



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, 1999

**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: kcloutier@wipfli.com

President, chairman, or head of utility commission/board or committee:

Name: NONE

Title:

Office Address:

Telephone:

Fax Number:

E-mail Address:

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

IDENTIFICATION AND OWNERSHIP

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: 12/31/1989

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:

IDENTIFICATION AND OWNERSHIP

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)	92,430	92,917	1
Operating Expenses:			
Operation and Maintenance Expense (401)	43,313	51,650	2
Depreciation Expense (403)	18,161	17,419	3
Amortization Expense (404)	0	0	4
Taxes (408)	1,693	1,743	5
Total Operating Expenses	63,167	70,812	
Net Operating Income	29,263	22,105	
Income from Utility Plant Leased to Others (412-413)	0	0	6
Utility Operating Income	29,263	22,105	
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)	1,525	1,503	9
Miscellaneous Nonoperating Income (421)	8,363	7,785	10
Total Other Income	9,888	9,288	
Total Income	39,151	31,393	
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	39,151	31,393	
INTEREST CHARGES			
Interest on Long-Term Debt (427)	26,062	28,035	13
Amortization of Debt Discount and Expense (428)		0	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	26,062	28,035	
Net Income	13,089	3,358	
EARNED SURPLUS			
Unappropriated Earned Surplus (Beginning of Year) (216)	35,216	31,858	19
Balance Transferred from Income (433)	13,089	3,358	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)	48,305	35,216	

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	1,525	4
Total (Acct. 419):	1,525	
Miscellaneous Nonoperating Income (421):		
NONREGULATED SEWER DEPARTMENT INCOME	8,363	5
Total (Acct. 421):	8,363	
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):					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	92,430	0	0	0	92,430	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:						
.					0	6
Revenues subject to Wisconsin Remainder Assessment	92,430	0	0	0	92,430	

BALANCE SHEET

Assets and Other Debits (a)	Balance End of Year (b)	Balance First of Year (c)	
UTILITY PLANT			
Utility Plant (100)	751,307	750,033	1
Less: Accumulated Provision for Depreciation and Amortization of Utility Plant (110)	317,708	299,774	2
Net Utility Plant	433,599	450,259	
OTHER PROPERTY AND INVESTMENTS			
Nonutility Property (121)	1,352,216	1,351,342	3
Less: Accumulated Provision for Depreciation and Amortization of Nonutility Property (122)	456,635	417,511	4
Net Nonutility Property	895,581	933,831	
Investment in Municipality (123)	0	0	5
Other Investments (124)	0	0	6
Special Funds (125)	49,607	39,408	7
Total Other Property and Investments	945,188	973,239	
CURRENT AND ACCRUED ASSETS			
Cash and Working Funds (131)	17,568	12,862	8
Temporary Cash Investments (132)	0	0	9
Notes Receivable (141)	0	0	10
Customer Accounts Receivable (142)	12,463	12,262	11
Other Accounts Receivable (143)	20,920	20,512	12
Accumulated Provision for Uncollectible Accounts- -Cr. (144)	0	0	13
Receivables from Municipality (145)	30,652	29,860	14
Materials and Supplies (150)	14,265	12,655	15
Prepayments (165)	1,011	633	16
Other Current and Accrued Assets (170)	256	236	17
Total Current and Accrued Assets	97,135	89,020	
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	1,475,922	1,512,518	

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)	48,305	35,216	23
Total Proprietary Capital	48,305	35,216	
LONG-TERM DEBT			
Bonds (221)	0	0	24
Advances from Municipality (223)	0	0	25
Other long-Term Debt (224)	604,396	657,035	26
Total Long-Term Debt	604,396	657,035	
CURRENT AND ACCRUED LIABILITIES			
Notes Payable (231)	0	0	27
Accounts Payable (232)	3,428	2,823	28
Payables to Municipality (233)	0	0	29
Customer Deposits (235)		0	30
Taxes Accrued (236)	0	0	31
Interest Accrued (237)	4,371	4,809	32
Other Current and Accrued Liabilities (238)	4,612	4,485	33
Total Current and Accrued Liabilities	12,411	12,117	
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)	810,810	808,150	38
Total Liabilities and Other Credits	1,475,922	1,512,518	

