tax year (6). H Check if Schedule M-3 is required (attach Schedule M-3).

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Main table with columns for Income (1a-6), Deductions (7-21), and Tax Payments (22a-27). Includes handwritten entries like '77,210' circled in blue and '42,184 #4'.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here section with signature of Nancy R. Hartman, Date 13-28-07, Title PRESIDENT, and a box for 'May the IRS discuss this return with the preparer shown below (see inst.)? Yes No'.

Preparer's section with Preparer's signature (William K. O'Brien CPA), Date 5/27/2007, Firm's name (HARTMAN HARTMAN & O'BRIEN PA), Address (10935 SE 177TH PLACE STE 205, Summerfield FL 34491), EIN (59-2410381), and Phone no. (352-347-8080).

For Privacy Act and Paperwork Reduction Act Notice, see Instructions. Form 1120S (2006)



Part I

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
(ii) Lower of cost or market as described in Regulations section 1.471-4
(iii) Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

Schedule B Other Information (see instructions)

		Yes	No
1	Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____		
2	See the instructions and enter the: a Business activity UTILITIES b Product or service WATER, SEWAGE & OTHE		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		X
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5	Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
6	Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
7	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years \$ _____		
8	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ _____		
9	Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1		X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Pro Rata Share Items

		Total amount
INCOME	1 Ordinary business income (loss) (page 1, line 21)	1 -239,770
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Interest income	4
	5 Dividends: a Ordinary dividends	5a
	b Qualified dividends	5b
	6 Royalties	6
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
LOSSES	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a
	b Collectibles (28%) gain (loss)	8b
	c Unrecaptured section 1250 gain (attach statement)	8c
	9 Net section 1231 gain (loss) (attach Form 4797)	9
10 Other income (loss) (see instructions) Type _____	10	

Shareholders' Pro Rata Share Items (continued)		Total amount	
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12a Contributions	12a	
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures (1) Type ▶ _____ (2) Amount ▶ _____	12c(2)	
	d Other deductions (see instructions) Type ▶ _____	12d	
Credits	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d Other rental real estate credits (see instructions) Type ▶ _____	13d	
	e Other rental credits (see instructions) Type ▶ _____	13e	
	f Credit for alcohol used as fuel (attach Form 6478)	13f	
	g Other credits (see instructions) Type ▶ _____	13g	
Foreign Transactions	14a Name of country or U.S. possession ▶ _____		
	b Gross income from all sources	14b	
	c Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c	
	d Passive	14d	
	e Listed categories (attach statement)	14e	
	f General limitation Deductions allocated and apportioned at shareholder level	14f	
	g Interest expense	14g	
	h Other Deductions allocated and apportioned at corporate level to foreign source income	14h	
	i Passive	14i	
	j Listed categories (attach statement)	14j	
	k General limitation Other information	14k	
	l Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
	m Reduction in taxes available for credit (attach statement)	14m	
	n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties--gross income	15d	
	e Oil, gas, and geothermal properties--deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	
	d Property distributions	16d	
	e Repayment of loans from shareholders	16e	
Other Information	17a Investment income	17a	
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement)		
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	-239,770

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		1,084		858
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)		3,000		3,075 #5
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	1,272,837		1,278,182	
b	Less accumulated depreciation	(39,688)	1,233,149	(116,898)	1,161,284
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		513,269		513,269
13a	Intangible assets (amortizable only)	10,273		12,523	
b	Less accumulated amortization	(855)	9,418	(3,133)	9,390
14	Other assets (attach statement)				437 #6
15	Total assets		1,759,920		1,688,313
Liabilities and Shareholders' Equity					
16	Accounts payable		3,801	1,290,705	
17	Mortgages, notes, bonds payable in less than 1 yr				
18	Other current liabilities (attach statement)				
19	Loans from shareholders		555,875		628,875
20	Mortgages, notes, bonds payable in 1 year or more		509,599		509,599
21	Other liabilities (attach statement)		9,051		108,015 #7
22	Capital stock		500		500
23	Additional paid-in capital		741,816		741,816
24	Retained earnings		-60,722		-300,492
25	Adjustments to shareholders' equity (attach stmt.)				
26	Less cost of treasury stock	()		()	
27	Total liabilities and shareholders' equity		1,759,920		1,688,313

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions

1	Net income (loss) per books	-239,770	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14i (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14i, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	
4	Add lines 1 through 3	-239,770	8	Income (loss) (Schedule K, line 18), Line 4 less line 7	-239,770

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-60,722	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(239,770)	
5	Other reductions	()	
6	Combine lines 1 through 5	-300,492	
7	Distributions other than dividend distributions	0	
8	Balance at end of tax year. Subtract line 7 from line 6	-300,492	

Depreciation and Amortization
(Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No. 67

Name(s) shown on return ORANGE BLOSSOM UTILITIES INC	Business or activity to which this form relates FOR FORM 1120S	Identifying number 20-2434465
--	--	---

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000
6 (a) Description of property (b) Cost (busn. use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29		
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7		
9 Tentative deduction. Enter the smaller of line 5 or line 8		
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562		
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)		
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11		
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12		

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	77,091
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	<input type="checkbox"/>	

Section B -- Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		3,038	25 yrs.	HY	S/L	61
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C -- Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20 a Class life		2,307	20	HY	S/L	58
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	77,210
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.								29

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions):					
WATER ORG COSTS	02-01-2006	1,125	0	0	17
WST ORGANIZATION COS	02-01-2006	1,125	0	0	206
43 Amortization of costs that began before your 2006 tax year				43	2,055
44 Total. Add amounts in column (f). See the instructions for where to report				44	2,278

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method	Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
Form 1120S										
COLL SWRS FORCE	08-01-05	150DBHY	20	29,105	0	0	0	29,105	1,091	2,101
COLL SWRS GRAVITY	08-01-05	150DBHY	20	79,565	0	0	0	79,565	2,984	5,744
DIST RESERVOIRS	08-01-05	S/L	25	21,390	0	0	0	21,390	428	856
LAND	08-01-05	Land	0	2,313	2,313	0	0	0	0	0
LAND	08-01-05	Land	0	510,956	510,956	0	0	0	0	0
METER & INSTALLATION	08-01-05	S/L	25	4,223	0	0	0	4,223	84	169
MISC EQUIPMENT	08-01-05	150DBHY	20	228	0	0	0	228	9	16
MISC EQUIPMENT	08-01-05	S/L	25	129	0	0	0	129	3	5
ORGANIZATION COSTS	08-01-05	AMORT	5	2,583	0	0	0	2,583	215	517
ORGANIZATION COSTS	08-01-05	AMORT	5	3,786	0	0	0	3,786	315	757
PERMITS	08-01-05	AMORT	5	3,904	0	0	0	3,904	325	781
POWER GEN EQUIP	08-01-05	S/L	25	76,643	0	0	0	76,643	1,533	3,066
POWER GEN EQUIPMENT	08-01-05	150DBHY	20	59,825	0	0	0	59,825	2,243	4,319
PUMPING EQUIP	08-01-05	S/L	25	105,589	0	0	0	105,589	2,112	4,224
STRUCTURE & IMPROVEM	08-01-05	S/L	25	92,858	0	0	0	92,858	1,857	3,714
STRUCTURES & IMP	08-01-05	150DBHY	20	134,194	0	0	0	134,194	5,032	9,687
SUPPLY MAINS	08-01-05	S/L	25	21,579	0	0	0	21,579	432	863
TRANS & DIST MAINS	08-01-05	S/L	25	79,752	0	0	0	79,752	1,595	3,190
TRMNT & DIS EQUIPMNT	08-01-05	150DBHY	20	510,292	0	0	0	510,292	19,136	36,838
WATER ORG COSTS	02-01-06	AMORT	60	1,125	0	0	0	1,125	0	17
WATER STRUCT	02-01-06	S/L	25	3,038	0	0	0	3,038	0	61
WATER TREATMNT EQUIP	08-01-05	S/L	25	5,298	0	0	0	5,298	106	212
WELLS & SPRINGS	08-01-05	S/L	25	52,167	0	0	0	52,167	1,043	2,087
WST ORGANIZATION COS	02-01-06	AMORT	5	1,125	0	0	0	1,125	0	206
WST TRMT & DISP	02-01-06	S/L	20	2,307	0	0	0	2,307	0	58
Totals:				1,803,974	513,269	0	0	1,290,705	40,543	79,488

- 2278 Amn
77,210 Dep



* Asset disposed this year
-C Carryover basis in like-kind exchange transaction
-B Excess basis in like-kind exchange transaction

Part II

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
25 Assets		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

Balance Sheet Reconciliation

	Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
	Less Future Purchases:	0	0	0	0	0	0	0
	Less Current Year Disposals:	0	0	0	0	0	0	0
	End of Year Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

Buildings and Other Depreciable Assets:	1,278,182		Prior Depreciation:	39,688
			Current Depreciation:	77,210
			179:	0
			Special Depreciation Allowance:	0

Ending Accumulated Depreciation (Per Balance Sheet): 116,898

Land:	513,269
Intangible Assets (Amortizable Only):	12,523

	Prior Amortization:	855
	Current Amortization:	2,278
	179:	0
	Special Depreciation Allowance:	0

Ending Accumulated Amortization (Per Balance Sheet): 3,133

* Asset disposed this year
 -C Carryover basis in like-kind exchange transaction
 -B Excess basis in like-kind exchange transaction

Department of the Treasury Internal Revenue Service

Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation. See separate instructions.

