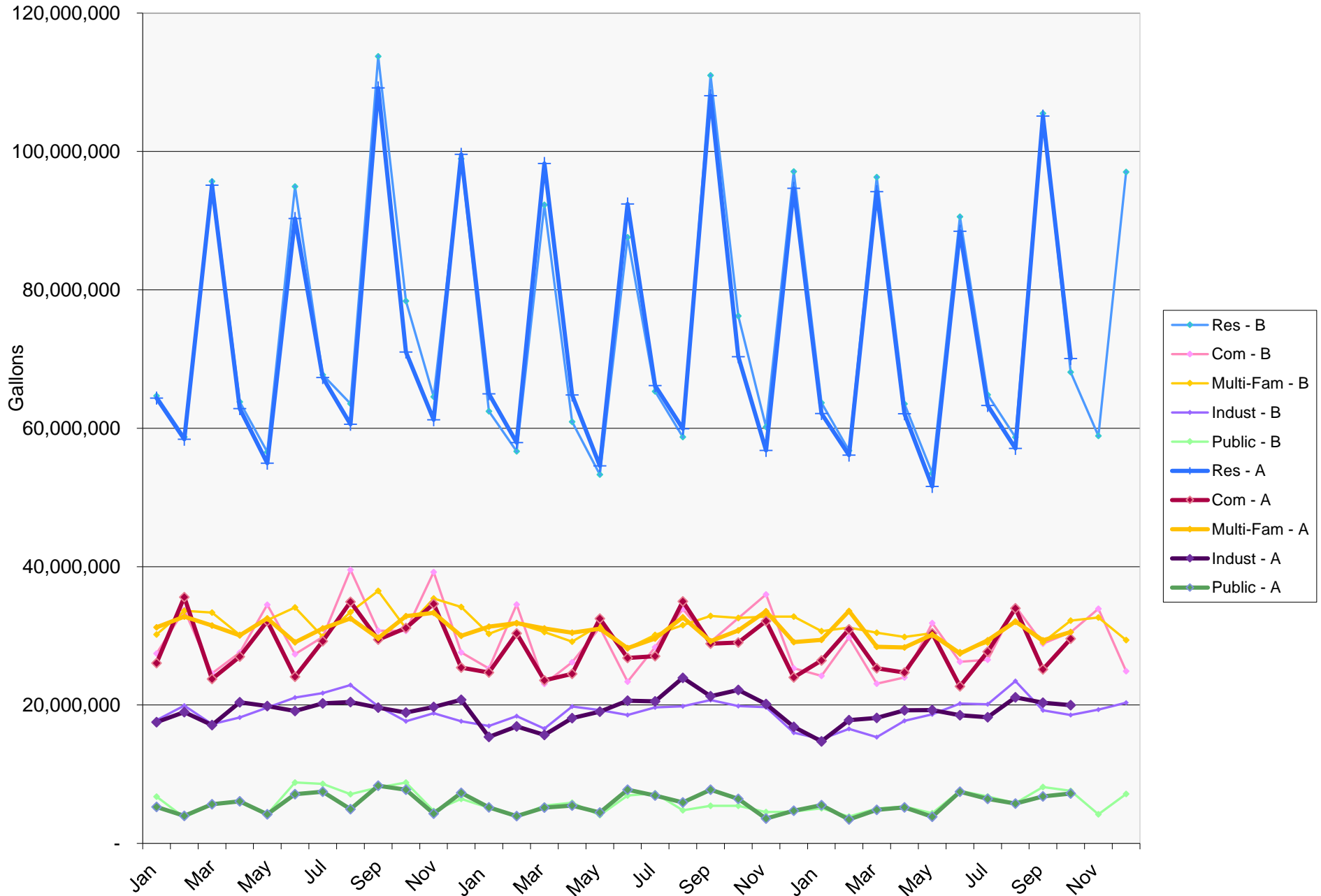


**WAUKESHA WATER UTILITY
STATEMENT OF REVENUES & EXPENSES
MONTH ENDED 10/31/2019**

	CURRENT MONTH				YEAR TO DATE				ANNUAL BUDGET
	ACTUAL'19	BUDGET'19	VARIANCE	%	ACTUAL'19	BUDGET'19	VARIANCE	%	
OPERATING REVENUES:									
Residential	\$382,034.34	\$373,142.03	\$8,892.31	2.38	\$3,960,902.42	\$3,960,817.20	\$85.22	0.00	\$4,824,683.03
Commercial	130,834.30	136,810.83	(5,976.53)	(4.37)	1,188,963.96	1,182,200.01	6,763.95	0.57	1,437,793.46
Industrial	68,450.13	64,121.37	4,328.76	6.75	645,092.04	634,320.61	10,771.43	1.70	770,326.57
Public	28,810.81	29,692.01	(881.20)	(2.97)	232,811.25	241,440.36	(8,629.11)	(3.57)	287,895.53
Multi Family	131,649.50	140,020.61	(8,371.11)	(5.98)	1,273,696.56	1,275,492.60	(1,796.04)	(0.14)	1,540,312.64
Irrigation	13,734.20	9,085.13	4,649.07	51.17	30,145.72	32,605.92	(2,460.20)	(7.55)	42,826.69
Total Metered Sales	\$755,513.28	\$752,871.98	\$2,641.30	0.35	\$7,331,611.95	\$7,326,876.70	\$4,735.25	0.06	\$8,903,837.92
Private Fire Capacity	\$21,909.56	\$18,763.71	\$3,145.85	16.77	\$214,185.12	\$201,423.30	\$12,761.82	6.34	\$239,814.12
Public Fire Capacity	166,445.30	164,684.42	1,760.88	1.07	1,775,752.59	1,739,647.93	36,104.66	2.08	2,112,230.99
Other Operating Revenues	55,113.83	51,274.53	3,839.30	7.49	338,121.43	333,638.18	4,483.25	1.34	471,295.46
TOTAL OPERATING REVENUES	\$998,981.97	\$987,594.64	\$11,387.33	1.15	\$9,659,671.09	\$9,601,586.11	\$58,084.98	0.60	\$11,727,178.49
OPERATING EXPENSES:									
Source	\$51,161.16	\$50,632.08	\$529.08	1.04	\$509,769.66	\$508,930.50	\$839.16	0.16	\$755,121.90
Pumping	88,458.12	94,311.13	(5,853.01)	(6.21)	769,591.28	883,265.15	(113,673.87)	(12.87)	1,038,078.03
Treatment	37,910.08	28,181.42	9,728.66	34.52	366,824.52	428,871.60	(62,047.08)	(14.47)	535,037.61
Distribution	95,902.53	95,048.40	854.13	0.90	1,049,708.49	977,029.53	72,678.96	7.44	1,379,286.99
Customer Service	19,184.26	25,053.88	(5,869.62)	(23.43)	164,621.08	210,746.29	(46,125.21)	(21.89)	258,081.70
Administrative	103,939.30	118,641.50	(14,702.20)	(12.39)	1,218,141.63	1,392,709.62	(174,567.99)	(12.53)	1,677,514.93
Total	\$396,555.45	\$411,868.41	(15,312.96)	(3.72)	\$4,078,656.66	\$4,401,552.69	(322,896.03)	(7.34)	\$5,643,121.16
MANAGERS' MARGIN	602,426.52	575,726.23	26,700.29	4.64	5,581,014.43	5,200,033.42	\$380,981.01	7.33	6,084,057.33
Depreciation	159,285.67	159,482.42	(196.75)	(0.12)	1,593,790.30	1,594,824.20	(1,033.90)	(0.06)	1,913,789.04
Tax Equivalent	168,280.82	168,280.82	0.00	0.00	1,682,808.20	1,682,808.20	0.00	0.00	2,019,369.84
Other Taxes	12,078.00	12,395.50	(317.50)	(2.56)	132,890.49	135,026.37	(2,135.88)	(1.58)	159,817.37
TOTAL OPERATING EXPENSES	\$736,199.94	\$752,027.15	(15,827.21)	(2.10)	\$7,488,145.65	\$7,814,211.46	(326,065.81)	(4.17)	\$9,736,097.41
TOTAL OPERATING INCOME(LOSS)	\$262,782.03	\$235,567.49	\$27,214.54	11.55	\$2,171,525.44	\$1,787,374.65	\$384,150.79	21.49	\$1,991,081.08
NON OPERATING INCOME&(EXPENSE)	(185,663.08)	(197,507.37)	11,844.29	(6.00)	(1,419,073.05)	(1,727,777.15)	308,704.10	(17.87)	(371,184.63)
NET INCOME(LOSS)	\$77,118.95	\$38,060.12	\$39,058.83	102.62	\$752,452.39	\$59,597.50	\$692,854.89	1162.56	\$1,619,896.45

