



3015 (02-09-04)

ANNUAL REPORT

OF

Name: LAONA SANITARY DISTRICT #1

Principal Office: P.O. BOX 303
LAONA, WI 54541-0303

For the Year Ended: DECEMBER 31, 1998

**WATER, ELECTRIC, OR JOINT UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN**P.O. Box 7854
Madison, WI 53707-7854
(608) 266-3766

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

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IDENTIFICATION AND OWNERSHIP

Exact Utility Name: LAONA SANITARY DISTRICT #1

Utility Address: P.O. BOX 303
LAONA, WI 54541-0303

When was utility organized? 1/31/1967

Report any change in name:

Effective Date:

Utility Web Site:

Utility employee in charge of correspondence concerning this report:

Name: MR TED BANIE

Title: PRESIDENT

Office Address:

P.O. BOX 303
LAONA, WI 54541-0303

Telephone: (715) 674 - 7005

Fax Number: (715) 674 - 7005

E-mail Address:

Individual or firm, if other than utility employee, preparing this report:

Name: KENNETH F. CLOUTIER

Title: CPA

Office Address: WIPFLI ULLRICH BERTELSON LLP

P.O. BOX 116
RHINELANDER, WI 54501

Telephone: (715) 369 - 1040

Fax Number: (715) 369 - 5407

E-mail Address:

Are records of utility audited by individuals or firms, other than utility employee? NO

Individual or firm, if other than utility employee, auditing utility records:

Name: NONE

Title:

Office Address:

Telephone:

Fax Number:

E-mail Address:

Date of most recent audit report: 12/31/1989

Period covered by most recent audit: 12/31/89

IDENTIFICATION AND OWNERSHIP

Names and titles of utility management including manager or superintendent:

Name: NONE

Title:

Office Address:

Telephone:

Fax Number:

E-mail Address:

Name of utility commission/committee:

Names of members of utility commission/committee:

MR TED BANIE, PRESIDENT

MR DON KIRCHER, SECRETARY

MR LESTER LUDEMAN

Is sewer service rendered by the utility? YES

If "yes," has the municipality, by ordinance, combined the water and sewer service into a single public utility, as provided by Wis. Stat. § 66.077 of the Wisconsin Statutes? NO

Date of Ordinance:

Are any of the utility administrative or operational functions under contract or agreement with an outside provider for the year covered by this annual report and/or current year (i.e., operation of water or sewer treatment plant)? NO

Provide the following information regarding the provider(s) of contract services:

Firm Name:

Contact Person:

Title:

Telephone:

Fax Number:

E-mail Address:

Contract/Agreement beginning-ending dates:

Provide a brief description of the nature of Contract Operations being provided:

INCOME STATEMENT

Particulars (a)	This Year (b)	Last Year (c)	
UTILITY OPERATING INCOME			
Operating Revenues (400)	92,917	93,422	1
Operating Expenses:			
Operation and Maintenance Expense (401)	51,650	87,590	2
Depreciation Expense (403)	17,419	17,251	3
Amortization Expense (404)	0	0	4
Taxes (408)	1,743	1,770	5
Total Operating Expenses	70,812	106,611	
Net Operating Income	22,105	(13,189)	
Income from Utility Plant Leased to Others (412-413)	0	0	6
Utility Operating Income	22,105	(13,189)	
OTHER INCOME			
Income from Merchandising, Jobbing and Contract Work (415-416)	0	0	7
Nonoperating Rental Income (418)	0	0	8
Interest and Dividend Income (419)	1,503	5,186	9
Miscellaneous Nonoperating Income (421)	7,785	(11,932)	10
Total Other Income	9,288	(6,746)	
Total Income	31,393	(19,935)	
MISCELLANEOUS INCOME DEDUCTIONS			
Miscellaneous Amortization (425)	0	0	11
Other Income Deductions (426)	0	0	12
Total Miscellaneous Income Deductions	0	0	
Income Before Interest Charges	31,393	(19,935)	
INTEREST CHARGES			
Interest on Long-Term Debt (427)	28,035	31,239	13
Amortization of Debt Discount and Expense (428)	0	667	14
Amortization of Premium on Debt--Cr. (429)	0		15
Interest on Debt to Municipality (430)	0	0	16
Other Interest Expense (431)	0	0	17
Interest Charged to Construction--Cr. (432)	0		18
Total Interest Charges	28,035	31,906	
Net Income	3,358	(51,841)	
EARNED SURPLUS			
Unappropriated Earned Surplus (Beginning of Year) (216)	31,858	83,699	19
Balance Transferred from Income (433)	3,358	(51,841)	20
Miscellaneous Credits to Surplus (434)	0	0	21
Miscellaneous Debits to Surplus--Debit (435)	0	0	22
Appropriations of Surplus--Debit (436)	0	0	23
Appropriations of Income to Municipal Funds--Debit (439)	0	0	24
Total Unappropriated Earned Surplus End of Year (216)	35,216	31,858	

INCOME STATEMENT ACCOUNT DETAILS

1. Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.
 2. Nonregulated sewer income should be reported as Miscellaneous Nonoperating Income, Account 421.