2006

For calendar year 2006 or tax year beginning 2006, ending 20

Header section containing: A Effective date of S election (01-01-2005), B Business activity code number (221300), C Employer ID no. (20-2434465), D Date incorporated (03-09-2004), E Total assets (see instr.) (\$ 1,688,313)

F Check if: (1) Initial return (2) Final return (3) Name change (4) Address change (5) Amended return. G Enter the number of shareholders in the corporation at the end of the tax year (6). H Check if Schedule M-3 is required (attach Schedule M-3).

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Main table with columns for Income (1a-6), Deductions (7-21), and Tax and Payments (22a-27). Includes handwritten entries like '77,210' and '42,184'.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature section: Sign Here, Signature of officer (Wm. K. O'Brien), Date (13-28-07), Title (PRESIDENT), and checkbox for IRS discussion.

Preparer's section: Paid Preparer's Use Only, Preparer's signature (William K. O'Brien CPA), Date (3/27/2007), Firm's name (HARTMAN HARTMAN & O'BRIEN PA), Address (10935 SE 177TH PLACE STE 205, Summerfield FL 34491), EIN (59-2410381), Phone no. (352-347-8080).

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Form 1120S (2006)



Part I

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
(ii) Lower of cost or market as described in Regulations section 1.471-4
(iii) Other (Specify method used and attach explanation.) ▶ _____

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. **9d** _____

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

Schedule B Other Information (see instructions)

	Yes	No
1 Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶ _____		
2 See the instructions and enter the: a Business activity ▶ <u>UTILITIES</u> b Product or service ▶ <u>WATER, SEWAGE & OTHE</u>		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		<input checked="" type="checkbox"/>
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?		<input checked="" type="checkbox"/>
5 Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		<input checked="" type="checkbox"/>
6 Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ <input type="checkbox"/> If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
7 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ▶ \$ _____		
8 Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ _____		
9 Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1.		<input checked="" type="checkbox"/>

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Pro Rata Share Items

	Total amount
1 Ordinary business income (loss) (page 1, line 21)	1 -239,770
2 Net rental real estate income (loss) (attach Form 8825)	2
3a Other gross rental income (loss)	3a
b Expenses from other rental activities (attach statement)	3b
c Other net rental income (loss). Subtract line 3b from line 3a	3c
4 Interest income	4
5 Dividends: a Ordinary dividends	5a
b Qualified dividends	5b
6 Royalties	6
7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a
b Collectibles (28%) gain (loss)	8b
c Unrecaptured section 1250 gain (attach statement)	8c
9 Net section 1231 gain (loss) (attach Form 4797)	9
10 Other income (loss) (see instructions) Type ▶ _____	10

Shareholders' Pro Rata Share Items (continued)		Total amount
Deductions	11 Section 179 deduction (attach Form 4562)	11
	12a Contributions	12a
	b Investment interest expense	12b
	c Section 59(e)(2) expenditures (1) Type ▶ _____ (2) Amount ▶ _____	12c(2)
	d Other deductions (see instructions) Type ▶ _____	12d
Credits	13a Low-income housing credit (section 42(j)(5))	13a
	b Low-income housing credit (other)	13b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c
	d Other rental real estate credits (see instructions) Type ▶ _____	13d
	e Other rental credits (see instructions) Type ▶ _____	13e
	f Credit for alcohol used as fuel (attach Form 6478)	13f
	g Other credits (see instructions) Type ▶ _____	13g
Foreign Transactions	14a Name of country or U.S. possession ▶ _____	
	b Gross income from all sources	14b
	c Gross income sourced at shareholder level	14c
	Foreign gross income sourced at corporate level	
	d Passive	14d
	e Listed categories (attach statement)	14e
	f General limitation	14f
	Deductions allocated and apportioned at shareholder level	
	g Interest expense	14g
	h Other	14h
	Deductions allocated and apportioned at corporate level to foreign source income	
	i Passive	14i
	j Listed categories (attach statement)	14j
	k General limitation	14k
Other information		
l Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
m Reduction in taxes available for credit (attach statement)	14m	
n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a
	b Adjusted gain or loss	15b
	c Depletion (other than oil and gas)	15c
	d Oil, gas, and geothermal properties--gross income	15d
	e Oil, gas, and geothermal properties--deductions	15e
	f Other AMT items (attach statement)	15f
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a
	b Other tax-exempt income	16b
	c Nondeductible expenses	16c
	d Property distributions	16d
	e Repayment of loans from shareholders	16e
Other Information	17a Investment income	17a
	b Investment expenses	17b
	c Dividend distributions paid from accumulated earnings and profits	17c
	d Other items and amounts (attach statement)	
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18

-239,770

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		1,084		858
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)		3,000		3,075 #5
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	1,272,837		1,278,182	
b	Less accumulated depreciation	(39,688)	1,233,149	(116,898)	1,161,284
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		513,269		513,269
13a	Intangible assets (amortizable only)	10,273		12,523	
b	Less accumulated amortization	(855)	9,418	(3,133)	9,390
14	Other assets (attach statement)				437 #6
15	Total assets		1,759,920		1,688,313
Liabilities and Shareholders' Equity					
16	Accounts payable		3,801	1,290,705	
17	Mortgages, notes, bonds payable in less than 1 yr				
18	Other current liabilities (attach statement)				
19	Loans from shareholders		555,875		628,875
20	Mortgages, notes, bonds payable in 1 year or more		509,599		509,599
21	Other liabilities (attach statement)		9,051		108,015 #7
22	Capital stock		500		500
23	Additional paid-in capital		741,816		741,816
24	Retained earnings		-60,722		-300,492
25	Adjustments to shareholders' equity (attach stmt.)				
26	Less cost of treasury stock	()		()	
27	Total liabilities and shareholders' equity		1,759,920		1,688,313

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return	
Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions	
1 Net income (loss) per books	-239,770
2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):	
a Depreciation \$	
b Travel and entertainment \$	
4 Add lines 1 through 3	-239,770
5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
a Tax-exempt interest \$	
6 Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):	
a Depreciation \$	
7 Add lines 5 and 6	
8 Income (loss) (Schedule K, line 18). Line 4 less line 7	-239,770

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)			
	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	-60,722		
2 Ordinary income from page 1, line 21			
3 Other additions			
4 Loss from page 1, line 21	(239,770)		
5 Other reductions	()	()	
6 Combine lines 1 through 5	-300,492		
7 Distributions other than dividend distributions	0		
8 Balance at end of tax year. Subtract line 7 from line 6	-300,492		

Depreciation and Amortization (Including Information on Listed Property)

2006

Department of the Treasury
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No. 67

Name(s) shown on return ORANGE BLOSSOM UTILITIES INC	Business or activity to which this form relates FOR FORM 1120S	Identifying number 20-2434465
--	--	---

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000
6 (a) Description of property (b) Cost (busn. use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29		
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	108,000
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	77,091
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	<input type="checkbox"/>	

Section B -- Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		3,038	25 yrs.	HY	S/L	61
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C -- Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20 a Class life		2,307	20	HY	S/L	58
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	77,210
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%			S/L-			
		%			S/L-			
		%			S/L-			
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No										
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions):					
WATER ORG COSTS	02-01-2006	1,125	0	0	17
WST ORGANIZATION COS	02-01-2006	1,125	0	0	206
43 Amortization of costs that began before your 2006 tax year				43	2,055
44 Total. Add amounts in column (f). See the instructions for where to report				44	2,278

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03#15-2007

Description	Date	Method	Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current	
Form 1120S											
COLL SWRS FORCE	08-01-05	150DBHY	20	29,105	0	0	0	29,105	1,091	2,101	
COLL SWRS GRAVITY	08-01-05	150DBHY	20	79,565	0	0	0	79,565	2,984	5,744	
DIST RESERVOIRS	08-01-05	S/L	25	21,390	0	0	0	21,390	428	856	
LAND	08-01-05	Land	0	2,313	2,313	0	0	0	0	0	
LAND	08-01-05	Land	0	510,956	510,956	0	0	0	0	0	
METER & INSTALLATION	08-01-05	S/L	25	4,223	0	0	0	4,223	84	169	
MISC EQUIPMENT	08-01-05	150DBHY	20	228	0	0	0	228	9	16	
MISC EQUIPMENT	08-01-05	S/L	25	129	0	0	0	129	3	5	
ORGANIZATION COSTS	08-01-05	AMORT	5	2,583	0	0	0	2,583	215	517	
ORGANIZATION COSTS	08-01-05	AMORT	5	3,786	0	0	0	3,786	315	757	
PERMITS	08-01-05	AMORT	5	3,904	0	0	0	3,904	325	781	
POWER GEN EQUIP	08-01-05	S/L	25	76,643	0	0	0	76,643	1,533	3,066	
POWER GEN EQUIPMENT	08-01-05	150DBHY	20	59,825	0	0	0	59,825	2,243	4,319	
PUMPING EQUIP	08-01-05	S/L	25	105,589	0	0	0	105,589	2,112	4,224	
STRUCTURE & IMPROVEM	08-01-05	S/L	25	92,858	0	0	0	92,858	1,857	3,714	
STRUCTURES & IMP	08-01-05	150DBHY	20	134,194	0	0	0	134,194	5,032	9,687	
SUPPLY MAINS	08-01-05	S/L	25	21,579	0	0	0	21,579	432	863	
TRANS & DIST MAINS	08-01-05	S/L	25	79,752	0	0	0	79,752	1,595	3,190	
TRMNT & DIS EQUIPMNT	08-01-05	150DBHY	20	510,292	0	0	0	510,292	19,136	36,838	
WATER ORG COSTS	02-01-06	AMORT	60	1,125	0	0	0	1,125	0	17	
WATER STRUCT	02-01-06	S/L	25	3,038	0	0	0	3,038	0	61	
WATER TREATMNT EQUIP	08-01-05	S/L	25	5,298	0	0	0	5,298	106	212	
WELLS & SPRINGS	08-01-05	S/L	25	52,167	0	0	0	52,167	1,043	2,087	
WST ORGANIZATION COS	02-01-06	AMORT	5	1,125	0	0	0	1,125	0	206	
WST TRMT & DISP	02-01-06	S/L	20	2,307	0	0	0	2,307	0	58	
25 Assets				Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