WWU
Billed Gallons
Actual v Budget
2017 - 2019



**WAUKESHA WATER UTILITY
BALANCE SHEET
10/31/2019**

<u>ASSETS</u>	<u>THIS YEAR</u>
CURRENT	
CASH AND INVESTMENTS	\$28,357,165.00
ACCOUNTS RECEIVABLE	7,419,402.81
RECEIVABLE FROM SEWER REIMB	0.01
MATERIALS & SUPPLIES	370,684.82
OTHER CURRENT ASSETS	73,615.45
ACCRUED UTILITY REVENUE	0.00
TOTAL CURRENT ASSETS	<u>\$36,220,868.09</u>
DEFERRED	
DEFERRED ASSETS	\$28,179,261.11
TOTAL DEFERRED DEBITS	<u>28,179,261.11</u>
RESTRICTED	
DEBT PAYMENT ACCOUNT	\$427,228.08
DEBT RESERVE ACCOUNT	477,655.43
CONSTRUCTION FUND	152.78
TAX EQUIV RESERVE ACCOUNT	1,769,537.08
TOTAL RESTRICTED FUNDS	<u>\$2,674,573.37</u>
LONG TERM	
UTILITY PLANT IN SERVICE-NET	\$92,018,725.15
PROPERTY HELD FOR FUTURE USE	435,089.69
CONSTRUCTION WORK IN PROGRESS	5,832,270.87
RESTRICTED NET PENSION	403,235.00
TOTAL UTILITY PLANT	<u>\$98,689,320.71</u>
TOTAL ASSETS	<u><u>\$165,764,023.28</u></u>
 LIABILITIES	
CURRENT	
CUR PORTION BOND	1,749,733.77
NOTES PAYABLE	21,775,000.00
ACCOUNTS PAYABLE	1,448,151.79
PAYABLE TO OTHER FUNDS	4,547,582.91
CUSTOMER DEPOSITS	121,482.29
A/P MISCELLANEOUS	0.00
TAXES ACCRUED	1,715,777.50
INTEREST ACCRUED	195,437.98
EMPLOYEE WITHHOLDING	23,633.53
ACCRUED PAYROLL	80,951.98
ACCRUED VACATION	249,468.59
TOTAL CURRENT LIABILITIES	<u>\$31,907,220.34</u>
DEFERRED CREDITS	
CUSTOMER ADVANCES CONSTRUCTION	\$0.00
REGULATORY LIABILITY	796,274.02
OPEB LIABILITY	4,167,420.86
OTHER DEFERRED CREDITS	3,297,298.25
TOTAL DEFERRED CREDITS	<u>\$8,260,993.13</u>
LONG-TERM	
BONDS	\$50,026,800.53
 EQUITY	
CAPITAL PAID IN BY MUNICIPALITY	\$2,711,373.96
EQUITY FINANCED BY UTILITY	37,970,779.96
EQUITY FROM CONTRIBUTIONS	33,438,445.97
RESTRICTED EQUITY	695,957.00
NET PROFIT (LOSS)	752,452.39
TOTAL EQUITY	<u>\$75,569,009.28</u>
TOTAL EQUITY AND LIABILITIES	<u><u>\$165,764,023.28</u></u>

**WAUKESHA WATER UTILITY
STATEMENT OF SOURCES AND USES OF CASH
PERIOD ENDING OCTOBER 31, 2019**

Cash Balance - September 30, 2019

\$28,446,347

SOURCES:

Operations:

Customers - water sales	\$1,220,901
Waste Water Utility - joint metering billing	61,571
Rent of utility property - cellular leases	54,491
Receipts on sewer bills	1,593,349
Receipts from return flow	357,220
Reimbursement from City for return flow expenses	
Reimbursement from City for sewer construction costs	344,283
Other - miscellaneous	3,962
Total Cash From Operating Activities	\$3,635,778

Capital and Related Financing Activities:

Grants	
Contributions	40,418
Issuance of long-term debt	3,200,000
Sale of short-term debt	
Interest income	52,943
Total Cash From Capital/ Investing Activities	\$3,293,360