Description of Item (a)	Amount (b)	
Revenues from Utility Plant Leased to Others (412):		
NONE		1
Total (Acct. 412):	0	
Expenses of Utility Plant Leased to Others (413):		
NONE		2
Total (Acct. 413):	0	
Nonoperating Rental Income (418):		
NONE		3
Total (Acct. 418):	0	
Interest and Dividend Income (419):		
Interest Income	1,503	4
Total (Acct. 419):	1,503	
Miscellaneous Nonoperating Income (421):		
NONREGULATED SEWER DEPT INCOME	7,785	5
Total (Acct. 421):	7,785	
Miscellaneous Amortization (425):		
NONE		6
Total (Acct. 425):	0	
Other Income Deductions (426):		
NONE		7
Total (Acct. 426):	0	
Miscellaneous Credits to Surplus (434):		
NONE		8
Total (Acct. 434):	0	
Miscellaneous Debits to Surplus (435):		
NONE		9
Total (Acct. 435)--Debit:	0	
Appropriations of Surplus (436):		
Detail appropriations to (from) account 215		10
Total (Acct. 436)--Debit:	0	
Appropriations of Income to Municipal Funds (439):		
NONE		11
Total (Acct. 439)--Debit:	0	

INCOME FROM MERCHANDISING, JOBBING & CONTRACT WORK (ACCTS. 415-416)

Particulars (a)	Water (b)	Electric (c)	Sewer (d)	Gas (e)	Total (f)	
Revenues (account 415)					0	1
Costs and Expenses of Merchandising, Jobbing and Contract Work (416):						
Cost of merchandise sold					0	2
Payroll					0	3
Materials					0	4
Taxes					0	5
Other (list by major classes):						
NONE					0	6
Total costs and expenses	0	0	0	0	0	
Net income (or loss)	0	0	0	0	0	

REVENUES SUBJECT TO WISCONSIN REMAINDER ASSESSMENT

1. Report data necessary to calculate revenue subject to Wisconsin remainder assessment pursuant to Wis. Stat. § 196.85(2) and Wis. Admin. Code Ch. PSC 5.
2. If the sewer department is not regulated by the PSC, do not report sewer department data in column (d).

Description (a)	Water Utility (b)	Electric Utility (c)	Sewer Utility (Regulated Only) (d)	Gas Utility (e)	Total (f)	
Total operating revenues	92,917	0	0	0	92,917	1
Less: interdepartmental sales	0		0	0	0	2
Less: interdepartmental rents					0	3
Less: return on net investment in meters charged to regulated sewer department. (Do not report if nonregulated sewer.)	0				0	4
Less: uncollectibles directly expensed as reported in water acct. 904 (690 class D), sewer acct. 843, and electric acct. 904 (590 class D) -or- Net write-offs when Accumulated Provision for Uncollectible Accounts (acct. 144) is maintained					0	5
Other Increases or (Decreases) to Operating Revenues - Specify:						
NONE					0	6
Revenues subject to Wisconsin Remainder Assessment	92,917	0	0	0	92,917	

BALANCE SHEET

Assets and Other Debits (a)	Balance End of Year (b)	Balance First of Year (c)	
UTILITY PLANT			
Utility Plant (100)	750,033	748,245	1
Less: Accumulated Provision for Depreciation and Amortization of Utility Plant (110)	299,774	282,401	2
Net Utility Plant	450,259	465,844	
OTHER PROPERTY AND INVESTMENTS			
Nonutility Property (121)	1,351,342	1,333,721	3
Less: Accumulated Provision for Depreciation and Amortization of Nonutility Property (122)	417,511	383,591	4
Net Nonutility Property	933,831	950,130	
Investment in Municipality (123)	0	0	5
Other Investments (124)	0	0	6
Special Funds (125)	39,408	33,388	7
Total Other Property and Investments	973,239	983,518	
CURRENT AND ACCRUED ASSETS			
Cash and Working Funds (131)	12,862	8,070	8
Temporary Cash Investments (132)	0		9
Notes Receivable (141)	0	0	10
Customer Accounts Receivable (142)	12,262	11,818	11
Other Accounts Receivable (143)	20,512	19,382	12
Accumulated Provision for Uncollectible Accounts- -Cr. (144)	0	0	13
Receivables from Municipality (145)	29,860	36,740	14
Materials and Supplies (150)	12,655	12,320	15
Prepayments (165)	633	626	16
Other Current and Accrued Assets (170)	236	87	17
Total Current and Accrued Assets	89,020	89,043	
DEFERRED DEBITS			
Unamortized Debt Discount and Expense (181)	0	0	18
Extraordinary Property Losses (182)	0	0	19
Other Deferred Debits (183)	0	0	20
Total Deferred Debits	0	0	
Total Assets and Other Debits	1,512,518	1,538,405	

BALANCE SHEET

Liabilities and Other Credits (a)	Balance End of Year (b)	Balance First of Year (c)	
PROPRIETARY CAPITAL			
Capital Paid in by Municipality (200)	0	0	21
Appropriated Earned Surplus (215)	0		22
Unappropriated Earned Surplus (216)	35,216	31,858	23
Total Proprietary Capital	35,216	31,858	
LONG-TERM DEBT			
Bonds (221)	0		24
Advances from Municipality (223)	0	0	25
Other long-Term Debt (224)	657,035	687,842	26
Total Long-Term Debt	657,035	687,842	
CURRENT AND ACCRUED LIABILITIES			
Notes Payable (231)	0	0	27
Accounts Payable (232)	2,823	4,735	28
Payables to Municipality (233)	0	0	29
Customer Deposits (235)	0		30
Taxes Accrued (236)	0	0	31
Interest Accrued (237)	4,809	5,130	32
Other Current and Accrued Liabilities (238)	4,485	4,275	33
Total Current and Accrued Liabilities	12,117	14,140	
DEFERRED CREDITS			
Unamortized Premium on Debt (251)	0	0	34
Customer Advances for Construction (252)	0		35
Other Deferred Credits (253)	0	0	36
Total Deferred Credits	0	0	
OPERATING RESERVES			
Miscellaneous Operating Reserves (265)	0		37
Total Operating Reserves	0	0	
CONTRIBUTIONS IN AID OF CONSTRUCTION			
Contributions in Aid of Construction (271)	808,150	804,565	38
Total Liabilities and Other Credits	1,512,518	1,538,405	

NET UTILITY PLANT

Report utility plant accounts and related accumulated provisions for depreciation and amortization after allocation of common plant accounts and related provisions for depreciation and amortization to utility departments as of December 31.