- 2278 Amort
77,210 Dep



* Asset disposed this year
-C Carryover basis in like-kind exchange transaction
-B Excess basis in like-kind exchange transaction

Part II

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
25 Assets		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

Balance Sheet Reconciliation

	Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
	Less Future Purchases:	0	0	0	0	0	0	0
	Less Current Year Disposals:	0	0	0	0	0	0	0
	End of Year Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

Buildings and Other Depreciable Assets:	1,278,182		Prior Depreciation:	39,688
			Current Depreciation:	77,210
			179:	0
			Special Depreciation Allowance:	0
			<u>Ending Accumulated Depreciation (Per Balance Sheet):</u>	<u>116,898</u>

Land:	513,269		Prior Amortization:	855
Intangible Assets (Amortizable Only):	12,523		Current Amortization:	2,278
			179:	0
			Special Depreciation Allowance:	0
			<u>Ending Accumulated Amortization (Per Balance Sheet):</u>	<u>3,133</u>

* Asset disposed this year
 -C Carryover basis in like-kind exchange transaction
 -B Excess basis in like-kind exchange transaction

Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation. See separate instructions.

2006

Department of the Treasury Internal Revenue Service

For calendar year 2006 or tax year beginning 2006, ending 20

Header section containing: A Effective date of S election (01-01-2005), B Business activity code number (221300), Name (ORANGE BLOSSOM UTILITIES INC), Address (108 SOUTH OLD DIXIE HIGHWAY, LADY LAKE FL 32159), C Employer ID no. (20-2434465), D Date incorporated (03-09-2004), E Total assets (1,688,313)

F Check if: (1) Initial return (2) Final return (3) Name change (4) Address change (5) Amended return. G Enter the number of shareholders in the corporation at the end of the tax year (6). H Check if Schedule M-3 is required (attach Schedule M-3).

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Main table with columns for Income (1a-6), Deductions (7-21), and Tax Payments (22a-27). Includes handwritten annotations like '626 #2', '494 #3', '98,963', '77,210', and '42,184 #4'.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here section with signature of Nancy R. Hartman, Date 13-28-07, Title PRESIDENT, and a box for 'May the IRS discuss this return with the preparer shown below?' (checked Yes).

Paid Preparer's Use Only section with Preparer's signature (William K. O'Brien CPA), Date 3/27/2007, Firm's name (HARTMAN HARTMAN & O'BRIEN PA), Address (10935 SE 177TH PLACE STE 205, Summerfield FL 34491), EIN (59-2410381), and Phone no. (352-347-8080).



Part I

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
(ii) Lower of cost or market as described in Regulations section 1.471-4
(iii) Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) Yes No

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) Yes No

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d Yes No

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

Schedule B Other Information (see instructions)

			Yes	No
1	Check accounting method:	a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶		
2	See the instructions and enter the:			
	a Business activity ▶	<u>UTILITIES</u>		
	b Product or service ▶	<u>WATER, SEWAGE & OTHE</u>		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?			X
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?			X
5	Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?			X
6	Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/>			
7	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ▶ \$			
8	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$			
9	Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1.			X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Pro Rata Share Items

		Total amount
I N C O M E	1 Ordinary business income (loss) (page 1, line 21)	1 -239,770
	2 Net rental real estate income (loss) (attach Form 9825)	2
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Interest income	4
	5 Dividends: a Ordinary dividends	5a
	b Qualified dividends	5b
	6 Royalties	6
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
L O S S	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a
	b Collectibles (28%) gain (loss)	8b
	c Unrecaptured section 1250 gain (attach statement)	8c
	9 Net section 1231 gain (loss) (attach Form 4797)	9
10 Other income (loss) (see instructions) Type ▶	10	

Shareholders' Pro Rata Share Items (continued)		Total amount	
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12a Contributions	12a	
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures (1) Type ▶ _____ (2) Amount ▶ _____	12c(2)	
	d Other deductions (see instructions) Type ▶ _____	12d	
Credits	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d Other rental real estate credits (see instructions) Type ▶ _____	13d	
	e Other rental credits (see instructions) Type ▶ _____	13e	
	f Credit for alcohol used as fuel (attach Form 6478)	13f	
	g Other credits (see instructions) Type ▶ _____	13g	
Foreign Transactions	14a Name of country or U.S. possession ▶ _____		
	b Gross income from all sources	14b	
	c Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c	
	d Passive	14d	
	e Listed categories (attach statement)	14e	
	f General limitation Deductions allocated and apportioned at shareholder level	14f	
	g Interest expense	14g	
	h Other Deductions allocated and apportioned at corporate level to foreign source income	14h	
	i Passive	14i	
	j Listed categories (attach statement)	14j	
	k General limitation Other information	14k	
	l Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
	m Reduction in taxes available for credit (attach statement)	14m	
	n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties--gross income	15d	
	e Oil, gas, and geothermal properties--deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	
	d Property distributions	16d	
	e Repayment of loans from shareholders	16e	
Other Information	17a Investment income	17a	
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement)		
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	-239,770

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
1	Cash		1,084		858
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)		3,000		3,075 #5
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	1,272,837		1,278,182	
b	Less accumulated depreciation	(39,688)	1,233,149	(116,898)	1,161,284
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		513,269		513,269
13a	Intangible assets (amortizable only)	10,273		12,523	
b	Less accumulated amortization	(855)	9,418	(3,133)	9,390
14	Other assets (attach statement)				437 #6
15	Total assets		1,759,920		1,688,313
Liabilities and Shareholders' Equity					
16	Accounts payable		3,801	1,290,705	
17	Mortgages, notes, bonds payable in less than 1 yr				
18	Other current liabilities (attach statement)				
19	Loans from shareholders		555,875		628,875
20	Mortgages, notes, bonds payable in 1 year or more		509,599		509,599
21	Other liabilities (attach statement)		9,051		108,015 #7
22	Capital stock		500		500
23	Additional paid-in capital		741,816		741,816
24	Retained earnings		-60,722		-300,492
25	Adjustments to shareholders' equity (attach stmt.)				
26	Less cost of treasury stock	()		()	
27	Total liabilities and shareholders' equity		1,759,920		1,688,313

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions

1	Net income (loss) per books	-239,770	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14 (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	
4	Add lines 1 through 3	-239,770	8	Income (loss) (Schedule K, line 18). Line 4 less line 7	-239,770

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-60,722	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(239,770)	
5	Other reductions	()	
6	Combine lines 1 through 5	-300,492	
7	Distributions other than dividend distributions	0	
8	Balance at end of tax year. Subtract line 7 from line 6	-300,492	

Depreciation and Amortization

(Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return ORANGE BLOSSOM UTILITIES INC	Business or activity to which this form relates FOR FORM 1120S	Identifying number 20-2434465
--	--	---

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000
6 (a) Description of property (b) Cost (busn. use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29		
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7		
9 Tentative deduction. Enter the smaller of line 5 or line 8		
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562		
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)		
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11		
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12		

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	77,091
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	<input type="checkbox"/>	

Section B -- Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		3,038	25 yrs.	HY	S/L	61
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C -- Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20 a Class life		2,307	20	HY	S/L	58
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	77,210
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) 25								
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%			S/L-			
		%			S/L-			
		%			S/L-			
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No										
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions):					
WATER ORG COSTS	02-01-2006	1,125	0	0	17
WST ORGANIZATION COS	02-01-2006	1,125	0	0	206
43 Amortization of costs that began before your 2006 tax year				43	2,055
44 Total. Add amounts in column (f). See the instructions for where to report				44	2,278

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method	Year	Cost	Land/ Other	\$179	Spec Allow	Basis	Prior	Current
Form 1120S										
COLL SWRS FORCE	08-01-05	150DBHY	20	29,105	0	0	0	29,105	1,091	2,101
COLL SWRS GRAVITY	08-01-05	150DBHY	20	79,565	0	0	0	79,565	2,984	5,744
DIST RESERVOIRS	08-01-05	S/L	25	21,390	0	0	0	21,390	428	856
LAND	08-01-05	Land	0	2,313	2,313	0	0	0	0	0
LAND	08-01-05	Land	0	510,956	510,956	0	0	0	0	0
METER & INSTALLATION	08-01-05	S/L	25	4,223	0	0	0	4,223	84	169
MISC EQUIPMENT	08-01-05	150DBHY	20	228	0	0	0	228	9	16
MISC EQUIPMENT	08-01-05	S/L	25	129	0	0	0	129	3	5
ORGANIZATION COSTS	08-01-05	AMORT	5	2,583	0	0	0	2,583	215	517
ORGANIZATION COSTS	08-01-05	AMORT	5	3,786	0	0	0	3,786	315	757
PERMITS	08-01-05	AMORT	5	3,904	0	0	0	3,904	325	781
POWER GEN EQUIP	08-01-05	S/L	25	76,643	0	0	0	76,643	1,533	3,066
POWER GEN EQUIPMENT	08-01-05	150DBHY	20	59,825	0	0	0	59,825	2,243	4,319
PUMPING EQUIP	08-01-05	S/L	25	105,589	0	0	0	105,589	2,112	4,224
STRUCTURE & IMPROVEM	08-01-05	S/L	25	92,858	0	0	0	92,858	1,857	3,714
STRUCTURES & IMP	08-01-05	150DBHY	20	134,194	0	0	0	134,194	5,032	9,687
SUPPLY MAINS	08-01-05	S/L	25	21,579	0	0	0	21,579	432	863
TRANS & DIST MAINS	08-01-05	S/L	25	79,752	0	0	0	79,752	1,595	3,190
TRMNT & DIS EQUIPMNT	08-01-05	150DBHY	20	510,292	0	0	0	510,292	19,136	36,838
WATER ORG COSTS	02-01-06	AMORT	60	1,125	0	0	0	1,125	0	17
WATER STRUCT	02-01-06	S/L	25	3,038	0	0	0	3,038	0	61
WATER TREATMNT EQUIP	08-01-05	S/L	25	5,298	0	0	0	5,298	106	212
WELLS & SPRINGS	08-01-05	S/L	25	52,167	0	0	0	52,167	1,043	2,087
WST ORGANIZATION COS	02-01-06	AMORT	5	1,125	0	0	0	1,125	0	206
WST TRMT & DISP	02-01-06	S/L	20	2,307	0	0	0	2,307	0	58
25 Assets			Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