Total Cash Receipts

\$6,929,139

USES:

Salaries, wages, payroll taxes and benefits	\$249,267
Subcontracted and outside services	13,838
Disbursement to city for sewer transfer	1,240,560
Disbursement to city for return flow transfer	281,498
Pumping power	55,870
Purchase of materials and supplies	626,389
Tax equivalent - PILOT	
Acquisition of capital assets	1,237,260
Debt service - principal	
Debt service - interest	639,066
	639,066

Total Cash Used

\$4,343,747

Net Change in Cash

\$2,585,391

Cash Balance - October 31, 2019

\$31,031,738

WWU
TRANSMISSION AND DISTRIBUTION
BUDGET VARIANCE ANALYSIS

Project	Project #	Description/Location	Budget	Current Estimate	PJC Total	Aldermanic District		Construction Completion
WM offsets from WSB from Genesee Road to Fiddlers Creek Drive	M00501	Water Main offsets to accommodate changes in the storm sewer and roadway alignments. Project run by WDOT.		\$ 118,780	\$ 29,312	6	Jack Wells	December 2019
						7	Daniel J. Manion	
						13	Dean Lemke	
						14	Rick Lemke	
Greenmeadow Sanitary Water Main Lowering	M00527	Replace 920 feet of 6-inch cast iron water main from 1966 with 8-inch PVC main on Dopp St between Joellen and Moreland. Re-connect services on Moreland between Dopp and St. Paul. Project done with City.		\$ 800,386	\$ 674,065	15	Cory Payne	December 2019
Dunbar - Marshall to West	M00531	Replace 1,540 feet of 6-inch cast iron from 1913 with 8-inch PVC water main on Dunbar from Marshall to West. Project done with City.		\$ 300,678	\$ 232,731	11	Leonard Miller	July 2019
Moreland - Riverview to Delafield	M00533	Replace 3,120 feet of 8-inch cast iron water main from 1958 with 12" water main on Moreland from Riverview to Delefield. Project done with City.		\$ 694,370	\$ 547,237	2	Eric Payne	September 2019
Summit - Greenmeadow to Grandview	M00537	Replace 1,780 feet of 8-inch cast iron from 1957 with 16-inch ductile iron water main on Summit from Greenmeadow to Grandview. Project done with City.		\$ 689,093	\$ 365,316	4	Joe Pieper	October 2019
Aurora - Main St to National Ave.	M00538	Replace 500 feet of 6-inch Phipps from 1929 with 8-inch PVC on Aurora from Main Street to National. Project done with City.		\$ 247,500	\$ 206,836	3	Cassie Rodriguez	October 2019
Oakmont to Pebble Valley Zone	TBD	Extend 12" water main through easement connecting Pebble Valley and Oakmont.		\$ -	\$ -	14	Rick Lemke	Project Moved to 2020
<i>Routine Projects</i>			\$ 3,045,649	\$ 2,850,808	\$ 2,055,497			
<i>Misc Routine</i>			\$ 936,516	\$ 936,516	\$ 936,516			
<i>Total Routine</i>			\$ 3,982,165	\$ 3,787,324	\$ 2,992,013			
Main St - Lombardi to Manhattan	GLCD0011	Replace 4,300 feet of 6-inch cast iron from 1911 with 24-inch ductile iron main. Project being done with City sanitary.		\$ 2,997,365	\$ 2,278,401	3	Cassie Rodriguez	October 2019
<i>Distribution System Improvements</i>			\$ 3,244,865	\$ 2,997,365	\$ 2,278,401			
Total Transmission & Distribution			\$ 7,227,030	\$ 6,784,689	\$ 5,270,415			

Bold Totals are Based on Bids

Status update

Waukesha Water Utility

Future Water Supply

November 11, 2019

This update is solely intended for the use of Waukesha Water Utility's internal management and is not intended to be and should not be used by any other parties without prior written consent from Baker Tilly Virchow Krause, LLP





Summary of Significant Events

Scope and Objectives

Waukesha Water Utility (“WWU” or “Owner”) engaged Baker Tilly Virchow Krause, LLP (Baker Tilly, “we” or “our”) to perform construction audit services on the Future Water Supply project. Greeley and Hansen (“GH” or “PM”) is the Program Manager and Black & Veatch (“BV” or “CM”) is the Construction Manager engaged by the Owner.

The primary objective of this engagement is to verify whether project expenditures billed to Waukesha Water Utility are adequately supported, verifiable and appropriately allocated to the project.

Current Period Significant Events

This section of the monthly interim report summarizes Audit Issues and Requests for Information during the current period. The project-to-date Audit Issues (AI) and Request for Information (RFI) logs are included as attachments with this document.

Current Period Audit Issues

There were no audit issues identified during the current period.

Current Period Request for Information

During the current period, we sent a request for additional cost documentation to Black & Veatch to substantiate mileage costs submitted for reimbursement on Invoice No. 10 (RFI No. 033). The request was sent on November 8, 2019. We will review the documentation and we will report on testing results in the December 2019 status update.

Audit Status Summary

A. Items Completed

Baker Tilly has completed the following tasks:

- Audit kick off meeting on to review project scope and communication expectations
- Attended PM/CM request for qualifications (RFQ) review and short list selection on August 4, 2016
- PM/CM finalist interview preparation with WWU on September 26, 2016
- Attended PM/CM interviews and selection meeting on September 29, 2016
- Reviewed Greeley and Hanson's Phase I cost proposal. The review memorandum was delivered to WWU On October 19, 2016.
- Attended the following workshops
 - High Level Program Cost Validation - November 11, 2016
 - Financial Model – Preliminary Workshop - November 11, 2016
 - Financial Management Platform - November 18, 2016
 - Financial Management Conceptual Designs Workshop - December 6, 2016
- Reviewed the Phase 2 Estimate of Fees from Greeley and Hansen for work through the period ending December 31, 2017
- Attendance at bi-weekly progress meetings
- Attendance at CM interviews on February 28, 2018
- Reviewed Greeley and Hanson, LLC Invoice Nos. 1 through 38
- Reviewed Black & Veatch Phase 1 Invoices
- Reviewed Black & Veatch Phase 2 Invoice Nos. 1 through 10

B. Items in Process

We are currently waiting on a response from Black & Veatch (RFI No. 033). We will assess the response and comment on next steps during the December 2019 status update.

C. Items to be Completed Next Period

The following items will be completed next period.