Particulars (a)	Water (b)	Sewer (c)	Gas (d)	Electric (e)	
Plant Accounts:					
Utility Plant in Service (100)	750,033	0	0	0	1
Utility Plant Purchased or Sold (391)					2
Utility Plant in Process of Reclassification (392)					3
Utility Plant Leased to Others (393)					4
Property Held for Future Use (394)					5
Construction Work in Progress (395)					6
Utility Plant Acquisition Adjustments (396)					7
Other Utility Plant Adjustments (397)					8
Total Utility Plant	750,033	0	0	0	
Accumulated Provision for Depreciation and Amortization:					
Accumulated Provision for Depreciation of Utility Plant in Service (110)	299,774	0	0	0	9
Total Accumulated Provision	299,774	0	0	0	
Net Utility Plant	450,259	0	0	0	

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

Depreciation Accruals (Credits) during the year:

1. Report the amounts charged in the operating sections to Depreciation Expense (403).
2. If sewer operations are nonregulated, do not report sewer depreciation on this schedule.
3. Report the Depreciation Expense on Meters charged to sewer operations as an addition in the Water column.
If the sewer is also a regulated utility by the PSC, report an equal amount as a reduction in the Sewer column.
4. Report all other accruals charged to other accounts, such as to clearing accounts.

Particulars (a)	Water (b)	(c)	(d)	(e)	Total (f)	
Balance first of year	282,401				282,401	1
Credits During Year						2
Accruals:						3
Charged depreciation expense (403)	17,419				17,419	4
Depreciation expense on meters						5
charged to sewer (see Note 3)	700				700	6
Accruals charged other						7
accounts (specify):						8
					0	9
Salvage					0	10
Other credits (specify):						11
					0	12
Total credits	18,119	0	0	0	18,119	13
Debits during year						14
Book cost of plant retired	746				746	15
Cost of removal					0	16
Other debits (specify):						17
					0	18
Total debits	746	0	0	0	746	19
Balance End of Year	299,774	0	0	0	299,774	20
Composite Depreciation Rate?	No					21
If yes, what is the rate?						22

NET NONUTILITY PROPERTY (ACCTS. 121 & 122)

1. Report separately each item of property with a book cost of \$5,000 or more included in account 121.
2. Other items may be grouped by classes of property.
3. Describe in detail any investment in sewer department carried in this account.

Description (a)	Balance First of Year (b)	Additions During Year (c)	Deductions During Year (d)	Balance End of Year (e)	
Nonregulated sewer plant	1,333,721	22,526	4,905	1,351,342	1
Other (specify):					
NONE	0			0	2
Total Nonutility Property (121)	1,333,721	22,526	4,905	1,351,342	
Less accum. prov. depr. & amort. (122)	383,591	38,825	4,905	417,511	3
Net Nonutility Property	950,130	(16,299)	0	933,831	

ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS-CR. (ACCT. 144)

Particulars (a)	Amount (b)
Balance first of year	0 1
Additions:	
Provision for uncollectibles during year	2
Collection of accounts previously written off: Utility Customers	3
Collection of accounts previously written off: Others	4
Total Additions	<u>0</u>
Deductions:	
Accounts written off during the year: Utility Customers	5
Accounts written off during the year: Others	6
Total accounts written off	<u>0</u>
Balance end of year	<u><u>0</u></u>

MATERIALS AND SUPPLIES

Account (a)	Generation (b)	Transmission (c)	Distribution (d)	Other (e)	Total End of Year (f)	Amount Prior Year (g)
Electric Utility						
Fuel for generation					0	0
Other					0	0
Total Electric Utility					0	0

Account	Total End of Year	Amount Prior Year
Electric utility total	0	0
Water utility	6,644	7,530
Sewer utility	6,011	4,790
Gas utility		0
Merchandise		0
Other materials & supplies		0
Total Materials and Supplies	12,655	12,320

**UNAMORTIZED DEBT DISCOUNT & EXPENSE & PREMIUM ON DEBT
(ACCTS. 181 AND 251)**

Report net discount and expense or premium separately for each security issue.

Debt Issue to Which Related (a)	Written Off During Year		Balance End of Year (d)	
	Amount (b)	Account Charged or Credited (c)		
Unamortized debt discount & expense (181)				
NONE	0	0	0	1
Total			<u>0</u>	
Unamortized premium on debt (251)				
NONE	0	0	0	2
Total			<u>0</u>	

CAPITAL PAID IN BY MUNICIPALITY (ACCT. 200)

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D, sewer and privates) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Amount (b)
Balance first of year	0 1
Changes during year (explain):	
NONE	2
Balance end of year	<u><u>0</u></u>

BONDS (ACCT. 221)

1. Report hereunder information required for each separate issue of bonds.
2. If there is more than one interest rate for an aggregate obligation issue, average the interest rates and report one rate.
3. Proceeds advanced by the municipality from sale of general obligation bonds, if repayable by utility, should be included in account 223.

Description of Issue (a)	Date of Issue (b)	Final Maturity Date (c)	Interest Rate (d)	Principal Amount End of Year (e)
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NONE

NOTES PAYABLE & MISCELLANEOUS LONG-TERM DEBT

1. Report each class of debt included in Accounts 223, 224 and 231.
2. Proceeds of general obligation issues, if subject to repayment by the utility, should be included in Account 223.
3. If there is more than one interest rate for an aggregate obligation issue, average the interest rates and report one rate.

