



3015 (02-09-04)

ANNUAL REPORT

OF

Name: NORTH CAPE SANITARY DISTRICT

Principal Office: 12126 HWY K
FRANKSVILLE, WI 53126

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: NORTH CAPE SANITARY DISTRICT

Utility Address: 12126 HWY K
FRANKSVILLE, WI 53126

When was utility organized? 1/23/1958

Report any change in name:

Effective Date:

Utility Web Site:

Utility employee in charge of correspondence concerning this report:

Name: MRS JUDITH A ROUSAR

Title: SECRETARY/TREASURER

Office Address:

12126 HWY K
FRANKSVILLE, WI 53126

Telephone: (414) 835 - 2664

Fax Number:

E-mail Address:

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

Name: MR JAMES R FRECHETTE CPA

Title: ACCOUNTANT

Office Address: JAMES R FRECHETTE, CPA

W339S9511 HARVEST CT.
MUKWONAGO, WI 53149

Telephone: (414) 594 - 3995

Fax Number: (414) 594 - 3996

E-mail Address: copper05@wcf.net

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:

Period covered by most recent audit:

IDENTIFICATION AND OWNERSHIP

Names and titles of utility management including manager or superintendent:

Name: MR ANTHONY LEE ARNOLD

Title: PRESIDENT

Office Address:

12212 HWY K
FRANKSVILLE, WI 53126

Telephone: (414) 835 - 9240

Fax Number:

E-mail Address: tonlock@execpc.com

Name of utility commission/committee:

Names of members of utility commission/committee:

MR ANTHONY LEE ARNOLD, PRESIDENT

Is sewer service rendered by the utility? NO

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)	21,099	15,266	1
Operating Expenses:			
Operation and Maintenance Expense (401)	5,471	5,077	2
Depreciation Expense (403)	1,507	1,019	3
Amortization Expense (404)	0	0	4
Taxes (408)	33	9	5
Total Operating Expenses	7,011	6,105	
Net Operating Income	14,088	9,161	
Income from Utility Plant Leased to Others (412-413)	0	0	6
Utility Operating Income	14,088	9,161	
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)	0	0	9
Miscellaneous Nonoperating Income (421)	0	0	10
Total Other Income	0	0	
Total Income	14,088	9,161	
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	14,088	9,161	
INTEREST CHARGES			
Interest on Long-Term Debt (427)	2,630	1,587	13
Amortization of Debt Discount and Expense (428)			14
Amortization of Premium on Debt--Cr. (429)			15
Interest on Debt to Municipality (430)	0	0	16
Other Interest Expense (431)	443	673	17
Interest Charged to Construction--Cr. (432)			18
Total Interest Charges	3,073	2,260	
Net Income	11,015	6,901	
EARNED SURPLUS			
Unappropriated Earned Surplus (Beginning of Year) (216)	22,353	15,452	19
Balance Transferred from Income (433)	11,015	6,901	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)	33,368	22,353	

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):		1
Total (Acct. 412):	0	
Expenses of Utility Plant Leased to Others (413):		2
Total (Acct. 413):	0	
Nonoperating Rental Income (418):		3
Total (Acct. 418):	0	
Interest and Dividend Income (419):		4
Total (Acct. 419):	0	
Miscellaneous Nonoperating Income (421):		5
Total (Acct. 421):	0	
Miscellaneous Amortization (425):		6
Total (Acct. 425):	0	
Other Income Deductions (426):		7
Total (Acct. 426):	0	
Miscellaneous Credits to Surplus (434):		8
Total (Acct. 434):	0	
Miscellaneous Debits to Surplus (435):		9
Total (Acct. 435)--Debit:	0	
Appropriations of Surplus (436):		10
Detail appropriations to (from) account 215		
Total (Acct. 436)--Debit:	0	
Appropriations of Income to Municipal Funds (439):		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	21,099	0	0	0	21,099	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	21,099	0	0	0	21,099	