- Review of Greeley and Hansen Invoice No. 39
- Review of Black & Veatch Invoice No. 11

D. Events Hindering Progress

There are no events hindering audit progress at this time.

E. Proposed Changes to Scope

There are no proposed changes to our scope at this time

Budget update

Original project budget	\$ 395,000.00
Change Order No. 1	\$ 2,500.00
Change Order No. 2	<u>\$ 64,680.00</u>
Current project budget	\$ 462,180.00
Total billed as of 11/11/19	<u>\$ 145,954.00</u>
Remaining project budget	\$ 316,266.00

Staffing Update

Estimated hours	2,400.00
Total hours as of 11/11/19	875.00

Billing Update

Outstanding invoices:

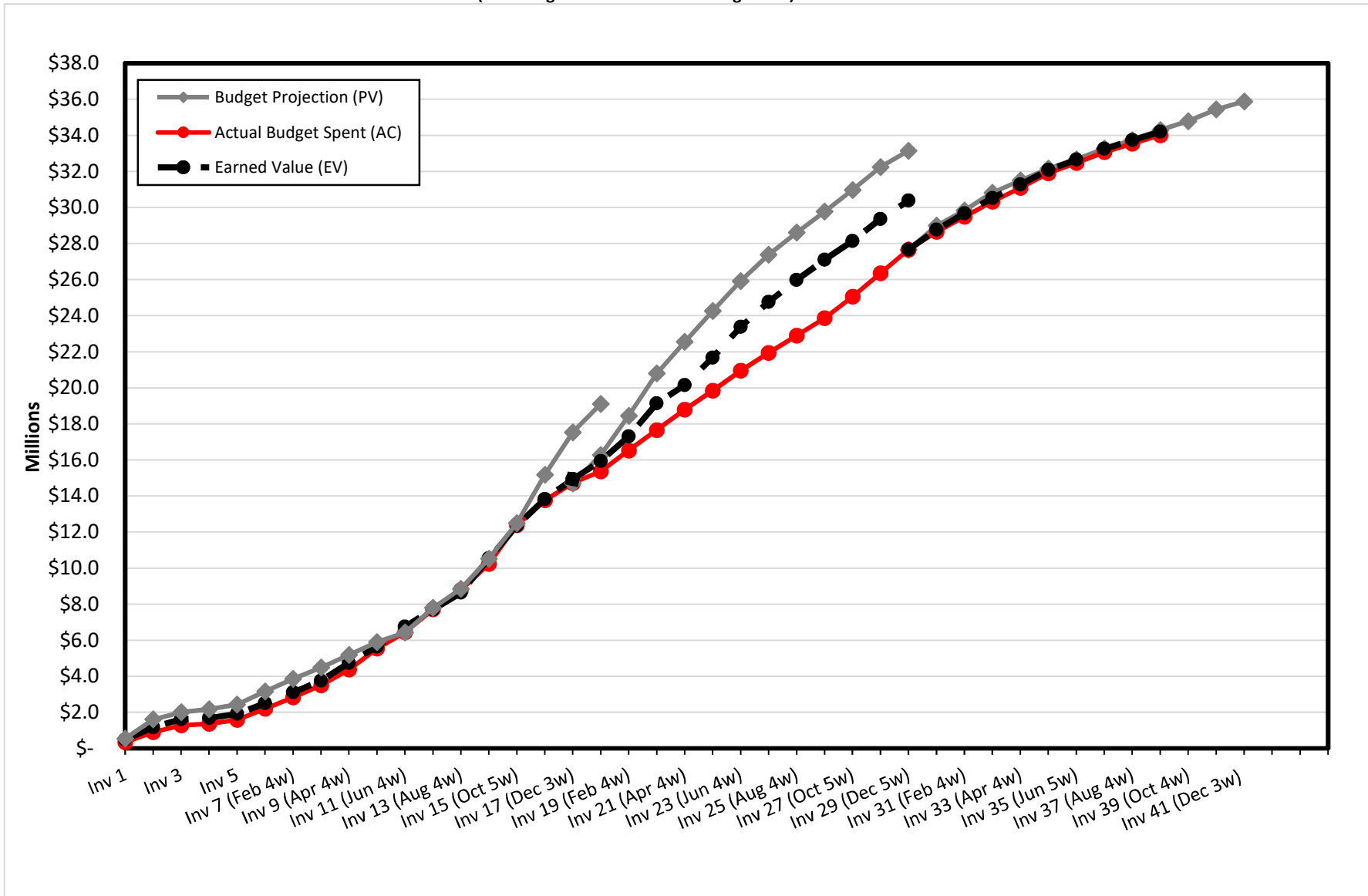
- BT1497315 – 10/23/2019 - \$1,498.75



Exhibit 5 – Earned Value Analysis



Great Lakes Water Supply Program PM/CM
Program
Earned Value Chart
Phase 1 and 2 (Invoice No. 38)
 (Excluding Allowances and Contingencies)