Account and Description of Obligation (a and b)	Date of Issue (c)	Final Maturity Date (d)	Interest Rate (e)	Principal Amount End of Year (f)	
Other Long-Term Debt (224)					
STATE OF WISCONSIN	10/01/1991	05/01/2011	3.98%	562,763	1
LAONA STATE BANK	10/09/1991	10/09/2006	6.50%	94,272	2
Total for Account 224				657,035	

TAXES ACCRUED (ACCT. 236)

Particulars (a)	Amount (b)	
Balance first of year	0	1
Accruals:		
Charged water department expense	1,743	2
Charged electric department expense		3
Charged sewer department expense	1,542	4
Other (explain):		
NONE		5
Total Accruals and other credits	<u>3,285</u>	
Taxes paid during year:		
County, state and local taxes		6
Social Security taxes	3,085	7
PSC Remainder Assessment	200	8
Other (explain):		
NONE		9
Total payments and other debits	<u>3,285</u>	
Balance end of year	<u><u>0</u></u>	

INTEREST ACCRUED (ACCT. 237)

1. Report below interest accrued on each utility obligation.
 2. Report Customer Deposits under Account 231.

Description of Issue (a)	Interest Accrued Balance First of Year (b)	Interest Accrued During Year (c)	Interest Paid During Year (d)	Interest Accrued Balance End of Year (e)	
Bonds (221)					
WATER & SEWER MORTGAGE REVENUE BONDS	0			0	1
Subtotal	0	0	0	0	
Advances from Municipality (223)					
NONE	0			0	2
Subtotal	0	0	0	0	
Other long-Term Debt (224)					
LAONA STATE BANK	1,361	6,260	6,372	1,249	3
STATE OF WISCONSIN	3,769	21,775	21,984	3,560	4
Subtotal	5,130	28,035	28,356	4,809	
Notes Payable (231)					
NONE	0			0	5
Subtotal	0	0	0	0	
Total	5,130	28,035	28,356	4,809	

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271)

Particulars (a)	Water (b)	Electric		Sewer (e)	Gas (f)	Total (g)	
		Distribution (c)	Other (d)				
Balance First of Year	334,913	0	0	469,652	0	804,565	1
Add credits during year:							
For Services	1,769			1,816		3,585	2
For Mains						0	3
Other (specify):							
NONE						0	4
Deduct charges (specify):							
NONE						0	5
Balance End of Year	336,682	0	0	471,468	0	808,150	
Amount of federal and state grants in aid received for utility construction included in End of Year totals						0	6

BALANCE SHEET END-OF-YEAR ACCOUNT BALANCES

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Balance End of Year (b)	
Investment in Municipality (123):		
NONE		1
Total (Acct. 123):	0	
Other Investments (124):		
NONE		2
Total (Acct. 124):	0	
Special Funds (125):		
SPECIAL BOND RETIREMENT FUND: CERTIFICATES OF DEPOSIT	39,408	3
Total (Acct. 125):	39,408	
Notes Receivable (141):		
NONE	0	4
Total (Acct. 141):	0	
Customer Accounts Receivable (142):		
Water	12,262	5
Electric		6
Sewer (Regulated)		7
Other (specify):		
NONE		8
Total (Acct. 142):	12,262	
Other Accounts Receivable (143):		
Sewer (Non-regulated)	20,512	9
Merchandising, jobbing and contract work		10
Other (specify):		
NONE		11
Total (Acct. 143):	20,512	
Receivables from Municipality (145):		
TOWN OF LAONA	29,860	12
Total (Acct. 145):	29,860	
Prepayments (165):		
PREPAID INSURANCE	633	13
Total (Acct. 165):	633	
Extraordinary Property Losses (182):		
NONE		14
Total (Acct. 182):	0	
Other Deferred Debits (183):		
NONE		15
Total (Acct. 183):	0	

BALANCE SHEET END-OF-YEAR ACCOUNT BALANCES

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Balance End of Year (b)
<hr/>	
Payables to Municipality (233):	
NONE	16
Total (Acct. 233):	0
<hr/>	
Other Deferred Credits (253):	
NONE	17
Total (Acct. 253):	0

RETURN ON RATE BASE COMPUTATION

1. The data used in calculating rate base are averages.
2. Calculate those averages by summing the first-of-year and the end-of-year figures for each account and then dividing the sum by two.
3. Note: Do not include property held for future use or construction work in progress with utility plant in service. These are not rate base components.

Average Rate Base (a)	Water (b)	Electric (c)	Sewer (d)	Gas (e)	Total (f)	
Add Average:						
Utility Plant in Service	749,139	0	0	0	749,139	1
Materials and Supplies	7,087	0	0	0	7,087	2
Other (specify):					0	3
Less Average:						
Reserve for Depreciation	291,087	0	0	0	291,087	4
Customer Advances for Construction					0	5
Contributions in Aid of Construction	335,797	0	0	0	335,797	6
Other (specify):					0	7
Average Net Rate Base	129,342	0	0	0	129,342	
Net Operating Income	22,105	0	0	0	22,105	8
Net Operating Income as a percent of Average Net Rate Base	17.09%	N/A	N/A	N/A	17.09%	

RETURN ON PROPRIETARY CAPITAL COMPUTATION

1. The data used in calculating proprietary capital are averages.
2. Calculate those averages by summing the first-of-year and end-of-year figures for each account and then dividing by two.

Description (a)	Amount (b)	
Average Proprietary Capital		
Capital Paid in by Municipality	0	1
Appropriated Earned Surplus	0	2
Unappropriated Earned Surplus	33,537	3
Other (Specify):		
NONE		4
Total Average Proprietary Capital	33,537	
Net Income		
Net Income	3,358	5
 Percent Return on Proprietary Capital	 10.01%	

IMPORTANT CHANGES DURING THE YEAR

Report changes of any of the following types:

1. Acquisitions.

2. Leaseholder changes.

3. Extensions of service.

4. Estimated changes in revenues due to rate changes.

5. Obligations incurred or assumed, excluding commercial paper.

6. Formal proceedings with the Public Service Commission.

7. Any additional matters.

FINANCIAL SECTION FOOTNOTES

Identification and Ownership (Page iv)**ACCOUNTANT'S COMPILATION REPORT**

Board of Commissioners
Laona Sanitary District
Laona, Wisconsin

We have compiled the balance sheets of Laona Sanitary District as of December 31, 1998 and 1997, and the related income and earned surplus statements for the years then ended included in the accompanying Municipal Utility Annual Report in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the Municipal Utility Annual Report.