- 2278 Amort
77,210 Dep



- * Asset disposed this year
- C Carryover basis in like-kind exchange transaction
- B Excess basis in like-kind exchange transaction

Part II

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
25 Assets		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Balance Sheet Reconciliation									
		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
		Less Future Purchases:	0	0	0	0	0	0	0
		Less Current Year Disposals:	0	0	0	0	0	0	0
		End of Year Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Buildings and Other Depreciable Assets:			1,278,182			Prior Depreciation:		39,688	
						Current Depreciation:		77,210	
						179:		0	
						Special Depreciation Allowance:		0	
						<u>Ending Accumulated Depreciation (Per Balance Sheet):</u>		<u>116,898</u>	
Land:			513,269			Prior Amortization:		855	
Intangible Assets (Amortizable Only):			12,523			Current Amortization:		2,278	
						179:		0	
						Special Depreciation Allowance:		0	
						<u>Ending Accumulated Amortization (Per Balance Sheet):</u>		<u>3,133</u>	

* Asset disposed this year
 -C Carryover basis in like-kind exchange transaction
 -B Excess basis in like-kind exchange transaction

Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation. See separate instructions.

2006

Department of the Treasury Internal Revenue Service

For calendar year 2006 or tax year beginning 2006, ending 20

Header information including Effective date of S election (01-01-2005), Business activity code number (221300), Name (ORANGE BLOSSOM UTILITIES INC), and Employer ID no. (20-2434465).

Check boxes for Initial return, Final return, Name change, Address change, Amended return, and number of shareholders (6).

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income section table with rows 1a-6. Total income (loss) is -239,770.

Deductions section table with rows 7-21. Total deductions is 239,770. Ordinary business income (loss) is -239,770.

Tax and Payments section table with rows 22a-27. Amount owed is 0.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of officer: Nancy R. Hartman, Date: 13-28-07, Title: PRESIDENT.

Preparer's information: William K. O'Brien CPA, Date: 3/27/2007, Firm: HARTMAN HARTMAN & O'BRIEN PA.

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Form 1120S (2006)



Part I

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
(ii) Lower of cost or market as described in Regulations section 1.471-4
(iii) Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No

If "Yes," attach explanation.

Schedule B Other Information (see instructions)

		Yes	No
1	Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶		
2	See the instructions and enter the: a Business activity ▶ <u>UTILITIES</u> b Product or service ▶ <u>WATER, SEWAGE & OTHE</u>		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		X
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5	Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
6	Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ <input type="checkbox"/> If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
7	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ▶ \$ _____		
8	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ _____		
9	Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1		X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Pro Rata Share Items

		Total amount
I N C O M E	1 Ordinary business income (loss) (page 1, line 21)	1 -239,770
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss) 3a	
	b Expenses from other rental activities (attach statement) 3b	
	c Other net rental income (loss). Subtract line 3b from line 3a 3c	
	4 Interest income 4	
	5 Dividends: a Ordinary dividends 5a	
	b Qualified dividends 5b	
	6 Royalties 6	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S)) 7	
L O S S	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S)) 8a	
	b Collectibles (28%) gain (loss) 8b	
	c Unrecaptured section 1250 gain (attach statement) 8c	
	9 Net section 1231 gain (loss) (attach Form 4797) 9	
10 Other income (loss) (see instructions) Type ▶	10	

		Shareholders' Pro Rata Share Items (continued)	Total amount	
Deductions	11	Section 179 deduction (attach Form 4562)	11	
	12a	Contributions	12a	
	b	Investment interest expense	12b	
	c	Section 59(e)(2) expenditures (1) Type (2) Amount	12c(2)	
	d	Other deductions (see instructions) Type	12d	
Credits	13a	Low-income housing credit (section 42(j)(5))	13a	
	b	Low-income housing credit (other)	13b	
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d	Other rental real estate credits (see instructions) Type	13d	
	e	Other rental credits (see instructions) Type	13e	
	f	Credit for alcohol used as fuel (attach Form 6478)	13f	
	g	Other credits (see instructions) Type	13g	
Foreign Transactions	14a	Name of country or U.S. possession		
	b	Gross income from all sources	14b	
	c	Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c	
	d	Passive	14d	
	e	Listed categories (attach statement)	14e	
	f	General limitation Deductions allocated and apportioned at shareholder level	14f	
	g	Interest expense	14g	
	h	Other Deductions allocated and apportioned at corporate level to foreign source income	14h	
	i	Passive	14i	
	j	Listed categories (attach statement)	14j	
	k	General limitation Other information	14k	
	l	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
	m	Reduction in taxes available for credit (attach statement)	14m	
	n	Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a	Post-1986 depreciation adjustment	15a	
	b	Adjusted gain or loss	15b	
	c	Depletion (other than oil and gas)	15c	
	d	Oil, gas, and geothermal properties--gross income	15d	
	e	Oil, gas, and geothermal properties--deductions	15e	
	f	Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a	Tax-exempt interest income	16a	
	b	Other tax-exempt income	16b	
	c	Nondeductible expenses	16c	
	d	Property distributions	16d	
	e	Repayment of loans from shareholders	16e	
Other Information	17a	Investment income	17a	
	b	Investment expenses	17b	
	c	Dividend distributions paid from accumulated earnings and profits	17c	
	d	Other items and amounts (attach statement)		
Reconciliation	18	Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	-239,770

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		1,084		858
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)		3,000		3,075 #5
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	1,272,837		1,278,182	
b	Less accumulated depreciation	(39,688)	1,233,149	(116,898)	1,161,284
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		513,269		513,269
13a	Intangible assets (amortizable only)	10,273		12,523	
b	Less accumulated amortization	(855)	9,418	(3,133)	9,390
14	Other assets (attach statement)				437 #6
15	Total assets		1,759,920		1,688,313
Liabilities and Shareholders' Equity					
16	Accounts payable		3,801	1,290,705	
17	Mortgages, notes, bonds payable in less than 1 yr				
18	Other current liabilities (attach statement)				
19	Loans from shareholders		555,875		628,875
20	Mortgages, notes, bonds payable in 1 year or more		509,599		509,599
21	Other liabilities (attach statement)		9,051		108,015 #7
22	Capital stock		500		500
23	Additional paid-in capital		741,816		741,816
24	Retained earnings		-60,722		-300,492
25	Adjustments to shareholders' equity (attach stmt.)				
26	Less cost of treasury stock	()		()	
27	Total liabilities and shareholders' equity		1,759,920		1,688,313

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions

1	Net income (loss) per books	-239,770	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	
4	Add lines 1 through 3	-239,770	8	Income (loss) (Schedule K, line 18). Line 4 less line 7	-239,770

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-60,722	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(239,770)	
5	Other reductions	()	
6	Combine lines 1 through 5	-300,492	
7	Distributions other than dividend distributions	0	
8	Balance at end of tax year. Subtract line 7 from line 6	-300,492	

Depreciation and Amortization (Including Information on Listed Property)

2006

Department of the Treasury
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No. 67

Name(s) shown on return ORANGE BLOSSOM UTILITIES INC	Business or activity to which this form relates FOR FORM 1120S	Identifying number 20-2434465
--	--	---

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000
6 (a) Description of property (b) Cost (busn. use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29		
7		
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7		
8		
9 Tentative deduction. Enter the smaller of line 5 or line 8		
9		
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562		
10		
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)		
11 108,000		
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11		
12		
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12		
13		

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	77,091
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	<input type="checkbox"/>	

Section B -- Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		3,038	25 yrs.	HY	S/L	61
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C -- Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20 a Class life		2,307	20	HY	S/L	58
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	77,210
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles)	(a)	(b)	(c)	(d)	(e)	(f)
	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4	Vehicle 5	Vehicle 6
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions):					
WATER ORG COSTS	02-01-2006	1,125	0	0	17
WST ORGANIZATION COS	02-01-2006	1,125	0	0	206
43 Amortization of costs that began before your 2006 tax year				43	2,055
44 Total. Add amounts in column (f). See the instructions for where to report				44	2,278