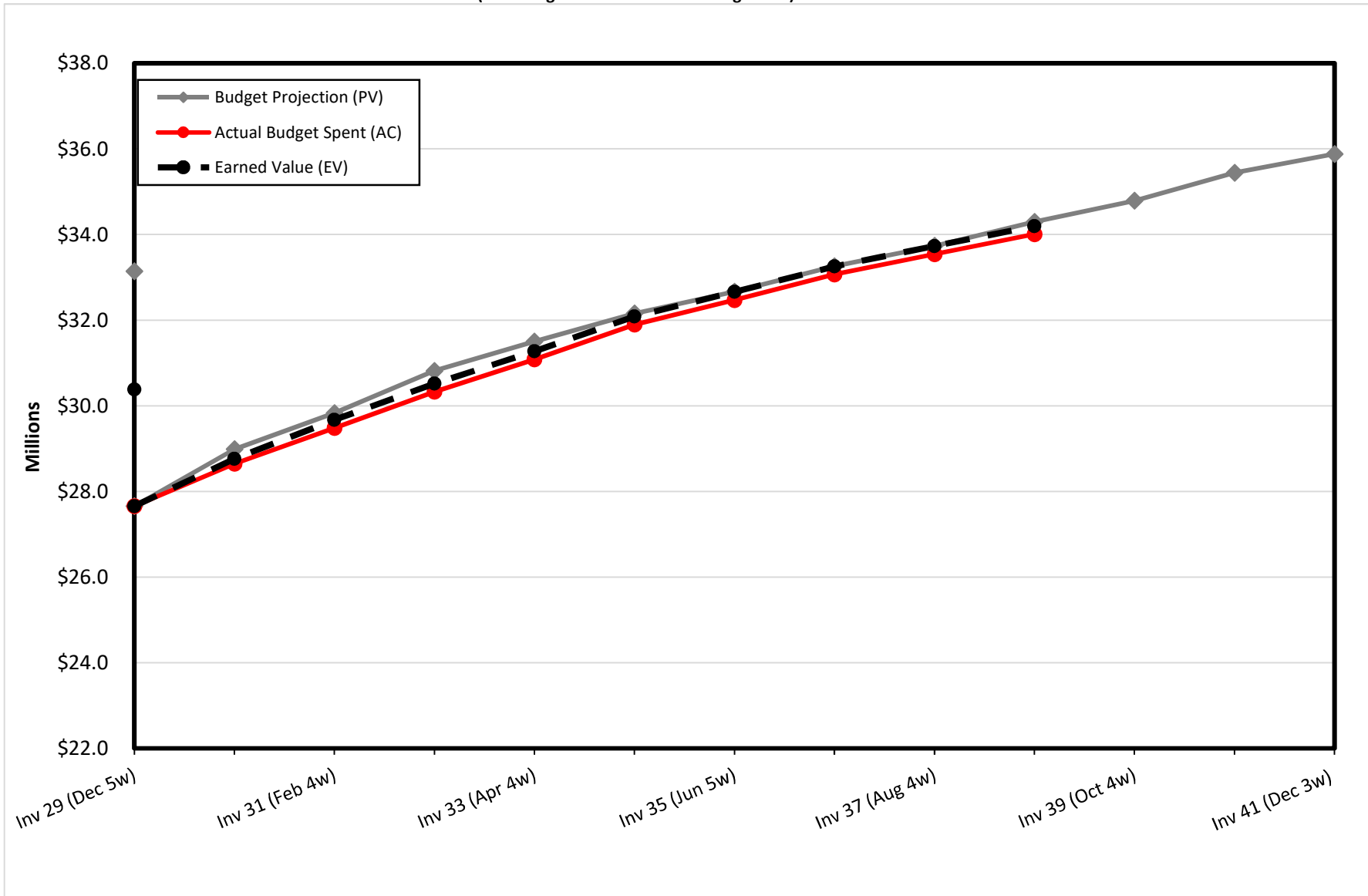


% Spent 95.1%
Actual Budget Spent \$34,006,995

Schedule Performance Index (SPI) 1.00
Cost Performance Index (CPI) 1.01

Note: Budget associated with Task 3-300, 5-200 and 5-300 water quality scope has been removed.

Great Lakes Water Supply Program PM/CM
Program
Earned Value Chart
Phase 1 and 2 (Invoice No. 38)
(Excluding Allowances and Contingencies)