Our compilation was limited to presenting in the form prescribed by the Public Service Commission of Wisconsin information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements and the supplementary information are presented in accordance with the requirements of the Public Service Commission of Wisconsin, which differ from generally accepted accounting principles. Accordingly, these financial statements and supplementary information are not designed for those who are not informed about such differences.

Wipfli Ullrich Bertelson, LLP

March 25, 1999
Rhineland, Wisconsin

May 18, 1999

Mr. Ted Banie, President
Laona Sanitary District No 1
P.O. Box 303
Laona, WI 54541-0303

1998 Analytical Review DWCCA-3060-ELE

Dear Mr. Banie:

The Public Service Commission has completed their analytical review of your 1998 annual report. The primary purpose of our analytical review is to detect possible accounting related errors and to identify significant

FINANCIAL SECTION FOOTNOTES

fluctuations from prior year's data, which are not sufficiently explained in the footnotes of your annual report. Our review did not identify any such issues. We are closing the review of your 1998 annual report.

Thank you for your efforts in preparing your 1998 annual report. If you have any questions, please feel free to contact me at (608) 266-3768.

Sincerely,

Elaine Engelke
Financial Specialist
Division of Water, Compliance, and Consumer Affairs

ELE:tlk:w:\compl\leege\no prob CEM.doc

WATER OPERATING REVENUES & EXPENSES

Particulars (a)	Amounts (b)	
Operating Revenues		
Sales of Water		
Sales of Water (460-467)	88,683	1
Total Sales of Water	88,683	
Other Operating Revenues		
Forfeited Discounts (470)	243	2
Other Water Revenues (474)	3,991	3
Amortization of Construction Grants (475)	0	4
Total Other Operating Revenues	4,234	
Total Operating Revenues	92,917	
Operation and Maintenance Expenses		
Plant Operation and Maintenance Expenses (600-660)	27,499	5
General Operating Expenses (680-690)	24,151	6
Total Operation and Maintenance Expenses	51,650	
Other Operating Expenses		
Depreciation Expense (403)	17,419	7
Amortization Expense (404)	0	8
Taxes (408)	1,743	9
Total Other Operating Expenses	19,162	
Total Operating Expenses	70,812	
NET OPERATING INCOME	22,105	

WATER OPERATING REVENUES - SALES OF WATER

1. Where customer meters record cubic feet, multiply by 7.48 to obtain number of gallons.
2. Report estimated gallons for unmetered sales.
3. Sales to multiple dwelling buildings through a single meter serving 3 or more family units should be classified commercial.
4. Bulk sales should be account 460.

Particulars (a)	Average No. Customers (b)	Thousands of Gallons of Water Sold (c)	Amounts (d)	
Operating Revenues				
Sales of Water				
Unmetered Sales to General Customers (460)				
Residential				1
Commercial				2
Industrial				3
Total Unmetered Sales to General Customers (460)	0	0	0	
Metered Sales to General Customers (461)				
Residential	370	13,083	42,568	4
Commercial	51	5,074	11,847	5
Industrial	7	1,479	2,493	6
Total Metered Sales to General Customers (461)	428	19,636	56,908	
Private Fire Protection Service (462)				7
Public Fire Protection Service (463)	96		28,338	8
Other Sales to Public Authorities (464)	12	1,248	3,437	9
Sales to Irrigation Customers (465)				10
Sales for Resale (466)		0	0	11
Interdepartmental Sales (467)				12
Total Sales of Water	536	20,884	88,683	

SALES FOR RESALE (ACCT. 466)

Use a separate line for each delivery point.

Customer Name (a)	Point of Delivery (b)	Thousands of Gallons Sold (c)	Revenues (d)
------------------------------	----------------------------------	--	-------------------------

NONE

OTHER OPERATING REVENUES (WATER)

1. Report revenues relating to each account and fully describe each item using other than the account title.
2. Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D and privates) and all other lesser amounts grouped as Miscellaneous.
3. For a combined utility which also provides sewer service that is based upon water readings, report the return on net investment in meters charged to sewer department in Other Water Revenues (474).

Particulars (a)	Amount (b)	
Public Fire Protection Service (463):		
Amount billed (usually per rate schedule F-1)	28,338	1
Wholesale fire protection billed		2
Amount billed for fighting fires outside utility's service areas (usually per rate schedule F-2 or BW-1)		3
Other (specify):		
NONE		4
Total Public Fire Protection Service (463)	28,338	
Forfeited Discounts (470):		
Customer late payment charges	243	5
Other (specify):		
NONE		6
Total Forfeited Discounts (470)	243	
Other Water Revenues (474):		
Return on net investment in meters charged to sewer department	1,160	7
Other (specify):		
STANDBY CHARGES	2,194	8
HYDRANT RENTS	604	9
MISCELLANEOUS REVENUE	33	10
Total Other Water Revenues (474)	3,991	
Amortization of Construction Grants (475):		
NONE		11
Total Amortization of Construction Grants (475)	0	

WATER OPERATION & MAINTENANCE EXPENSES

Each expense account that has an increase or a decrease when compared to the previous year of greater than 30 percent, but not less than \$2,000, shall be fully explained in the schedule footnotes.