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method	Year	Cost	Land/ Other	\$179	Spec Allow	Basis	Prior	Current
Form 1120S										
COLL SWRS FORCE	08-01-05	150DBHY	20	29,105	0	0	0	29,105	1,091	2,101
COLL SWRS GRAVITY	08-01-05	150DBHY	20	79,565	0	0	0	79,565	2,984	5,744
DIST RESERVOIRS	08-01-05	S/L	25	21,390	0	0	0	21,390	428	856
LAND	08-01-05	Land	0	2,313	2,313	0	0	0	0	0
LAND	08-01-05	Land	0	510,956	510,956	0	0	0	0	0
METER & INSTALLATION	08-01-05	S/L	25	4,223	0	0	0	4,223	84	169
MISC EQUIPMENT	08-01-05	150DBHY	20	228	0	0	0	228	9	16
MISC EQUIPMENT	08-01-05	S/L	25	129	0	0	0	129	3	5
ORGANIZATION COSTS	08-01-05	AMORT	5	2,583	0	0	0	2,583	215	517
ORGANIZATION COSTS	08-01-05	AMORT	5	3,786	0	0	0	3,786	315	757
PERMITS	08-01-05	AMORT	5	3,904	0	0	0	3,904	325	781
POWER GEN EQUIP	08-01-05	S/L	25	76,643	0	0	0	76,643	1,533	3,066
POWER GEN EQUIPMENT	08-01-05	150DBHY	20	59,825	0	0	0	59,825	2,243	4,319
PUMPING EQUIP	08-01-05	S/L	25	105,589	0	0	0	105,589	2,112	4,224
STRUCTURE & IMPROVEM	08-01-05	S/L	25	92,858	0	0	0	92,858	1,857	3,714
STRUCTURES & IMP	08-01-05	150DBHY	20	134,194	0	0	0	134,194	5,032	9,687
SUPPLY MAINS	08-01-05	S/L	25	21,579	0	0	0	21,579	432	863
TRANS & DIST MAINS	08-01-05	S/L	25	79,752	0	0	0	79,752	1,595	3,190
TRMNT & DIS EQUIPMNT	08-01-05	150DBHY	20	510,292	0	0	0	510,292	19,136	36,838
WATER ORG COSTS	02-01-06	AMORT	60	1,125	0	0	0	1,125	0	17
WATER STRUCT	02-01-06	S/L	25	3,038	0	0	0	3,038	0	61
WATER TREATMNT EQUIP	08-01-05	S/L	25	5,298	0	0	0	5,298	106	212
WELLS & SPRINGS	08-01-05	S/L	25	52,167	0	0	0	52,167	1,043	2,087
WST ORGANIZATION COS	02-01-06	AMORT	5	1,125	0	0	0	1,125	0	206
WST TRMT & DISP	02-01-06	S/L	20	2,307	0	0	0	2,307	0	58
25 Assets	Totals:			1,803,974	513,269	0	0	1,290,705	40,543	79,488

- 2278 Amort
77,210 Dep



* Asset disposed this year
-C Carryover basis in like-kind exchange transaction
-B Excess basis in like-kind exchange transaction

Part II

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
25 Assets		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

Balance Sheet Reconciliation

Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Less Future Purchases:	0	0	0	0	0	0	0
Less Current Year Disposals:	0	0	0	0	0	0	0
End of Year Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

Buildings and Other Depreciable Assets:	1,278,182		Prior Depreciation:	39,688
			Current Depreciation:	77,210
			179:	0
			Special Depreciation Allowance:	0
			<u>Ending Accumulated Depreciation (Per Balance Sheet):</u>	<u>116,898</u>

Land:	513,269		Prior Amortization:	855
Intangible Assets (Amortizable Only):	12,523		Current Amortization:	2,278
			179:	0
			Special Depreciation Allowance:	0
			<u>Ending Accumulated Amortization (Per Balance Sheet):</u>	<u>3,133</u>

- Asset disposed this year
- C Carryover basis in like-kind exchange transaction
- B Excess basis in like-kind exchange transaction

Department of the Treasury Internal Revenue Service

Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation. See separate instructions.

2006

For calendar year 2006 or tax year beginning 2006, ending 20

A Effective date of S election 01-01-2005
B Business activity code number 221300
Name: ORANGE BLOSSOM UTILITIES INC
Address: 108 SOUTH OLD DIXIE HIGHWAY, LADY LAKE FL 32159
Employer ID no: 20-2434465
Date incorporated: 03-09-2004
Total assets: \$ 1,688,313

F Check if: (1) Initial return (2) Final return (3) Name change (4) Address change (5) Amended return
G Enter the number of shareholders in the corporation at the end of the tax year 6
H Check if Schedule M-3 is required (attach Schedule M-3)

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Table with 27 rows for income and deductions. Includes sections for Income (lines 1-6), Deductions (lines 7-21), and Tax and Payments (lines 22-27). Key values include Total income of -239,770 and Total deductions of 239,770.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here: Nancy R. Hartman, 13-28-07, PRESIDENT
Preparer's signature: William K. O'Brien, CPA, 3/27/2007
Firm name: HARTMAN HARTMAN & O'BRIEN PA
Address: 10935 SE 177TH PLACE STE 205, Summerfield FL 34491
Phone no: 352-347-8080



Part I

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
(ii) Lower of cost or market as described in Regulations section 1.471-4
(iii) Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

Schedule B Other Information (see instructions)

		Yes	No
1	Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) <input type="text"/>		
2	See the instructions and enter the: a Business activity UTILITIES b Product or service WATER, SEWAGE & OTHE		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		X
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5	Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
6	Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
7	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years <input type="text" value="\$"/>		
8	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ <input type="text" value="\$"/>		
9	Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1		X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Pro Rata Share Items

		Total amount
I N C O M E	1 Ordinary business income (loss) (page 1, line 21)	1 -239,770
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Interest income	4
	5 Dividends: a Ordinary dividends	5a
	b Qualified dividends	5b
	6 Royalties	6
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
L O S S	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a
	b Collectibles (28%) gain (loss)	8b
	c Unrecaptured section 1250 gain (attach statement)	8c
	9 Net section 1231 gain (loss) (attach Form 4797)	9
10 Other income (loss) (see instructions) Type <input type="text"/>	10	

		Shareholders' Pro Rata Share Items (continued)	Total amount	
Deductions	11	Section 179 deduction (attach Form 4562)	11	
	12a	Contributions	12a	
	b	Investment interest expense	12b	
	c	Section 59(e)(2) expenditures (1) Type ▶ _____ (2) Amount ▶ _____	12c(2)	
	d	Other deductions (see instructions) Type ▶ _____	12d	
Credits	13a	Low-income housing credit (section 42(j)(5))	13a	
	b	Low-income housing credit (other)	13b	
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d	Other rental real estate credits (see instructions) Type ▶ _____	13d	
	e	Other rental credits (see instructions) Type ▶ _____	13e	
	f	Credit for alcohol used as fuel (attach Form 6478)	13f	
	g	Other credits (see instructions) Type ▶ _____	13g	
Foreign Transactions	14a	Name of country or U.S. possession ▶ _____		
	b	Gross income from all sources	14b	
	c	Gross income sourced at shareholder level	14c	
		Foreign gross income sourced at corporate level		
	d	Passive	14d	
	e	Listed categories (attach statement)	14e	
	f	General limitation	14f	
		Deductions allocated and apportioned at shareholder level		
	g	Interest expense	14g	
	h	Other	14h	
		Deductions allocated and apportioned at corporate level to foreign source income		
	i	Passive	14i	
	j	Listed categories (attach statement)	14j	
	k	General limitation	14k	
	Other information			
	l	Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
	m	Reduction in taxes available for credit (attach statement)	14m	
	n	Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a	Post-1986 depreciation adjustment	15a	
	b	Adjusted gain or loss	15b	
	c	Depletion (other than oil and gas)	15c	
	d	Oil, gas, and geothermal properties--gross income	15d	
	e	Oil, gas, and geothermal properties--deductions	15e	
	f	Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a	Tax-exempt interest income	16a	
	b	Other tax-exempt income	16b	
	c	Nondeductible expenses	16c	
	d	Property distributions	16d	
	e	Repayment of loans from shareholders	16e	
Other Information	17a	Investment income	17a	
	b	Investment expenses	17b	
	c	Dividend distributions paid from accumulated earnings and profits	17c	
	d	Other items and amounts (attach statement)		
Reconciliation	18	Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	- 239,770

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		1,084		858
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)		3,000		3,075 #5
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	1,272,837		1,278,182	
b	Less accumulated depreciation	(39,688)	1,233,149	(116,898)	1,161,284
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		513,269		513,269
13a	Intangible assets (amortizable only)	10,273		12,523	
b	Less accumulated amortization	(855)	9,418	(3,133)	9,390
14	Other assets (attach statement)				437 #6
15	Total assets		1,759,920		1,688,313
Liabilities and Shareholders' Equity					
16	Accounts payable		3,801	1,290,705	
17	Mortgages, notes, bonds payable in less than 1 yr				
18	Other current liabilities (attach statement)				
19	Loans from shareholders		555,875		628,875
20	Mortgages, notes, bonds payable in 1 year or more		509,599		509,599
21	Other liabilities (attach statement)		9,051		108,015 #7
22	Capital stock		500		500
23	Additional paid-in capital		741,816		741,816
24	Retained earnings		-60,722		-300,492
25	Adjustments to shareholders' equity (attach stmt.)				
26	Less cost of treasury stock	()		()	
27	Total liabilities and shareholders' equity		1,759,920		1,688,313

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions

1	Net income (loss) per books	-239,770	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14 (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	
4	Add lines 1 through 3	-239,770	8	Income (loss) (Schedule K, line 18). Line 4 less line 7	-239,770