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)	751,307	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	751,307	0	0	0	
Accumulated Provision for Depreciation and Amortization:					
Accumulated Provision for Depreciation of Utility Plant in Service (110)	317,708	0	0	0	9
Total Accumulated Provision	317,708	0	0	0	
Net Utility Plant	433,599	0	0	0	

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT (ACCT. 110)

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	299,774				299,774	1
Credits During Year						2
Accruals:						3
Charged depreciation expense (403)	18,161				18,161	4
Depreciation expense on meters						5
charged to sewer (see Note 3)					0	6
Accruals charged other						7
accounts (specify):						8
					0	9
Salvage					0	10
Other credits (specify):						11
					0	12
Total credits	18,161	0	0	0	18,161	13
Debits during year						14
Book cost of plant retired	227				227	15
Cost of removal					0	16
Other debits (specify):						17
					0	18
Total debits	227	0	0	0	227	19
Balance End of Year	317,708	0	0	0	317,708	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	1,351,342	874		1,352,216	1
Other (specify):					
NONE	0			0	2
Total Nonutility Property (121)	1,351,342	874	0	1,352,216	
Less accum. prov. depr. & amort. (122)	417,511	39,124		456,635	3
Net Nonutility Property	933,831	(38,250)	0	895,581	

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 1
Other					0	0 2
Total Electric Utility					0	0

Account	Total End of Year	Amount Prior Year
Electric utility total	0	0 1
Water utility	7,253	6,644 2
Sewer utility	7,012	6,011 3
Gas utility	0	0 4
Merchandise	0	0 5
Other materials & supplies	0	0 6
Total Materials and Supplies	14,265	12,655

**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				1
Total			<u>0</u>	
Unamortized premium on debt (251)				
NONE				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):	2
Balance end of year	<u>0</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%	528,478	1
LAONA STATE BANK	10/09/1991	10/09/2006	6.50%	75,918	2
Total for Account 224				604,396	

TAXES ACCRUED (ACCT. 236)

Particulars (a)	Amount (b)	
Balance first of year	0	1
Accruals:		
Charged water department expense	1,693	2
Charged electric department expense		3
Charged sewer department expense	1,538	4
Other (explain):		
NONE		5
Total Accruals and other credits	<u>3,231</u>	
Taxes paid during year:		
County, state and local taxes		6
Social Security taxes	3,076	7
PSC Remainder Assessment	155	8
Other (explain):		
NONE		9
Total payments and other debits	<u>3,231</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	1,249	5,573	5,794	1,028	3
STATE OF WISCONSIN	3,560	20,489	20,706	3,343	4
Subtotal	4,809	26,062	26,500	4,371	
Notes Payable (231)					
NONE	0			0	5
Subtotal	0	0	0	0	
Total	4,809	26,062	26,500	4,371	

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	336,682	0	0	471,468	0	808,150	1
Add credits during year:							
For Services	1,469			1,191		2,660	2
For Mains						0	3
Other (specify):							
NONE						0	4
Deduct charges (specify):							
NONE						0	5
Balance End of Year	338,151	0	0	472,659	0	810,810	
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	49,607	3
Total (Acct. 125):	49,607	
Notes Receivable (141):		
NONE		4
Total (Acct. 141):	0	
Customer Accounts Receivable (142):		
Water	12,463	5
Electric		6
Sewer (Regulated)		7
Other (specify):		
NONE		8
Total (Acct. 142):	12,463	
Other Accounts Receivable (143):		
Sewer (Non-regulated)	20,920	9
Merchandising, jobbing and contract work		10
Other (specify):		
NONE		11
Total (Acct. 143):	20,920	
Receivables from Municipality (145):		
TOWN OF LAONA	30,652	12
Total (Acct. 145):	30,652	
Prepayments (165):		
PREPAID INSURANCE	1,011	13
Total (Acct. 165):	1,011	
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	750,670	0	0	0	750,670	1
Materials and Supplies	6,948	0	0	0	6,948	2
Other (specify):					0	3
Less Average:						
Reserve for Depreciation	308,741	0	0	0	308,741	4
Customer Advances for Construction					0	5
Contributions in Aid of Construction	337,416	0	0	0	337,416	6
Other (specify):					0	7
Average Net Rate Base	111,461	0	0	0	111,461	
Net Operating Income	29,263	0	0	0	29,263	8
Net Operating Income as a percent of Average Net Rate Base	26.25%	N/A	N/A	N/A	26.25%	