BALANCE SHEET

Assets and Other Debits (a)	Balance End of Year (b)	Balance First of Year (c)	
UTILITY PLANT			
Utility Plant (100)	88,393	77,164	1
Less: Accumulated Provision for Depreciation and Amortization of Utility Plant (110)	13,033	11,526	2
Net Utility Plant	75,360	65,638	
OTHER PROPERTY AND INVESTMENTS			
Nonutility Property (121)	0	0	3
Less: Accumulated Provision for Depreciation and Amortization of Nonutility Property (122)	0	0	4
Net Nonutility Property	0	0	
Investment in Municipality (123)	0	0	5
Other Investments (124)	0	0	6
Special Funds (125)	0	0	7
Total Other Property and Investments	0	0	
CURRENT AND ACCRUED ASSETS			
Cash and Working Funds (131)	14,993	2,691	8
Temporary Cash Investments (132)	0	0	9
Notes Receivable (141)	0	0	10
Customer Accounts Receivable (142)	1,591	1,750	11
Other Accounts Receivable (143)	0	0	12
Accumulated Provision for Uncollectible Accounts- -Cr. (144)	0	0	13
Receivables from Municipality (145)	0	0	14
Materials and Supplies (150)	0	0	15
Prepayments (165)	0	0	16
Other Current and Accrued Assets (170)	0	0	17
Total Current and Accrued Assets	16,584	4,441	
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	91,944	70,079	

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)	500	500	21
Appropriated Earned Surplus (215)	0		22
Unappropriated Earned Surplus (216)	33,368	22,353	23
Total Proprietary Capital	33,868	22,853	
LONG-TERM DEBT			
Bonds (221)	0		24
Advances from Municipality (223)	0	0	25
Other long-Term Debt (224)	50,226	26,249	26
Total Long-Term Debt	50,226	26,249	
CURRENT AND ACCRUED LIABILITIES			
Notes Payable (231)	0	0	27
Accounts Payable (232)	338	14,520	28
Payables to Municipality (233)	0	0	29
Customer Deposits (235)	0		30
Taxes Accrued (236)	0	0	31
Interest Accrued (237)	2,302	1,247	32
Other Current and Accrued Liabilities (238)	0		33
Total Current and Accrued Liabilities	2,640	15,767	
DEFERRED CREDITS			
Unamortized Premium on Debt (251)	0	0	34
Customer Advances for Construction (252)			35
Other Deferred Credits (253)	0	0	36
Total Deferred Credits	0	0	
OPERATING RESERVES			
Miscellaneous Operating Reserves (265)			37
Total Operating Reserves	0	0	
CONTRIBUTIONS IN AID OF CONSTRUCTION			
Contributions in Aid of Construction (271)	5,210	5,210	38
Total Liabilities and Other Credits	91,944	70,079	

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)	88,393	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	88,393	0	0	0	
Accumulated Provision for Depreciation and Amortization:					
Accumulated Provision for Depreciation of Utility Plant in Service (110)	13,033	0	0	0	9
Total Accumulated Provision	13,033	0	0	0	
Net Utility Plant	75,360	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	11,526				11,526	1
Credits During Year						2
Accruals:						3
Charged depreciation expense (403)	1,507				1,507	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	1,507	0	0	0	1,507	13
Debits during year						14
Book cost of plant retired	0				0	15
Cost of removal					0	16
Other debits (specify):						17
					0	18
Total debits	0	0	0	0	0	19
Balance End of Year	13,033	0	0	0	13,033	20
Composite Depreciation Rate?	Yes					21
If yes, what is the rate?	1.87%					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	0			0	1
Other (specify):	0			0	2
Total Nonutility Property (121)	0	0	0	0	
Less accum. prov. depr. & amort. (122)	0			0	3
Net Nonutility Property	0	0	0	0	

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		0 2
Sewer utility		0 3
Gas utility		0 4
Merchandise		0 5
Other materials & supplies		0 6
Total Materials and Supplies	0	0

**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)		
<hr/>				
Unamortized debt discount & expense (181)				1
Total			<u>0</u>	
Unamortized premium on debt (251)				2
<hr/>				
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	500 1
Changes during year (explain):	2
Balance end of year	<u>500</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-Comm. of Pub. Lands 1993	08/12/1993	03/15/2013	6.00%	25,226	1
State of Wisconsin-Comm of Public Lands-1998	05/06/1998	03/15/2018	6.50%	25,000	2
Total for Account 224				50,226	

TAXES ACCRUED (ACCT. 236)

Particulars (a)	Amount (b)
Balance first of year	0 1
Accruals:	
Charged water department expense	2
Charged electric department expense	3
Charged sewer department expense	4
Other (explain):	5
Total Accruals and other credits	<u>0</u>
Taxes paid during year:	
County, state and local taxes	6
Social Security taxes	7
PSC Remainder Assessment	8
Other (explain):	9
Total payments and other debits	<u>0</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)					
NONE	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)					
State of Wisconsin-Public Lands-1993 Issue	1,247	1,527	1,575	1,199	3
State of Wisconsin-Public Lands-1998 Issue		1,103	0	1,103	4
Subtotal	1,247	2,630	1,575	2,302	
Notes Payable (231)					
Maas & Sons, Inc.--Finance Charges on Invoices	0	443	443	0	5
Subtotal	0	443	443	0	
Total	1,247	3,073	2,018	2,302	