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-60,722	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(239,770)	
5	Other reductions	()	
6	Combine lines 1 through 5	-300,492	
7	Distributions other than dividend distributions	0	
8	Balance at end of tax year. Subtract line 7 from line 6	-300,492	

Depreciation and Amortization (Including Information on Listed Property)

2006

Department of the Treasury
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No. 67

Name(s) shown on return ORANGE BLOSSOM UTILITIES INC	Business or activity to which this form relates FOR FORM 1120S	Identifying number 20-2434465
--	--	---

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000
6 (a) Description of property (b) Cost (busn. use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29		
7		
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	108,000
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	77,091
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	<input type="checkbox"/>	

Section B -- Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		3,038	25 yrs.	HY	S/L	61
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C -- Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20 a Class life		2,307	20	HY	S/L	58
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	77,210
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25	
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%			S/L-			
		%			S/L-			
		%			S/L-			
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a)		(b)		(c)		(d)		(e)		(f)	
	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4	Vehicle 5	Vehicle 6	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4	Vehicle 5	Vehicle 6
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No										
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year	
42 Amortization of costs that begins during your 2006 tax year (see instructions):						
WATER ORG COSTS	02-01-2006	1,125	0	0	17	
WST ORGANIZATION COS	02-01-2006	1,125	0	0	206	
43 Amortization of costs that began before your 2006 tax year					43	2,055
44 Total. Add amounts in column (f). See the instructions for where to report					44	2,278

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method	Year	Cost	Land/ Other	\$179	Spec Allow	Basis	Prior	Current	
Form 1120S											
COLL SWRS FORCE	08-01-05	150DBHY	20	29,105	0	0	0	29,105	1,091	2,101	
COLL SWRS GRAVITY	08-01-05	150DBHY	20	79,565	0	0	0	79,565	2,984	5,744	
DIST RESERVOIRS	08-01-05	S/L	25	21,390	0	0	0	21,390	428	856	
LAND	08-01-05	Land	0	2,313	2,313	0	0	0	0	0	
LAND	08-01-05	Land	0	510,956	510,956	0	0	0	0	0	
METER & INSTALLATION	08-01-05	S/L	25	4,223	0	0	0	4,223	84	169	
MISC EQUIPMENT	08-01-05	150DBHY	20	228	0	0	0	228	9	16	
MISC EQUIPMENT	08-01-05	S/L	25	129	0	0	0	129	3	5	
ORGANIZATION COSTS	08-01-05	AMORT	5	2,583	0	0	0	2,583	215	517	
ORGANIZATION COSTS	08-01-05	AMORT	5	3,786	0	0	0	3,786	315	757	
PERMITS	08-01-05	AMORT	5	3,904	0	0	0	3,904	325	781	
POWER GEN EQUIP	08-01-05	S/L	25	76,643	0	0	0	76,643	1,533	3,066	
POWER GEN EQUIPMENT	08-01-05	150DBHY	20	59,825	0	0	0	59,825	2,243	4,319	
PUMPING EQUIP	08-01-05	S/L	25	105,589	0	0	0	105,589	2,112	4,224	
STRUCTURE & IMPROVEM	08-01-05	S/L	25	92,858	0	0	0	92,858	1,857	3,714	
STRUCTURES & IMP	08-01-05	150DBHY	20	134,194	0	0	0	134,194	5,032	9,687	
SUPPLY MAINS	08-01-05	S/L	25	21,579	0	0	0	21,579	432	863	
TRANS & DIST MAINS	08-01-05	S/L	25	79,752	0	0	0	79,752	1,595	3,190	
TRMNT & DIS EQUIPMNT	08-01-05	150DBHY	20	510,292	0	0	0	510,292	19,136	36,838	
WATER ORG COSTS	02-01-06	AMORT	60	1,125	0	0	0	1,125	0	17	
WATER STRUCT	02-01-06	S/L	25	3,038	0	0	0	3,038	0	61	
WATER TREATMNT EQUIP	08-01-05	S/L	25	5,298	0	0	0	5,298	106	212	
WELLS & SPRINGS	08-01-05	S/L	25	52,167	0	0	0	52,167	1,043	2,087	
WST ORGANIZATION COS	02-01-06	AMORT	5	1,125	0	0	0	1,125	0	206	
WST TRMT & DISP	02-01-06	S/L	20	2,307	0	0	0	2,307	0	58	
25 Assets				Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

- 2278 Amort
77,210 Dep



* Asset disposed this year
-C Carryover basis in like-kind exchange transaction
-B Excess basis in like-kind exchange transaction

Part II

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
25 Assets		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Balance Sheet Reconciliation									
		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
		Less Future Purchases:	0	0	0	0	0	0	0
		Less Current Year Disposals:	0	0	0	0	0	0	0
		End of Year Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Buildings and Other Depreciable Assets:			1,278,182					Prior Depreciation:	39,688
								Current Depreciation:	77,210
								179:	0
								Special Depreciation Allowance:	0
								<u>Ending Accumulated Depreciation (Per Balance Sheet):</u>	<u>116,898</u>
		Land:	513,269					Prior Amortization:	855
		Intangible Assets (Amortizable Only):	12,523					Current Amortization:	2,278
								179:	0
								Special Depreciation Allowance:	0
								<u>Ending Accumulated Amortization (Per Balance Sheet):</u>	<u>3,133</u>

* Asset disposed this year
 -C Carryover basis in like-kind exchange transaction
 -B Excess basis in like-kind exchange transaction

Form 1120S

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0130

Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation. See separate instructions.

2006

Department of the Treasury Internal Revenue Service

For calendar year 2006 or tax year beginning 2006, ending 20

Header section containing: A Effective date of S election (01-01-2005), B Business activity code number (221300), C Employer ID no. (20-2434465), D Date incorporated (03-09-2004), E Total assets (see instr.) (\$ 1,688,313), and company name/number (ORANGE BLOSSOM UTILITIES INC, 108 SOUTH OLD DIXIE HIGHWAY, LADY LAKE FL 32159).

Check boxes for: F Initial return, G Number of shareholders (6), H Schedule M-3 required.

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Table with 3 columns: Line number, Description, and Amount. Includes lines 1a (Gross receipts), 2 (Cost of goods sold), 3 (Gross profit), 4 (Net gain), 5 (Other income), and 6 (Total income).

Table with 3 columns: Line number, Description, and Amount. Includes lines 7-21 for deductions and adjustments, such as 7 Compensation of officers, 8 Salaries and wages, 11 Rents, 14 Depreciation, and 21 Ordinary business income.

Table with 3 columns: Line number, Description, and Amount. Includes lines 22a-23e for taxes and 24-27 for estimated tax and payments.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature section: Sign Here, Signature of officer (Mancy B. Hartman), Date (13-28-07), Title (PRESIDENT).

Preparer's information: Preparer's signature (William K. O'Brien, CPA), Date (3/27/2007), Firm's name (HARTMAN HARTMAN & O'BRIEN PA), EIN (59-2410381), Address (10935 SE 177TH PLACE STE 205, Summerfield FL 34491), Phone no. (352-347-8080).



Part I

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
(ii) Lower of cost or market as described in Regulations section 1.471-4
(iii) Other (Specify method used and attach explanation.)▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c).....▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970).....▶

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO..... 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?..... Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory?..... Yes No

If "Yes," attach explanation.

Schedule B Other Information (see instructions)

		Yes	No
1	Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify)▶		
2	See the instructions and enter the: a Business activity ▶ <u>UTILITIES</u> b Product or service ▶ <u>WATER, SEWAGE & OTHE</u>		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?.....		X
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?.....		X
5	Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?.....		X
6	Check this box if the corporation issued publicly offered debt instruments with original issue discount.....▶ <input type="checkbox"/> If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
7	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years.....▶ \$ _____		
8	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ _____		
9	Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1.....		X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Pro Rata Share Items

		Total amount
I N C O M E	1 Ordinary business income (loss) (page 1, line 21).....	1 - 239,770
	2 Net rental real estate income (loss) (attach Form 8825).....	2
	3a Other gross rental income (loss)..... 3a	
	b Expenses from other rental activities (attach statement)..... 3b	
	c Other net rental income (loss). Subtract line 3b from line 3a..... 3c	
	4 Interest income..... 4	
	5 Dividends: a Ordinary dividends..... 5a	
	b Qualified dividends..... 5b	
	6 Royalties..... 6	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))..... 7	
L O S S	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))..... 8a	
	b Collectibles (28%) gain (loss)..... 8b	
	c Unrecaptured section 1250 gain (attach statement)..... 8c	
	9 Net section 1231 gain (loss) (attach Form 4797)..... 9	
10 Other income (loss) (see instructions)..... Type ▶	10	

Shareholders' Pro Rata Share Items (continued)		Total amount	
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12a Contributions	12a	
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures (1) Type ▶ _____ (2) Amount ▶ _____	12c(2)	
d Other deductions (see instructions) Type ▶ _____	12d		
Credits	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d Other rental real estate credits (see instructions) Type ▶ _____	13d	
	e Other rental credits (see instructions) Type ▶ _____	13e	
	f Credit for alcohol used as fuel (attach Form 6478)	13f	
	g Other credits (see instructions) Type ▶ _____	13g	
Foreign Transactions	14a Name of country or U.S. possession ▶ _____		
	b Gross income from all sources	14b	
	c Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c	
	d Passive	14d	
	e Listed categories (attach statement)	14e	
	f General limitation Deductions allocated and apportioned at shareholder level	14f	
	g Interest expense	14g	
	h Other Deductions allocated and apportioned at corporate level to foreign source income	14h	
	i Passive	14i	
	j Listed categories (attach statement)	14j	
	k General limitation Other information	14k	
	l Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
	m Reduction in taxes available for credit (attach statement)	14m	
	n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a Post-1985 depreciation adjustment	15a	
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties--gross income	15d	
	e Oil, gas, and geothermal properties--deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	
	d Property distributions	16d	
	e Repayment of loans from shareholders	16e	
Other Information	17a Investment income	17a	
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement)		
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	-239,770