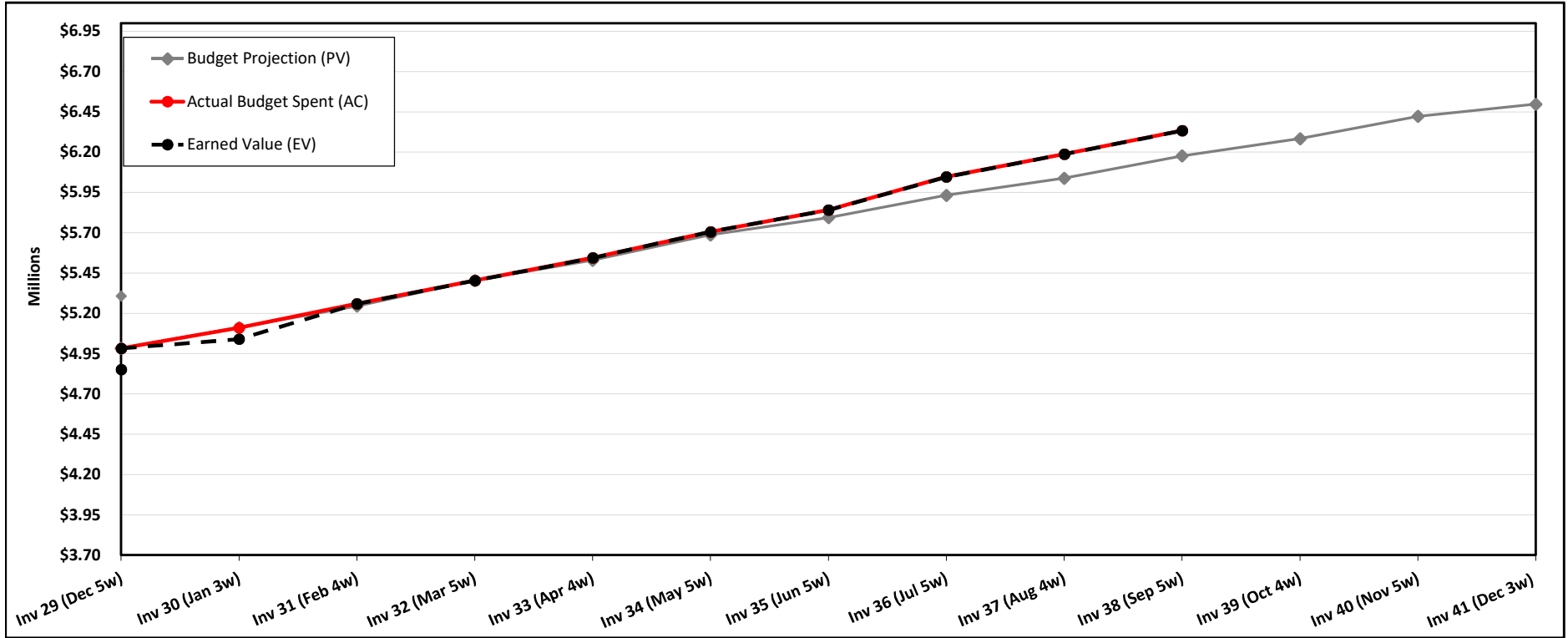
% Spent 95.1%

Actual Budget Spent \$34,006,995

Schedule Performance Index (SPI) 1.00

Cost Performance Index (CPI) 1.01

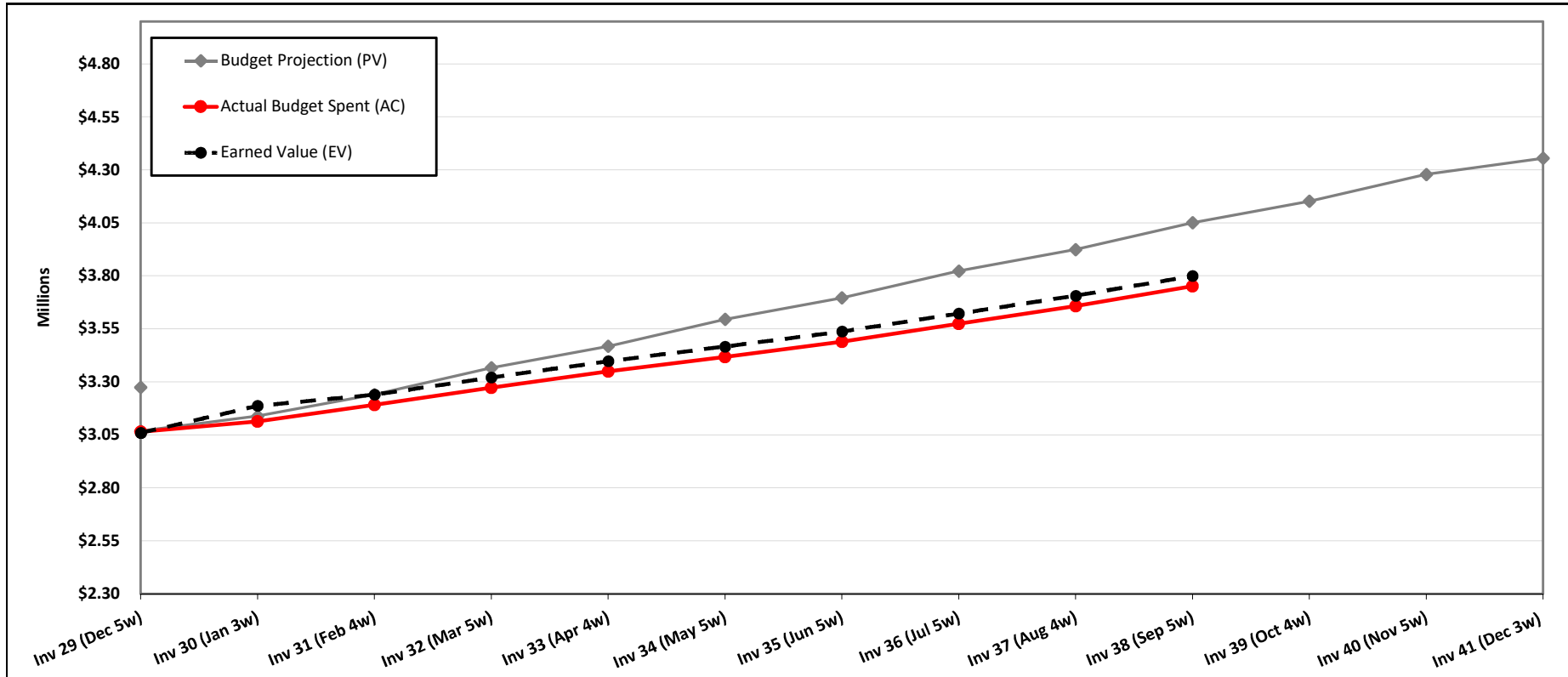
Note: Budget associated with Task 3-300, 5-200 and 5-300 water quality scope has been removed.



Earned Value Calculations	
Budget at Completion ^{(BAC)(1)} (BAC)	\$ 6,497,482
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 163,669
Cost Variance ^(CV) (CV=EV-AC)	\$ -
Schedule Variance ^(SV) (SV=EV-PV)	\$ 156,624
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.00
Schedule Performance Index ^(SPI) (SPI=EV/PV)	1.03
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	1.03
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 6,497,482.26
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ -

Task 1	Program Management Plan/Progress
	<ul style="list-style-type: none"> Prepared and submitted Invoice No. 37; updated the Financial Management Dashboard and Report for Invoice No. 37. Held seventeen (13) Program Team meetings. Updated Program schedule and Risk Register. Support has been provided for permitting of the BPS Site in the City of New Berlin. Submitted Greeley and Hansen Direct Testimony for the PSC CA Application intervention. Prepared responses to Wholesale Customer Groups No. 1. Supported the utility in the development of their responses to Clean Wisconsin discovery request Nos. 1 and 2.

Task 1	Program Management Challenges
	<ul style="list-style-type: none"> The second phase of the Water Infrastructure Finance and Innovation Act (WIFIA) loan approval process will need to be completed in order to secure low interest funding for the Program. A draft MWW PSC CA application has been submitted to PSC. If there is an intervention on this application as well, it may affect the supplier agreement and/or contract package 2. Plan Commission Approval for the BPS and Storage Facilities in New Berlin has required more effort than anticipated.