Particulars (a)	Amount (b)	
PLANT OPERATION AND MAINTENANCE EXPENSES		
Salaries and Wages (600)	2,594	1
Purchased Water (610)		2
Fuel or Power Purchased for Pumping (620)	3,207	3
Chemicals (630)	4,573	4
Supplies and Expenses (640)	5,252	5
Repairs of Water Plant (650)	10,280	6
Transportation Expenses (660)	1,593	7
Total Plant Operation and Maintenance Expenses	27,499	
 GENERAL OPERATING EXPENSES		
Administrative and General Salaries (680)	16,328	8
Office Supplies and Expenses (681)	2,066	9
Outside Services Employed (682)	1,740	10
Insurance Expense (684)	3,239	11
Employees Pensions and Benefits (686)		12
Regulatory Commission Expenses (688)		13
Miscellaneous General Expenses (689)	778	14
Uncollectible Accounts (690)		15
Total General Operating Expenses	24,151	
 Total Operation and Maintenance Expenses	 51,650	

TAXES (ACCT. 408 - WATER)

When allocation of taxes is made between departments, explain method used.
--

Description of Tax (a)	Method Used to Allocate Between Departments (b)	Amount (c)	
Property Tax Equivalent			1
Less: Local and School Tax Equivalent on Meters Charged to Sewer Department			2
Net property tax equivalent		0	
Social Security		1,543	3
PSC Remainder Assessment		200	4
Other (specify): NONE			5
Total tax expense		1,743	

WATER UTILITY PLANT IN SERVICE

1. All adjustments, corrections and reclassifications should be reported in Column (f), Adjustments.
2. Explain fully as a schedule footnote the nature of all entries reported in Column (f), Adjustments.
3. Explain as a schedule footnote the dollar additions and retirements reported in Columns (c) and (e) for each account over \$10,000 not supported by statistical schedules.
4. Use only the account titles listed. If the utility has subaccounts other than account 372.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)	
INTANGIBLE PLANT			
Organization (301)	2,000		1
Franchises and Consents (302)	0		2
Miscellaneous Intangible Plant (303)	0		3
Total Intangible Plant	2,000	0	
SOURCE OF SUPPLY PLANT			
Land and Land Rights (310)	0		4
Structures and Improvements (311)	0		5
Collecting and Impounding Reservoirs (312)	0		6
Lake, River and Other Intakes (313)	0		7
Wells and Springs (314)	10,565		8
Infiltration Galleries and Tunnels (315)	0		9
Supply Mains (316)	0		10
Other Water Source Plant (317)	0		11
Total Source of Supply Plant	10,565	0	
PUMPING PLANT			
Land and Land Rights (320)	10,015		12
Structures and Improvements (321)	29,107		13
Boiler Plant Equipment (322)	0		14
Other Power Production Equipment (323)	0		15
Steam Pumping Equipment (324)	0		16
Electric Pumping Equipment (325)	10,494		17
Diesel Pumping Equipment (326)	0		18
Hydraulic Pumping Equipment (327)	0		19
Other Pumping Equipment (328)	1,770		20
Total Pumping Plant	51,386	0	
WATER TREATMENT PLANT			
Land and Land Rights (330)	0		21
Structures and Improvements (331)	0		22
Water Treatment Equipment (332)	114,927		23
Total Water Treatment Plant	114,927	0	
TRANSMISSION AND DISTRIBUTION PLANT			
Land and Land Rights (340)	0		24
Structures and Improvements (341)	0		25

WATER UTILITY PLANT IN SERVICE (cont.)

Accounts (d)	Retirements During Year (e)	Adjustments Increase or (Decrease) (f)	Balance End of Year (g)	
INTANGIBLE PLANT				
Organization (301)			2,000	1
Franchises and Consents (302)			0	2
Miscellaneous Intangible Plant (303)			0	3
Total Intangible Plant	0	0	2,000	
SOURCE OF SUPPLY PLANT				
Land and Land Rights (310)			0	4
Structures and Improvements (311)			0	5
Collecting and Impounding Reservoirs (312)			0	6
Lake, River and Other Intakes (313)			0	7
Wells and Springs (314)			10,565	8
Infiltration Galleries and Tunnels (315)			0	9
Supply Mains (316)			0	10
Other Water Source Plant (317)			0	11
Total Source of Supply Plant	0	0	10,565	
PUMPING PLANT				
Land and Land Rights (320)			10,015	12
Structures and Improvements (321)			29,107	13
Boiler Plant Equipment (322)			0	14
Other Power Production Equipment (323)			0	15
Steam Pumping Equipment (324)			0	16
Electric Pumping Equipment (325)			10,494	17
Diesel Pumping Equipment (326)			0	18
Hydraulic Pumping Equipment (327)			0	19
Other Pumping Equipment (328)			1,770	20
Total Pumping Plant	0	0	51,386	
WATER TREATMENT PLANT				
Land and Land Rights (330)			0	21
Structures and Improvements (331)			0	22
Water Treatment Equipment (332)			114,927	23
Total Water Treatment Plant	0	0	114,927	
TRANSMISSION AND DISTRIBUTION PLANT				
Land and Land Rights (340)			0	24
Structures and Improvements (341)			0	25

WATER UTILITY PLANT IN SERVICE

1. All adjustments, corrections and reclassifications should be reported in Column (f), Adjustments.
2. Explain fully as a schedule footnote the nature of all entries reported in Column (f), Adjustments.
3. Explain as a schedule footnote the dollar additions and retirements reported in Columns (c) and (e) for each account over \$10,000 not supported by statistical schedules.
4. Use only the account titles listed. If the utility has subaccounts other than account 372.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)	
TRANSMISSION AND DISTRIBUTION PLANT			
Distribution Reservoirs and Standpipes (342)	83,494		26
Transmission and Distribution Mains (343)	261,059		27
Fire Mains (344)	0		28
Services (345)	101,482	1,630	29
Meters (346)	33,122	904	30
Hydrants (348)	30,753		31
Other Transmission and Distribution Plant (349)	0		32
Total Transmission and Distribution Plant	509,910	2,534	
GENERAL PLANT			
Land and Land Rights (370)	0		33
Structures and Improvements (371)	58,254		34
Office Furniture and Equipment (372)	581		35
Computer Equipment (372.1)	0		36
Transportation Equipment (373)	0		37
Other General Equipment (379)	622		38
Other Tangible Property (390)	0		39
Total General Plant	59,457	0	
Total utility plant in service directly assignable	748,245	2,534	
Common Utility Plant Allocated to Water Department	0		40
Total utility plant in service	748,245	2,534	

WATER UTILITY PLANT IN SERVICE (cont.)