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	5,210	0	0	0	0	5,210	1
Add credits during year:							
For Services						0	2
For Mains						0	3
Other (specify):						0	4
Deduct charges (specify):						0	5
Balance End of Year	5,210	0	0	0	0	5,210	
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):		
NONE		3
Total (Acct. 125):	0	
Notes Receivable (141):		
NONE		4
Total (Acct. 141):	0	
Customer Accounts Receivable (142):		
Water	1,591	5
Electric		6
Sewer (Regulated)		7
Other (specify):		
NONE		8
Total (Acct. 142):	1,591	
Other Accounts Receivable (143):		
Sewer (Non-regulated)		9
Merchandising, jobbing and contract work		10
Other (specify):		
NONE		11
Total (Acct. 143):	0	
Receivables from Municipality (145):		
NONE		12
Total (Acct. 145):	0	
Prepayments (165):		
NONE		13
Total (Acct. 165):	0	
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	82,778	0	0	0	82,778	1
Materials and Supplies	0	0	0	0	0	2
Other (specify):						0
						3
Less Average:						
Reserve for Depreciation	12,279	0	0	0	12,279	4
Customer Advances for Construction					0	5
Contributions in Aid of Construction	5,210	0	0	0	5,210	6
Other (specify):						0
						7
Average Net Rate Base	65,289	0	0	0	65,289	
Net Operating Income	14,088	0	0	0	14,088	8
Net Operating Income as a percent of Average Net Rate Base						
	21.58%	N/A	N/A	N/A	21.58%	

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	500	1
Appropriated Earned Surplus	0	2
Unappropriated Earned Surplus	27,860	3
Other (Specify):		4
Total Average Proprietary Capital	28,360	
Net Income		
Net Income	11,015	5
Percent Return on Proprietary Capital	38.84%	

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.

The Sanitary District will be applying for a rate increase in 1999 that will eliminate the special charge on the tax roll each year and install and mater non residential customers..

5. Obligations incurred or assumed, excluding commercial paper.

6. Formal proceedings with the Public Service Commission.

The Sanitray District will be applying for a rate increase in 1999.

7. Any additional matters.

ACCOUNTANTS COMPILATION REPORT

I have compiled the various schedules included in the 1998 Municipal Utility Annual Report of the North Cape Sanitary District as of December 31, 1998 and for the year then ended, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form prescribed by the Public Service Commission of Wisconsin information that is the representation of management. I have not audited or reviewed the various schedules included in the 1998 Municipal Utility Annual Report and, accordingly, do not express an opinion or any other form of assurance on them.

The schedules included in the 1998 Municipal Utility Annual Report are presented in accordance with the requirements of the Public Service Commission of the State of Wisconsin, which differ from generally accepted accounting principles. Accrodingly, the schedules included in the 1998 Municipal Utility Annual Report are nor designed for those who are not informed about such differences.

February 21, 1999

JAMES R. FRECHETTE, CPA

FINANCIAL SECTION FOOTNOTES

Identification and Ownership (Page iv)

July 22, 1999

Mrs. Judith A. Rousar, Secretary Treasurer
North Cape Sanitary District
12126 Highway K
Franksville, WI 53126-9692

1998 Analytical Review DWCCA-4180-PJL

Dear Mrs. Rousar:

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 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) 267-9198.

Sincerely,

Peter J. Leege
Financial Specialist
Division of Water, Compliance, and Consumer Affairs

PJL:tlk:w:\compl\analytical review letters\July 22 1999 letters L 1.doc

cc: Mr. Anthony Lee Arnold, President

WATER OPERATING REVENUES & EXPENSES

Particulars (a)	Amounts (b)	
Operating Revenues		
Sales of Water		
Sales of Water (460-467)	6,589	1
Total Sales of Water	6,589	
Other Operating Revenues		
Forfeited Discounts (470)	22	2
Other Water Revenues (474)	14,488	3
Amortization of Construction Grants (475)	0	4
Total Other Operating Revenues	14,510	
Total Operating Revenues	21,099	
Operation and Maintenance Expenses		
Plant Operation and Maintenance Expenses (600-660)	2,420	5
General Operating Expenses (680-690)	3,051	6
Total Operation and Maintenance Expenses	5,471	
Other Operating Expenses		
Depreciation Expense (403)	1,507	7
Amortization Expense (404)	0	8
Taxes (408)	33	9
Total Other Operating Expenses	1,540	
Total Operating Expenses	7,011	
NET OPERATING INCOME	14,088	