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	41,760	3
Other (Specify):		
NONE		4
Total Average Proprietary Capital	41,760	
Net Income		
Net Income	13,089	5
Percent Return on Proprietary Capital	31.34%	

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 - Contacts (Page iv)

September 1, 2000

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

1999 Analytical Review DWCCA-3060-ELE

Dear Mr. Banie:

The Public Service Commission (Commission) is in the process of completing an analytical review of your utility's 1999 annual report. The purposes of an analytical review are to detect possible reporting or accounting related errors and to identify significant fluctuations from established trends in reported data not sufficiently explained in the annual report. It is our hope that our review will supply information that will enable us to better provide guidance to your utility regarding proper utility accounting and the preparation of future annual reports. In order to complete this review, we request the following information:

During our review, we noted services reported added on the water services schedule in 1997, 1998, and 1999. A schedule note all three years indicates that services were paid for out of utility funds. However, services contributions by customers are reported all three years in Account 271, Contributions in Aid of Construction. Please explain why customer contributions are reported in Account 271 and the nature of the plant contributed.

We appreciate your cooperation in providing the above information. These recommendations are intended to provide accounting assistance and should not be construed as criticisms of utility personnel. If you have any questions, please feel free to contact me at (608) 266-3768. Please respond within 30 days of this letter. If it is convenient for you to respond by e-mail, please do so. My e-mail address is engele@psc.state.wi.us. If we have no questions regarding your response, you can consider the review closed.

Sincerely,

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

ELE:tlm:w:\compl\Analytical Reviews\1999 analytical review letters\3060.doc
response received 9/7/00:
Utility pays until construction complete, then customer billed. ele

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, 1999 and 1998, 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 10, 2000
Rhineland, Wisconsin

WATER OPERATING REVENUES & EXPENSES

Particulars (a)	Amounts (b)	
Operating Revenues		
Sales of Water		
Sales of Water (460-467)	88,571	1
Total Sales of Water	88,571	
Other Operating Revenues		
Forfeited Discounts (470)	352	2
Other Water Revenues (474)	3,507	3
Amortization of Construction Grants (475)	0	4
Total Other Operating Revenues	3,859	
Total Operating Revenues	92,430	
Operation and Maintenance Expenses		
Plant Operation and Maintenance Expenses (600-660)	18,528	5
General Operating Expenses (680-690)	24,785	6
Total Operation and Maintenance Expenses	43,313	
Other Operating Expenses		
Depreciation Expense (403)	18,161	7
Amortization Expense (404)		8
Taxes (408)	1,693	9
Total Other Operating Expenses	19,854	
Total Operating Expenses	63,167	
NET OPERATING INCOME	29,263	

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	12,408	42,009	4
Commercial	48	4,563	11,849	5
Industrial	7	1,288	2,458	6
Total Metered Sales to General Customers (461)	425	18,259	56,316	
Private Fire Protection Service (462)				7
Public Fire Protection Service (463)	96		28,780	8
Other Sales to Public Authorities (464)	12	1,183	3,475	9
Sales to Irrigation Customers (465)				10
Sales for Resale (466)		0	0	11
Interdepartmental Sales (467)				12
Total Sales of Water	533	19,442	88,571	