Accounts (d)	Retirements During Year (e)	Adjustments Increase or (Decrease) (f)	Balance End of Year (g)
TRANSMISSION AND DISTRIBUTION PLANT			
Distribution Reservoirs and Standpipes (342)			83,494 26
Transmission and Distribution Mains (343)			261,059 27
Fire Mains (344)			0 28
Services (345)	447		102,665 29
Meters (346)	299		33,727 30
Hydrants (348)			30,753 31
Other Transmission and Distribution Plant (349)			0 32
Total Transmission and Distribution Plant	746	0	511,698
GENERAL PLANT			
Land and Land Rights (370)			0 33
Structures and Improvements (371)			58,254 34
Office Furniture and Equipment (372)			581 35
Computer Equipment (372.1)			0 36
Transportation Equipment (373)			0 37
Other General Equipment (379)			622 38
Other Tangible Property (390)			0 39
Total General Plant	0	0	59,457
Total utility plant in service directly assignable	746	0	750,033
Common Utility Plant Allocated to Water Department			0 40
Total utility plant in service	746	0	750,033

SOURCE OF SUPPLY, PUMPING AND PURCHASED WATER STATISTICS

Month (a)	Sources of Water Supply			Total Gallons All Methods (000's) (e)	
	Purchased Water Gallons (000's) (b)	Surface Water Gallons (000's) (c)	Ground Water Gallons (000's) (d)		
January			3,853	3,853	1
February			3,535	3,535	2
March			3,930	3,930	3
April			3,580	3,580	4
May			3,930	3,930	5
June			3,517	3,517	6
July			4,586	4,586	7
August			4,046	4,046	8
September			2,883	2,883	9
October			2,325	2,325	10
November			2,146	2,146	11
December			2,391	2,391	12
Total for year	0	0	40,722	40,722	
Less: Measured or estimated water used in main flushing and water treatment during year					13
Less: Other utility use				19,838	14
Other utility use explanation:					15
FLUSHING, WATER ALLOWED TO RUN TO PREVENT FREEZING					
Water pumped into distribution system				20,884	16
Less: Water sold				20,884	17
Losses and unaccounted for				0	18
Percent unaccounted for to the nearest whole percent (%)				0%	19
If more than 25%, indicate causes and state what action has been taken to reduce water loss:					20
Maximum gallons pumped by all methods in any one day during reporting year				255	21
Date of maximum: 7/23/1998					22
Cause of maximum:					23
FLUSHING WATER THROUGH MAINS					
Minimum gallons pumped by all methods in any one day during reporting year				16	24
Date of minimum: 10/11/1998					25
Total KWH used for pumping for the year				57,120	26
If water is purchased: Vendor Name:					27
Point of Delivery:					28

SOURCES OF WATER SUPPLY - GROUND WATERS

Location (a)	Identification Number (b)	Depth in feet (c)	Well Diameter in inches (d)	Yield Per Day in gallons (e)	Currently In Service? (f)
-----------------	---------------------------------	-------------------------	-----------------------------------	------------------------------------	---------------------------------

NONE

SOURCES OF WATER SUPPLY - SURFACE WATERS

Location (a)	Intakes				
	Identification Number (b)	Distance From Shore in feet (c)	Depth Below Surface in feet (d)	Diameter in inches (e)	
LAONA	NO 1	10,560	57	12	1

PUMPING & POWER EQUIPMENT

1. Use a separate column for each pump.
2. Indicate purpose of pump by: P for primary (from source to reservoir, treatment or distribution system), B for booster (from reservoir or treatment to distribution system, or within distribution system), or S for standby pumping equipment.
3. Indicate destination (of water pumped) by: R for reservoir, T for treatment or D for distribution system.

Particulars (a)	Unit A (b)	Unit B (c)	Unit C (d)	
Identification	NO 1	NO. 2		1
Location	LAONA	LAONA		2
Purpose	P	S		3
Destination	D	D		4
Pump Manufacturer	BERKLEY	INTERNATIONAL		5
Year Installed	1969	1969		6
Type	VERTICAL TURBINE	VERTICAL TURBINE		7
Actual Capacity (gpm)	290	325		8
Pump Motor or Standby Engine Mfr	US ELECTRIC	INTERNATIONAL		10
Year Installed	1969	1969		11
Type	ELECTRIC	NATURAL GAS		12
Horsepower	25	85		13

Particulars (a)	Unit D (b)	Unit E (c)	Unit F (d)	
Identification				14
Location				15
Purpose				16
Destination				17
Pump Manufacturer				18
Year Installed				19
Type				20
Actual Capacity (gpm)				21
Pump Motor or Standby Engine Mfr				22
Year Installed				23
Type				24
Horsepower				25
				26

RESERVOIRS, STANDPIPES & WATER TREATMENT

1. Identify as R (reservoir), S (standpipe) & ET (elevated tank).
2. Use a separate column for each using additional copies if necessary.
3. Enter elevation difference between highest water level in S or ET, (or R only on an elevated site) and the water main where the connection to the storage begins branching into the distribution system.