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	38	1	4,113	1
Commercial	6	1	909	2
Industrial	2	1	366	3
Total Unmetered Sales to General Customers (460)	46	3	5,388	
Metered Sales to General Customers (461)				
Residential				4
Commercial				5
Industrial				6
Total Metered Sales to General Customers (461)	0	0	0	
Private Fire Protection Service (462)				7
Public Fire Protection Service (463)	1		894	8
Other Sales to Public Authorities (464)	1	1	307	9
Sales to Irrigation Customers (465)				10
Sales for Resale (466)		0	0	11
Interdepartmental Sales (467)				12
Total Sales of Water	48	4	6,589	

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)	894	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)	894	
Forfeited Discounts (470):		
Customer late payment charges	22	5
Other (specify):		
NONE		6
Total Forfeited Discounts (470)	22	
Other Water Revenues (474):		
Return on net investment in meters charged to sewer department		7
Other (specify):		
Special Charges from School	300	8
Special Charges Collected from 1997 tax roll	13,206	9
Refund of sales tax paid in prior years	982	10
Total Other Water Revenues (474)	14,488	
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
Purchased Water (610)		2
Fuel or Power Purchased for Pumping (620)	792	3
Chemicals (630)		4
Supplies and Expenses (640)	1,262	5
Repairs of Water Plant (650)	366	6
Transportation Expenses (660)		7
Total Plant Operation and Maintenance Expenses	2,420	
GENERAL OPERATING EXPENSES		
Administrative and General Salaries (680)	1,415	8
Office Supplies and Expenses (681)	694	9
Outside Services Employed (682)	833	10
Insurance Expense (684)	109	11
Employees Pensions and Benefits (686)		12
Regulatory Commission Expenses (688)		13
Miscellaneous General Expenses (689)		14
Uncollectible Accounts (690)		15
Total General Operating Expenses	3,051	
Total Operation and Maintenance Expenses	5,471	

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		3
PSC Remainder Assessment		33 4
Other (specify): NONE		5
Total tax expense		<u>33</u>

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)	0		1
Franchises and Consents (302)	0		2
Miscellaneous Intangible Plant (303)	0		3
Total Intangible Plant	0	0	
SOURCE OF SUPPLY PLANT			
Land and Land Rights (310)	2		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)	4,347		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	4,349	0	
PUMPING PLANT			
Land and Land Rights (320)	2,160		12
Structures and Improvements (321)	4,789	11,229	13
Boiler Plant Equipment (322)	0		14
Other Power Production Equipment (323)	0		15
Steam Pumping Equipment (324)	0		16
Electric Pumping Equipment (325)	2,813		17
Diesel Pumping Equipment (326)	0		18
Hydraulic Pumping Equipment (327)	0		19
Other Pumping Equipment (328)	0		20
Total Pumping Plant	9,762	11,229	
WATER TREATMENT PLANT			
Land and Land Rights (330)	0		21
Structures and Improvements (331)	0		22
Water Treatment Equipment (332)	0		23
Total Water Treatment Plant	0	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)			0 1
Franchises and Consents (302)			0 2
Miscellaneous Intangible Plant (303)			0 3
Total Intangible Plant	0	0	0
SOURCE OF SUPPLY PLANT			
Land and Land Rights (310)			2 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)			4,347 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	4,349
PUMPING PLANT			
Land and Land Rights (320)			2,160 12
Structures and Improvements (321)			16,018 13
Boiler Plant Equipment (322)			0 14
Other Power Production Equipment (323)			0 15
Steam Pumping Equipment (324)			0 16
Electric Pumping Equipment (325)			2,813 17
Diesel Pumping Equipment (326)			0 18
Hydraulic Pumping Equipment (327)			0 19
Other Pumping Equipment (328)			0 20
Total Pumping Plant	0	0	20,991
WATER TREATMENT PLANT			
Land and Land Rights (330)			0 21
Structures and Improvements (331)			0 22
Water Treatment Equipment (332)			0 23
Total Water Treatment Plant	0	0	0
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)	23,162		26
Transmission and Distribution Mains (343)	30,800		27
Fire Mains (344)	0		28
Services (345)	7,903		29
Meters (346)	0		30
Hydrants (348)	938		31
Other Transmission and Distribution Plant (349)	0		32
Total Transmission and Distribution Plant	62,803	0	
GENERAL PLANT			
Land and Land Rights (370)	0		33
Structures and Improvements (371)	0		34
Office Furniture and Equipment (372)	250		35
Computer Equipment (372.1)	0		36
Transportation Equipment (373)	0		37
Other General Equipment (379)	0		38
Other Tangible Property (390)	0		39
Total General Plant	250	0	
Total utility plant in service directly assignable	77,164	11,229	
Common Utility Plant Allocated to Water Department	0		40
Total utility plant in service	77,164	11,229	