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)	28,780	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)	28,780	
Forfeited Discounts (470):		
Customer late payment charges	352	5
Other (specify):		
NONE		6
Total Forfeited Discounts (470)	352	
Other Water Revenues (474):		
Return on net investment in meters charged to sewer department		7
Other (specify):		
STANDBY CHARGES	2,207	8
HYDRANT RENT	604	9
MISCELLANEOUS REVENUE	696	10
Total Other Water Revenues (474)	3,507	
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)	1,530	1
Purchased Water (610)		2
Fuel or Power Purchased for Pumping (620)	3,043	3
Chemicals (630)	4,599	4
Supplies and Expenses (640)	5,759	5
Repairs of Water Plant (650)	1,876	6
Transportation Expenses (660)	1,721	7
Total Plant Operation and Maintenance Expenses	18,528	
 GENERAL OPERATING EXPENSES		
Administrative and General Salaries (680)	16,419	8
Office Supplies and Expenses (681)	2,234	9
Outside Services Employed (682)	2,235	10
Insurance Expense (684)	3,254	11
Employees Pensions and Benefits (686)		12
Regulatory Commission Expenses (688)		13
Miscellaneous General Expenses (689)	643	14
Uncollectible Accounts (690)		15
Total General Operating Expenses	24,785	
 Total Operation and Maintenance Expenses	 43,313	

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		1,538	3
PSC Remainder Assessment		155	4
Other (specify): NONE			5
Total tax expense		1,693	

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)	102,665	874	29
Meters (346)	33,727	627	30
Hydrants (348)	30,753		31
Other Transmission and Distribution Plant (349)	0		32
Total Transmission and Distribution Plant	511,698	1,501	
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	750,033	1,501	
Common Utility Plant Allocated to Water Department	0		40
Total utility plant in service	750,033	1,501	

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)			103,539 29
Meters (346)	227		34,127 30
Hydrants (348)			30,753 31
Other Transmission and Distribution Plant (349)			0 32
Total Transmission and Distribution Plant	227	0	512,972
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	227	0	751,307
Common Utility Plant Allocated to Water Department			0 40
Total utility plant in service	227	0	751,307

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			3,037	3,037	1
February			2,912	2,912	2
March			3,234	3,234	3
April			2,771	2,771	4
May			2,617	2,617	5
June			2,662	2,662	6
July			2,688	2,688	7
August			2,611	2,611	8
September			2,409	2,409	9
October			2,296	2,296	10
November			2,322	2,322	11
December			2,670	2,670	12
Total for year	0	0	32,229	32,229	
Less: Measured or estimated water used in main flushing and water treatment during year					13
Less: Other utility use				12,787	14
Other utility use explanation:					15
FLUSHING AND WATER ALLOWED TO RUN TO PREVENT FREEZING					
Water pumped into distribution system				19,442	16
Less: Water sold				19,442	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				181	21
Date of maximum: 9/6/1999					22
Cause of maximum:					23
FLUSHING WATER THROUGH MAINS					
Minimum gallons pumped by all methods in any one day during reporting year				5	24
Date of minimum: 7/24/1999					25
Total KWH used for pumping for the year				46,080	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	442	1	0	0	443	22	1
M	1.000	2	0	0	0	2	1	2
M	1.500	6	0	0	0	6	1	3
M	2.000	5	0	0	0	5		4
M	4.000	2	0	0	0	2		5
Total Utility		457	1	0	0	458	24	

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	425	12	2	0	435	0	1
1.000	4	0	0	0	4	0	2
1.500	10	0	1	0	9	0	3
2.000	7	0	0	0	7	0	4
Total:	446	12	3	0	455	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	6	6	0	14	435	1
1.000	0	1	1	1	0	1	4	2
1.500	0	7	0	2	0	0	9	3
2.000	0	3	1	3	0	0	7	4
Total:	369	51	8	12	0	15	455	

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

Sources of Water Supply - Statistics (Page W-10)

Page W-10 line 14 decreased from 19,838 in 1998 to 12,787 in 1999 primarily due to warmer weather which permitted less flushing and running of water to prevent freezing.

Water Services (Page W-16)

Water services that were added were paid for using operating funds

(after construction is completed, customer billed) 10/6/00 ele

Meters (Page W-17)

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