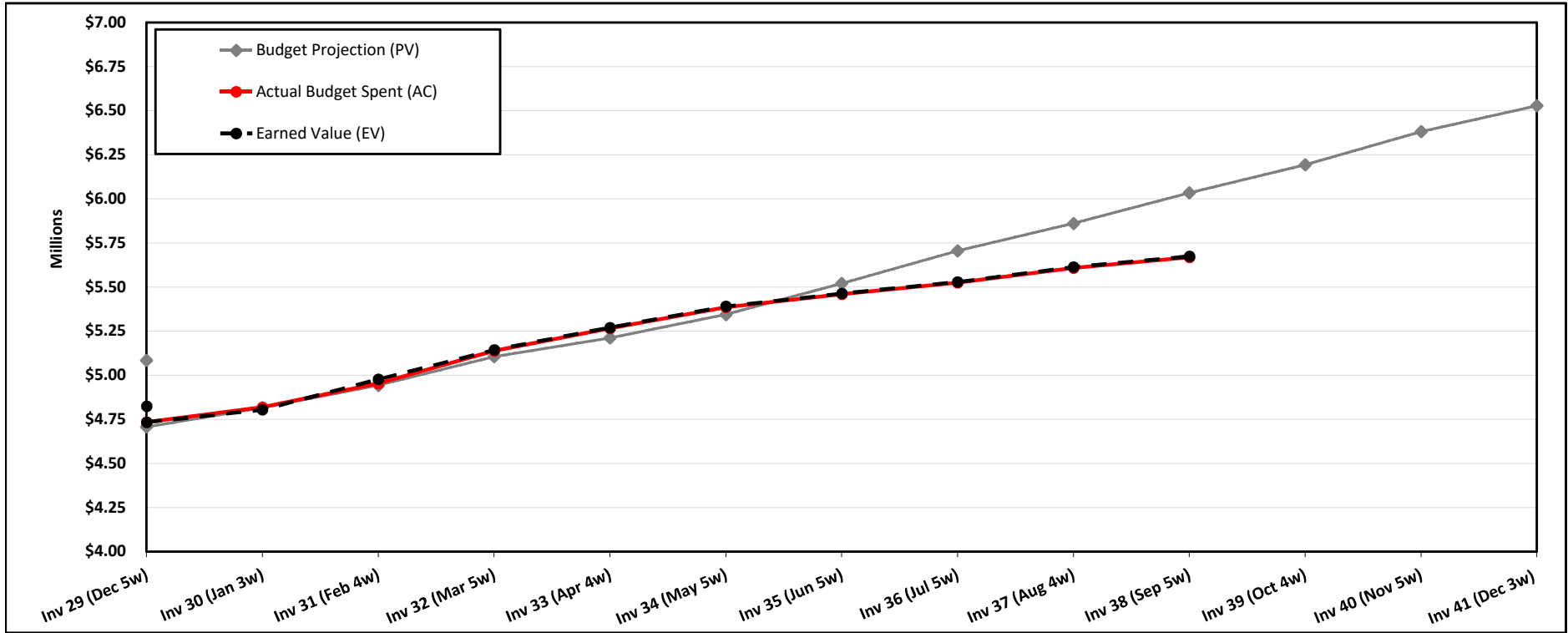
Earned Value Calculations	
Budget at completion ^(BAC) (BAC)	\$ 4,358,630
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 551,872
Cost Variance ^(CV) (CV=EV-AC)	\$ 48,858
Schedule Variance ^(SV) (SV=EV-PV)	\$ (251,248)
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.01
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.94
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	0.95
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 4,302,583.48
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ 56,046.89

Task 2 Programmatic Support Services Plan/Progress

- Assisted with responding to BPS issues.
- Created a handout for Franklin Neighborhood Meeting.
- Drafted October E-Newsletter.
- Task 2 effort is expected to increase in summer and fall 2019 during permit public comment periods and local municipality open houses.

Task 2 Programmatic Support Services Challenges

- Negative public perception of the Booster Pumping Station site has affected the New Berlin Plan Commission approval regarding amending the Future Land Use Map within the City's Comprehensive Plan and rezoning of the Booster Pumping Station. and has required additional PSS support.

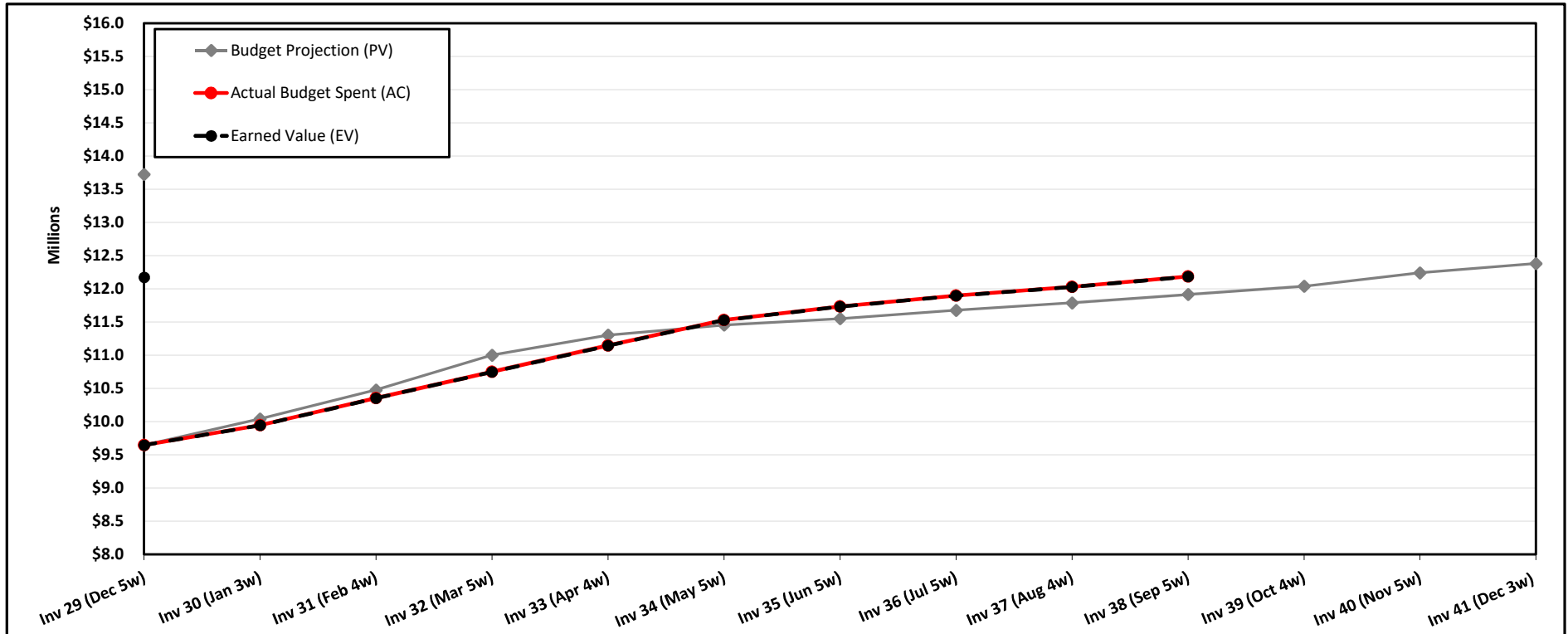


Note: The Task 3 amount for Invoice 5 was reported incorrectly in the previous version of this Report. The correct cumulative amount is \$263.96 lower.
The Task 3 Budget at completion amount was revised to reflect Task Authorizations and contract amendments

Earned Value Calculations	
Budget at completion ^{(BAC(1))} (BAC)	\$ 6,527,842
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 852,366
Cost Variance ^(CV) (CV=EV-AC)	\$ 5,515
Schedule Variance ^(SV) (SV=EV-PV)	\$ (359,488)
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.00
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.94
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	0.94
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 6,521,497.76
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ 6,343.75

Task 3 Permitting Plan/Progress
<ul style="list-style-type: none"> Prepared for and attended meetings with the City of Franklin, City of Milwaukee and Diversion Approval. Continued coordination with WDNR for WPDES permit issuance. Continued assisting WWU, CWP and the City of Milwaukee with the mercury sampling program as part of the WPDES permit.