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		1,084		858
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)		3,000		3,075 #5
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	1,272,837		1,278,182	
b	Less accumulated depreciation	(39,688)	1,233,149	(116,898)	1,161,284
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		513,269		513,269
13a	Intangible assets (amortizable only)	10,273		12,523	
b	Less accumulated amortization	(855)	9,418	(3,133)	9,390
14	Other assets (attach statement)				437 #6
15	Total assets		1,759,920		1,688,313
Liabilities and Shareholders' Equity					
16	Accounts payable		3,801	1,290,705	
17	Mortgages, notes, bonds payable in less than 1 yr				
18	Other current liabilities (attach statement)				
19	Loans from shareholders		555,875		628,875
20	Mortgages, notes, bonds payable in 1 year or more		509,599		509,599
21	Other liabilities (attach statement)		9,051		108,015 #7
22	Capital stock		500		500
23	Additional paid-in capital		741,816		741,816
24	Retained earnings		-60,722		-300,492
25	Adjustments to shareholders' equity (attach stmt.)				
26	Less cost of treasury stock	()		()	
27	Total liabilities and shareholders' equity		1,759,920		1,688,313

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions

1	Net income (loss) per books	-239,770	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	
4	Add lines 1 through 3	-239,770	8	Income (loss) (Schedule K, line 18). Line 4 less line 7	-239,770

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-60,722	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(239,770)	
5	Other reductions	()	
6	Combine lines 1 through 5	-300,492	
7	Distributions other than dividend distributions	0	
8	Balance at end of tax year. Subtract line 7 from line 6	-300,492	

Depreciation and Amortization (Including Information on Listed Property)

2006

Department of the Treasury
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No. 67

Name(s) shown on return ORANGE BLOSSOM UTILITIES INC	Business or activity to which this form relates FOR FORM 1120S	Identifying number 20-2434465
--	--	---

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000
6 (a) Description of property (b) Cost (busn. use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29		
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7		
9 Tentative deduction. Enter the smaller of line 5 or line 8		
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562		
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)		
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11		
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12		

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	77,091
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>	18	

Section B -- Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		3,038	25 yrs.	HY	S/L	61
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C -- Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20 a Class life		2,307	20	HY	S/L	58
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	77,210
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25	
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%			S/L-			
		%			S/L-			
		%			S/L-			
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles)	(a)	(b)	(c)	(d)	(e)	(f)				
	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4	Vehicle 5	Vehicle 6				
31 Total commuting miles driven during the year										
32 Total other personal (noncommuting) miles driven										
33 Total miles driven during the year. Add lines 30 through 32										
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?										
36 Is another vehicle available for personal use?										

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions):					
WATER ORG COSTS	02-01-2006	1,125	0	0	17
WST ORGANIZATION COS	02-01-2006	1,125	0	0	206
43 Amortization of costs that began before your 2006 tax year				43	2,055
44 Total. Add amounts in column (f). See the instructions for where to report				44	2,278

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method	Year	Cost	Land/ Other	\$179	Spec Allow	Basis	Prior	Current
Form 1120S										
COLL SWRS FORCE	08-01-05	150DBHY	20	29,105	0	0	0	29,105	1,091	2,101
COLL SWRS GRAVITY	08-01-05	150DBHY	20	79,565	0	0	0	79,565	2,984	5,744
DIST RESERVOIRS	08-01-05	S/L	25	21,390	0	0	0	21,390	428	856
LAND	08-01-05	Land	0	2,313	2,313	0	0	0	0	0
LAND	08-01-05	Land	0	510,956	510,956	0	0	0	0	0
METER & INSTALLATION	08-01-05	S/L	25	4,223	0	0	0	4,223	84	169
MISC EQUIPMENT	08-01-05	150DBHY	20	228	0	0	0	228	9	16
MISC EQUIPMENT	08-01-05	S/L	25	129	0	0	0	129	3	5
ORGANIZATION COSTS	08-01-05	AMORT	5	2,583	0	0	0	2,583	215	517
ORGANIZATION COSTS	08-01-05	AMORT	5	3,786	0	0	0	3,786	315	757
PERMITS	08-01-05	AMORT	5	3,904	0	0	0	3,904	325	781
POWER GEN EQUIP	08-01-05	S/L	25	76,643	0	0	0	76,643	1,533	3,066
POWER GEN EQUIPMENT	08-01-05	150DBHY	20	59,825	0	0	0	59,825	2,243	4,319
PUMPING EQUIP	08-01-05	S/L	25	105,589	0	0	0	105,589	2,112	4,224
STRUCTURE & IMPROVEM	08-01-05	S/L	25	92,858	0	0	0	92,858	1,857	3,714
STRUCTURES & IMP	08-01-05	150DBHY	20	134,194	0	0	0	134,194	5,032	9,687
SUPPLY MAINS	08-01-05	S/L	25	21,579	0	0	0	21,579	432	863
TRANS & DIST MAINS	08-01-05	S/L	25	79,752	0	0	0	79,752	1,595	3,190
TRMNT & DIS EQUIPMNT	08-01-05	150DBHY	20	510,292	0	0	0	510,292	19,136	36,838
WATER ORG COSTS	02-01-06	AMORT	60	1,125	0	0	0	1,125	0	17
WATER STRUCT	02-01-06	S/L	25	3,038	0	0	0	3,038	0	61
WATER TREATMNT EQUIP	08-01-05	S/L	25	5,298	0	0	0	5,298	106	212
WELLS & SPRINGS	08-01-05	S/L	25	52,167	0	0	0	52,167	1,043	2,087
WST ORGANIZATION COS	02-01-06	AMORT	5	1,125	0	0	0	1,125	0	206
WST TRMT & DISP	02-01-06	S/L	20	2,307	0	0	0	2,307	0	58
25 Assets			Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

- 2278 Amort
77,210 Dep



- * Asset disposed this year
- C Carryover basis in like-kind exchange transaction
- B Excess basis in like-kind exchange transaction

Part II

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
25 Assets		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

Balance Sheet Reconciliation

	Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
	Less Future Purchases:	0	0	0	0	0	0	0
	Less Current Year Disposals:	0	0	0	0	0	0	0
	End of Year Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

Buildings and Other Depreciable Assets:	1,278,182		Prior Depreciation:	39,688
			Current Depreciation:	77,210
			179:	0
			Special Depreciation Allowance:	0
			<u>Ending Accumulated Depreciation (Per Balance Sheet):</u>	<u>116,898</u>

Land:	513,269		Prior Amortization:	855
Intangible Assets (Amortizable Only):	12,523		Current Amortization:	2,278
			179:	0
			Special Depreciation Allowance:	0
			<u>Ending Accumulated Amortization (Per Balance Sheet):</u>	<u>3,133</u>

* Asset disposed this year
 -C Carryover basis in like-kind exchange transaction
 -B Excess basis in like-kind exchange transaction

Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation. See separate instructions.

2006

Department of the Treasury Internal Revenue Service

For calendar year 2006 or tax year beginning 2006, ending 20

Header section containing: A Effective date of S election (01-01-2005), B Business activity code number (221300), C Employer ID no. (20-2434465), D Date incorporated (03-09-2004), E Total assets (see instr.) (\$ 1,688,313)

Check boxes for: F Initial return, G Number of shareholders (6), H Schedule M-3 required

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Table with 6 columns: Line number, Description, Sub-column (a/b/c), and Amount. Lines 1a-6: Gross receipts, cost of goods sold, gross profit, net gain, other income, total income.

Table with 6 columns: Line number, Description, Sub-column (a/b/c), and Amount. Lines 7-21: Compensation of officers, salaries and wages, repairs and maintenance, bad debts, rents, taxes and licenses, interest, depreciation, depletion, advertising, pension, employee benefit programs, other deductions, total deductions, ordinary business income.