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)			23,162 26
Transmission and Distribution Mains (343)			30,800 27
Fire Mains (344)			0 28
Services (345)			7,903 29
Meters (346)			0 30
Hydrants (348)			938 31
Other Transmission and Distribution Plant (349)			0 32
Total Transmission and Distribution Plant	0	0	62,803
GENERAL PLANT			
Land and Land Rights (370)			0 33
Structures and Improvements (371)			0 34
Office Furniture and Equipment (372)			250 35
Computer Equipment (372.1)			0 36
Transportation Equipment (373)			0 37
Other General Equipment (379)			0 38
Other Tangible Property (390)			0 39
Total General Plant	0	0	250
Total utility plant in service directly assignable	0	0	88,393
Common Utility Plant Allocated to Water Department			0 40
Total utility plant in service	0	0	88,393

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			333	333	1
February			330	330	2
March			330	330	3
April			352	352	4
May			440	440	5
June			464	464	6
July			490	490	7
August			496	496	8
September			457	457	9
October			412	412	10
November			303	303	11
December			372	372	12
Total for year	0	0	4,779	4,779	
Less: Measured or estimated water used in main flushing and water treatment during year					13
Less: Other utility use					14
Other utility use explanation:					15
Water pumped into distribution system				4,779	16
Less: Water sold				4	17
Losses and unaccounted for				4,775	18
Percent unaccounted for to the nearest whole percent (%)				100%	19
If more than 25%, indicate causes and state what action has been taken to reduce water loss:					20
The utility is entirely unmetered and no estimated usage was included for sales of water, page W-2, which results in a computed percentage loss that does not properly reflect what loss, if any, occurred.					
Maximum gallons pumped by all methods in any one day during reporting year				20	21
Date of maximum: 8/21/1998					22
Cause of maximum:					23
general usage					
Minimum gallons pumped by all methods in any one day during reporting year				7	24
Date of minimum: 11/19/1998					25
Total KWH used for pumping for the year				8,144	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)	
NORTH CAPE	1	323	10	20,000	Yes	1

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)
NONE				

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	DEEP WELL			1
Location	HWY K FRANKVILL WI 53126			2
Purpose	B			3
Destination	D			4
Pump Manufacturer	STAR-RITE			5
Year Installed	1974			6
Type	VERTICAL TURBINE			7
Actual Capacity (gpm)	90			8
Pump Motor or Standby Engine Mfr	STAR-RITE			10
Year Installed	1985			11
Type	ELECTRIC			12
Horsepower	7			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				25
Horsepower				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	#1 THROUGH #14		1
RESERVOIRS, STANDPIPES OR ELEVATED TANKS			2
Type: R (reservoir), S (standpipe) or ET (elevated tank)	R		3
Year constructed	1993		4
Primary material (earthen, steel, concrete, other)	STEEL		5
Elevation difference in feet (See Headnote 3.)	10		6
Total capacity in gallons	4,900		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.)	0.0200		12
Is a corrosion control chemical used (yes, no)?	N		13
Is water fluoridated (yes, no)?	N		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)
M	D	1.000	190	0	0	0	190
M	D	2.000	0	0	0	0	0
P	D	2.000	3,293	0	0	0	3,293
M	D	6.000	220	0	0	0	220
Total Within Municipality			3,703	0	0	0	3,703
Total Utility			3,703	0	0	0	3,703

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)	
P	1.000	47	0	0	0	47		1
Total Utility		47	0	0	0	47	0	

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 (a).

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)
----------------------------	-------------------------	-----------------------------	-------------------------------	---	-----------------------	------------------------------

NONE

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	1				1	2
Total Fire Hydrants	1	0	0	0	1	
Flushing Hydrants						
	4				4	3
Total Flushing Hydrants	4	0	0	0	4	

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:

Number of distribution system valves end of year:

Number of distribution valves operated during year:

WATER OPERATING SECTION FOOTNOTES

Water Utility Plant in Service (Page W-08)

a/c 321 Structures and Improvements

This account includes the upgrading of the pump house, including floor and roof.

Meters (Page W-17)

The Sanitary District has no meters at 12-31-98, thus no meters could be tested.