Task 3 Permitting Challenges
<ul style="list-style-type: none"> Extended agency review timelines may delay bidding.

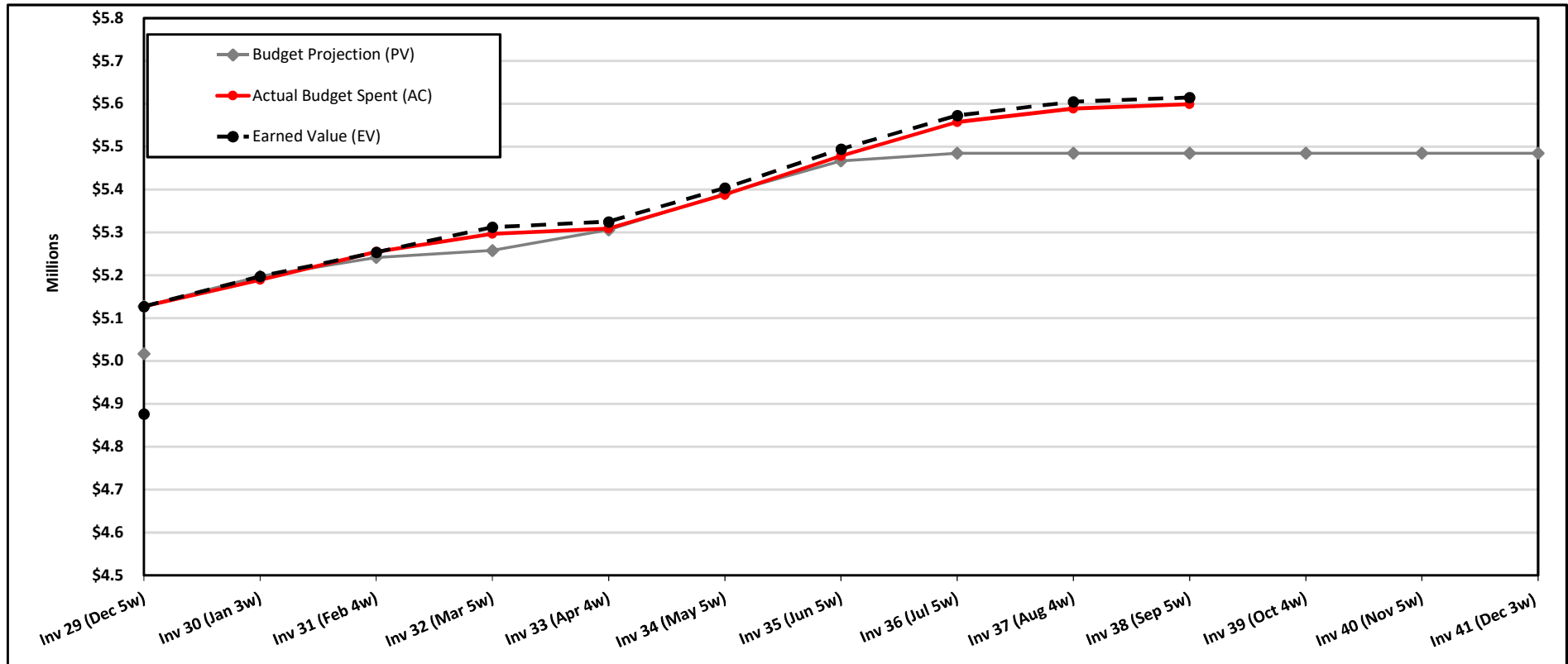


Note: The Task 4 Budget at completion amount was revised to reflect Task Authorizations and contract amendments

Earned Value Calculations	
Budget at completion ^(BAC) (BAC)	\$ 12,381,330
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 194,413
Cost Variance ^(CV) (CV=EV-AC)	\$ -
Schedule Variance ^(SV) (SV=EV-PV)	\$ 270,927
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.00
Schedule Performance Index ^(SPI) (SPI=EV/PV)	1.02
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	1.02
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 12,381,329.84
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ -

Task 4 Route Study and Pipeline Plan/Progress
<ul style="list-style-type: none"> Permit Review Contract Documents for Contract Package 5 and 6 were further developed. Completed the break out of the Oklahoma Station Suction Pipelines from Contract Package 2 and further developed the 90% Contract Documents for the Oklahoma Pumping Station Suction Pipelines. The Phase II ESA report for Site 20.33 was updated based on the results of the additional sampling and submitted to WDNR. Geotechnical reports for Contract Packages 5 and 6 were submitted for Task Lead Review. Continued responding to comments from authorities having jurisdiction on traffic and restoration.

Task 4 Route Study and Pipeline Challenges
<ul style="list-style-type: none"> The acquisition process for currently identified easements is in progress. Additional easements will impact the Program schedule.



Earned Value Calculations	
Budget at completion ^{(BAC)(1)} (BAC)	\$ 5,484,757
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ (129,789)
Cost Variance ^(CV) (CV=EV-AC)	\$ 15,583
Schedule Variance ^(SV) (SV=EV-PV)	\$ 130,150
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.00
Schedule Performance Index ^(SPI) (SPI=EV/PV)	1.02
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	1.03
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 5,469,534.92
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ 15,221.92

Task 6 Pump Stations, Storage and Chemical Treatment Plan/Progress
<ul style="list-style-type: none"> Waiting on confirmation for final BPS Site location before continuing with design. Exhibits for soil storage, haul routes, and temporary easements were finalized for presentation and approval by City of New Berlin. Continued coordination with MWW on the design for the Oklahoma Pumping Station, formerly called the WSPS.

Task 6 Pump Stations, Storage and Chemical Treatment Challenges
<ul style="list-style-type: none"> The City of New Berlin Planning Commission has not made a decision regarding amending the Future Land Use Map within the City's Comprehensive Plan and rezoning of the Booster Pumping Station. The Program submitted the request and required documentation in May, 2019. If the land use and rezoning is not approved, a conditional use approval may be required. A new site and contract amendment will be needed if rezoning or conditional use approval is not received.