Table with 6 columns: Line number, Description, Sub-column (a/b/c/d/e), and Amount. Lines 22a-27: Excess net passive income, tax from Schedule D, 2006 est. tax payments, estimated tax penalty, amount owed, overpayment, credited to 2007 estimated tax.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature section: Sign Here, Signature of officer (Francis R. Hartman), Date (13-28-07), Title (PRESIDENT)

Preparer's information: Preparer's signature (William K. O'Brien CPA), Date (3/27/2007), Check if self-employed, Preparer's SSN or PTIN (P00606122), Firm's name (HARTMAN HARTMAN & O'BRIEN PA), EIN (59-2410381), Address (10935 SE 177TH PLACE STE 205, Summerfield FL 34491), Phone no. (352-347-8080)

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Form 1120S (2006)



Part I

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
(ii) Lower of cost or market as described in Regulations section 1.471-4
(iii) Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

Schedule B Other Information (see instructions)

		Yes	No
1	Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) <input type="checkbox"/>		
2	See the instructions and enter the: a Business activity UTILITIES b Product or service WATER, SEWAGE & OTHE		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		X
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5	Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
6	Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
7	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years <input type="checkbox"/> \$		
8	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$		
9	Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1.		X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Pro Rata Share Items

		Total amount
I N C O M E	1 Ordinary business income (loss) (page 1, line 21)	1 -239,770
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Interest income	4
	5 Dividends: a Ordinary dividends	5a
	b Qualified dividends	5b
	6 Royalties	6
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
L O S S	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a
	b Collectibles (28%) gain (loss)	8b
	c Unrecaptured section 1250 gain (attach statement)	8c
	9 Net section 1231 gain (loss) (attach Form 4797)	9
10 Other income (loss) (see instructions) Type	10	

		Shareholders' Pro Rata Share Items (continued)	Total amount	
Deductions	11	Section 179 deduction (attach Form 4562)	11	
	12a	Contributions	12a	
	b	Investment interest expense	12b	
	c	Section 59(e)(2) expenditures (1) Type (2) Amount	12c(2)	
	d	Other deductions (see instructions) Type	12d	
Credits	13a	Low-income housing credit (section 42(j)(5))	13a	
	b	Low-income housing credit (other)	13b	
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d	Other rental real estate credits (see instructions) Type	13d	
	e	Other rental credits (see instructions) Type	13e	
	f	Credit for alcohol used as fuel (attach Form 6478)	13f	
	g	Other credits (see instructions) Type	13g	
Foreign Transactions	14a	Name of country or U.S. possession		
	b	Gross income from all sources	14b	
	c	Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c	
	d	Passive	14d	
	e	Listed categories (attach statement)	14e	
	f	General limitation Deductions allocated and apportioned at shareholder level	14f	
	g	Interest expense	14g	
	h	Other Deductions allocated and apportioned at corporate level to foreign source income	14h	
	i	Passive	14i	
	j	Listed categories (attach statement)	14j	
	k	General limitation Other information	14k	
	l	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
	m	Reduction in taxes available for credit (attach statement)	14m	
	n	Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a	Post-1986 depreciation adjustment	15a	
	b	Adjusted gain or loss	15b	
	c	Depletion (other than oil and gas)	15c	
	d	Oil, gas, and geothermal properties--gross income	15d	
	e	Oil, gas, and geothermal properties--deductions	15e	
	f	Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a	Tax-exempt interest income	16a	
	b	Other tax-exempt income	16b	
	c	Nondeductible expenses	16c	
	d	Property distributions	16d	
	e	Repayment of loans from shareholders	16e	
Other Information	17a	Investment income	17a	
	b	Investment expenses	17b	
	c	Dividend distributions paid from accumulated earnings and profits	17c	
	d	Other items and amounts (attach statement)		
Reconciliation	18	Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	-239,770

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		1,084		858
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)		3,000		3,075 #5
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	1,272,837		1,278,182	
b	Less accumulated depreciation	(39,688)	1,233,149	(116,898)	1,161,284
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		513,269		513,269
13a	Intangible assets (amortizable only)	10,273		12,523	
b	Less accumulated amortization	(855)	9,418	(3,133)	9,390
14	Other assets (attach statement)				437 #6
15	Total assets		1,759,920		1,688,313
Liabilities and Shareholders' Equity					
16	Accounts payable		3,801	1,290,705	
17	Mortgages, notes, bonds payable in less than 1 yr				
18	Other current liabilities (attach statement)				
19	Loans from shareholders		555,875		628,875
20	Mortgages, notes, bonds payable in 1 year or more		509,599		509,599
21	Other liabilities (attach statement)		9,051		108,015 #7
22	Capital stock		500		500
23	Additional paid-in capital		741,816		741,816
24	Retained earnings		-60,722		-300,492
25	Adjustments to shareholders' equity (attach stmt.)				
26	Less cost of treasury stock	()		()	
27	Total liabilities and shareholders' equity		1,759,920		1,688,313

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return					
Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions					
1	Net income (loss) per books	-239,770	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	
4	Add lines 1 through 3	-239,770	8	Income (loss) (Schedule K, line 18). Line 4 less line 7	-239,770

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)			
	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-60,722	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(239,770)	
5	Other reductions	()	
6	Combine lines 1 through 5	-300,492	
7	Distributions other than dividend distributions	0	
8	Balance at end of tax year. Subtract line 7 from line 6	-300,492	

Depreciation and Amortization (Including Information on Listed Property)

2006

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

▶ Attach to your tax return.

Attachment
Sequence No. 67

Name(s) shown on return ORANGE BLOSSOM UTILITIES INC	Business or activity to which this form relates FOR FORM 1120S	Identifying number 20-2434465
--	--	---

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000
6 (a) Description of property (b) Cost (busn. use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29		
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7		
9 Tentative deduction. Enter the smaller of line 5 or line 8		
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562		
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)		
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11		
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12		

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	77,091
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B -- Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		3,038	25 yrs.	HY	S/L	61
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C -- Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20 a Class life		2,307	20	HY	S/L	58
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	77,210
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25	
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles)	(a)	(b)	(c)	(d)	(e)	(f)				
	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4	Vehicle 5	Vehicle 6				
31 Total commuting miles driven during the year										
32 Total other personal (noncommuting) miles driven										
33 Total miles driven during the year. Add lines 30 through 32										
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?										
36 Is another vehicle available for personal use?										

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions):					
WATER ORG COSTS	02-01-2006	1,125	0	0	17
WST ORGANIZATION COS	02-01-2006	1,125	0	0	206
43 Amortization of costs that began before your 2006 tax year				43	2,055
44 Total. Add amounts in column (f). See the instructions for where to report				44	2,278

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method	Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current	
Form 1120S											
COLL SWRS FORCE	08-01-05	150DBHY	20	29,105	0	0	0	29,105	1,091	2,101	
COLL SWRS GRAVITY	08-01-05	150DBHY	20	79,565	0	0	0	79,565	2,984	5,744	
DIST RESERVOIRS	08-01-05	S/L	25	21,390	0	0	0	21,390	428	856	
LAND	08-01-05	Land	0	2,313	2,313	0	0	0	0	0	
LAND	08-01-05	Land	0	510,956	510,956	0	0	0	0	0	
METER & INSTALLATION	08-01-05	S/L	25	4,223	0	0	0	4,223	84	169	
MISC EQUIPMENT	08-01-05	150DBHY	20	228	0	0	0	228	9	16	
MISC EQUIPMENT	08-01-05	S/L	25	129	0	0	0	129	3	5	
ORGANIZATION COSTS	08-01-05	AMORT	5	2,583	0	0	0	2,583	215	517	
ORGANIZATION COSTS	08-01-05	AMORT	5	3,786	0	0	0	3,786	315	757	
PERMITS	08-01-05	AMORT	5	3,904	0	0	0	3,904	325	781	
POWER GEN EQUIP	08-01-05	S/L	25	76,643	0	0	0	76,643	1,533	3,066	
POWER GEN EQUIPMENT	08-01-05	150DBHY	20	59,825	0	0	0	59,825	2,243	4,319	
PUMPING EQUIP	08-01-05	S/L	25	105,589	0	0	0	105,589	2,112	4,224	
STRUCTURE & IMPROVEM	08-01-05	S/L	25	92,858	0	0	0	92,858	1,857	3,714	
STRUCTURES & IMP	08-01-05	150DBHY	20	134,194	0	0	0	134,194	5,032	9,687	
SUPPLY MAINS	08-01-05	S/L	25	21,579	0	0	0	21,579	432	863	
TRANS & DIST MAINS	08-01-05	S/L	25	79,752	0	0	0	79,752	1,595	3,190	
TRMNT & DIS EQUIPMNT	08-01-05	150DBHY	20	510,292	0	0	0	510,292	19,136	36,838	
WATER ORG COSTS	02-01-06	AMORT	60	1,125	0	0	0	1,125	0	17	
WATER STRUCT	02-01-06	S/L	25	3,038	0	0	0	3,038	0	61	
WATER TREATMNT EQUIP	08-01-05	S/L	25	5,298	0	0	0	5,298	106	212	
WELLS & SPRINGS	08-01-05	S/L	25	52,167	0	0	0	52,167	1,043	2,087	
WST ORGANIZATION COS	02-01-06	AMORT	5	1,125	0	0	0	1,125	0	206	
WST TRMT & DISP	02-01-06	S/L	20	2,307	0	0	0	2,307	0	58	
25 Assets				Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488

- 2278 Amort
77,210 Dep

- * Asset disposed this year
- C Carryover basis in like-kind exchange transaction
- B Excess basis in like-kind exchange transaction



Part II

2006 Federal Depreciation Schedule

ORANGE BLOSSOM UTILITIES INC
20-2434465

03-15-2007

Description	Date	Method Year	Cost	Land/ Other	§179	Spec Allow	Basis	Prior	Current
25 Assets		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Balance Sheet Reconciliation									
		Grand Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
		Less Future Purchases:	0	0	0	0	0	0	0
		Less Current Year Disposals:	0	0	0	0	0	0	0
		End of Year Totals:	1,803,974	513,269	0	0	1,290,705	40,543	79,488
Buildings and Other Depreciable Assets:			1,278,182					Prior Depreciation:	39,688
								Current Depreciation:	77,210
								179:	0
								Special Depreciation Allowance:	0
								Ending Accumulated Depreciation (Per Balance Sheet):	116,898
		Land:	513,269					Prior Amortization:	855
		Intangible Assets (Amortizable Only):	12,523					Current Amortization:	2,278
								179:	0
								Special Depreciation Allowance:	0
								Ending Accumulated Amortization (Per Balance Sheet):	3,133

* Asset disposed this year
 -C Carryover basis in like-kind exchange transaction
 -B Excess basis in like-kind exchange transaction