Particulars (a)	Unit A (b)	Unit B (c)	Unit C (d)
Identification number or name	NO. 1		1
RESERVOIRS, STANDPIPES OR ELEVATED TANKS			2
Type: R (reservoir), S (standpipe) or ET (elevated tank)	ET		3
Year constructed	1969		4
Primary material (earthen, steel, concrete, other)	STEEL		5
Elevation difference in feet (See Headnote 3.)	100		6
Total capacity in gallons	200,000		7
WATER TREATMENT PLANT			8
Disinfection, type of equipment (gas, liquid, powder, other)	LIQUID		9
Points of application (wellhouse, central facilities, booster station, other)	WELLHOUSE		10
Filters, type (gravity, pressure, other, none)	PRESSURE		11
Rated capacity of filter plant (m.g.d.) (note: 1,200,000 gal/day = 1.2 m.g.d.)	286.0000		12
Is a corrosion control chemical used (yes, no)?	Y		13
Is water fluoridated (yes, no)?	Y		14

WATER MAINS

1. Report mains separately by pipe material, function, diameter and either within or outside the municipal boundaries.
2. Identify pipe material as: L (Lead), M (Metal for all other metal excluding lead), A (Asbestos-cement), or P (Plastic for plastic and all other non-metal excluding asbestos-cement).
3. Identify function as: T (Transmission), D (Distribution) or S (Supply).
4. Explain all reported adjustments as a schedule footnote.
5. For main additions reported in column (e), as a schedule footnote:
 - a. Explain how the additions were financed.
 - b. If assessed against property owners, explain the basis of the assessments.
 - c. If the assessments are deferred, explain.

Number of Feet								
Pipe Material (a)	Main Function (b)	Diameter in Inches (c)	First of Year (d)	Added During Year (e)	Retired During Year (f)	Adjustments Increase or (Decrease) (g)	End of Year (h)	
A	D	3.000	55	0	0	0	55	1
A	D	6.000	19,980	0	0	0	19,980	2
A	D	8.000	26,930	0	0	0	26,930	3
Total Within Municipality			46,965	0	0	0	46,965	
Total Utility			46,965	0	0	0	46,965	

WATER SERVICES

1. Explain all reported adjustments as a schedule footnote.
2. Report in column (h) the number of utility-owned services included in columns (c) through (g) which are temporarily shut off at the curb box or otherwise not in use at end of year.
3. For services added during the year in column (d), as a schedule footnote:
 - a. Explain how the additions were financed.
 - b. If assessed against property owners, explain the basis of the assessments.
 - c. If installed by a property owner or developer, explain the basis of recording the cost of the additions, the total amount and the number of services recorded under this method.
 - d. If any were financed by application of Cz-1, provide the total amount recorded and the number of services recorded under this method.
4. Report services separately by pipe material and diameter.
5. Identify pipe material as: L (Lead), M (Metal for all other metal excluding lead), A (Asbestos-cement) or P (Plastic for plastic and all other non-metal excluding asbestos-cement).

Pipe Material (a)	Diameter in Inches (b)	First of Year (c)	Added During Year (d)	Removed or Permanently Disconnected During Year (e)	Adjustments Increase or (Decrease) (f)	End of Year (g)	Utility Owned Services Not In Use at End of Year (h)	
M	0.750	438	5	1	0	442	20	1
M	1.000	2	0	0	0	2	1	2
M	1.500	7	0	1	0	6	1	3
M	2.000	5	0	0	0	5		4
M	4.000	2	0	0	0	2		5
Total Utility		454	5	2	0	457	22	

METERS

1. Include in Columns (b), (c), (d), (e) and (f) meters in stock as well as those in service.
2. Report in Column (c) all meters purchased during the year and in Column (d) all meters junked, sold or otherwise permanently retired during the year.
3. Use Column (e) to show correction to previously reported meter count because of inventory or property record corrections.
4. Totals by size in Column (f) should equal same size totals in Column (o).

Number of Utility-Owned Meters

Size of Meter (a)	First of Year (b)	Added During Year (c)	Retired During Year (d)	Adjustments Increase or (Decrease) (e)	End of Year (f)	Tested During Year (g)	
0.625	423	6	4	0	425	0	1
1.000	4	0	0	0	4	0	2
1.500	9	1	0	0	10	0	3
2.000	7	0	0	0	7	0	4
Total:	443	7	4	0	446	0	

Classification of All Meters at End of Year by Customers

Size of Meter (h)	Residential (i)	Commercial (j)	Industrial (k)	Public Authority (l)	Wholesale, Inter-Department or Utility Use (m)	In Stock and Deduct Meters (n)	Total (o)	
0.625	369	40	5	6	0	5	425	1
1.000	0	1	1	1	0	1	4	2
1.500	0	7	0	2	0	1	10	3
2.000	0	3	1	3	0	0	7	4
Total:	369	51	7	12	0	7	446	

HYDRANTS AND DISTRIBUTION SYSTEM VALVES

1. Distinguish between fire and flushing hydrants by lead size.
 - a. Fire hydrants normally have a lead size of 6 inches or greater.
 - b. Record as a flushing hydrant where the lead size is less than 6 inches or if pressure is inadequate to provide fire flow.
2. Explain all reported adjustments in the schedule footnotes.
3. Report fire hydrants as within or outside the municipal boundaries.

Hydrant Type (a)	Number In Service First of Year (b)	Added During Year (c)	Removed During Year (d)	Adjustments Increase or (Decrease) (e)	Number In Service End of Year (f)	
Fire Hydrants						
Outside of Municipality	0				0	1
Within Municipality	96				96	2
Total Fire Hydrants	96	0	0	0	96	
Flushing Hydrants						
	0				0	3
Total Flushing Hydrants	0	0	0	0	0	

Wis. Admin. Code § 185.87 requires that a schedule shall be adopted and followed for operating each system valve and hydrant at least once each two years. Report the number operated during the year

Number of hydrants operated during year:	96
Number of distribution system valves end of year:	85
Number of distribution valves operated during year:	85

WATER OPERATING SECTION FOOTNOTES

Water Operation & Maintenance Expenses (Page W-05)

Repairs of Water Plant (650) - The decrease from prior year is due to a one time expenditure for sandblasting and repainting the water tower in 1997.

Outside services employed (682) - In 1997 a corrosion control study of well #1 was done.

Water Services (Page W-16)

The 5 water services that were added were paid for using operating funds.

Meters (Page W-17)

The requirement for meter testing will be met within the required testing intervals.
