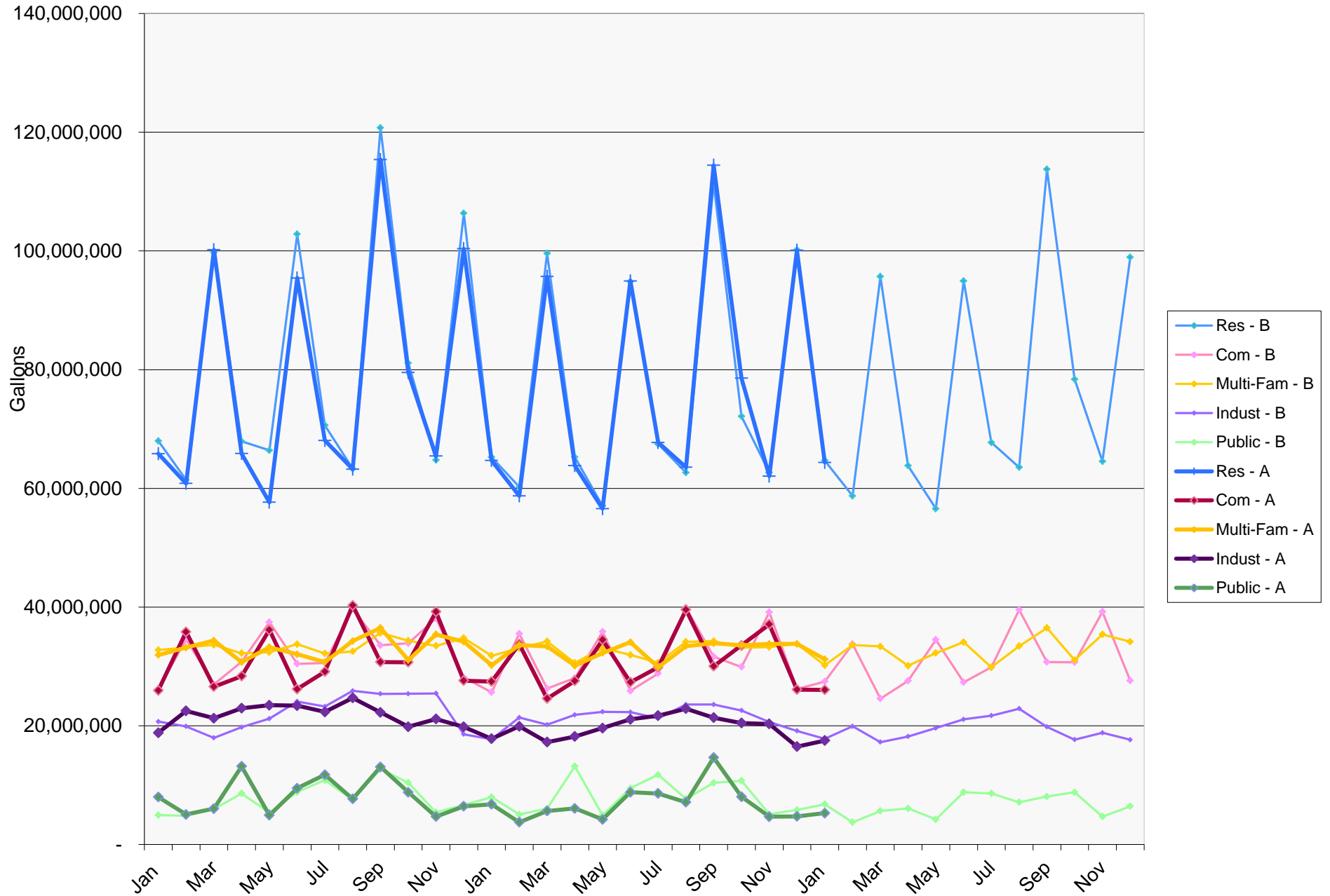


**WAUKESHA WATER UTILITY
STATEMENT OF REVENUES & EXPENSES
MONTH ENDED 1/31/2017**

	CURRENT MONTH				YEAR TO DATE				ANNUAL BUDGET
	ACTUAL'17	BUDGET'17	VARIANCE	%	ACTUAL'17	BUDGET'17	VARIANCE	%	
OPERATING REVENUES:									
Residential	\$330,627.01	\$330,597.76	\$29.25	0.01	\$330,627.01	\$330,597.76	\$29.25	0.01	\$5,030,437.72
Commercial	105,689.08	110,422.17	(4,733.09)	(4.29)	105,689.08	110,422.17	(4,733.09)	(4.29)	1,569,599.84
Industrial	57,725.38	59,158.09	(1,432.71)	(2.42)	57,725.38	59,158.09	(1,432.71)	(2.42)	827,015.90
Public	20,939.68	25,374.10	(4,434.42)	(17.48)	20,939.68	25,374.10	(4,434.42)	(17.48)	326,294.38
Multi Family	125,503.78	122,273.32	3,230.46	2.64	125,503.78	122,273.32	3,230.46	2.64	1,668,162.54
Total Metered Sales	\$640,484.93	\$647,825.44	(\$7,340.51)	(1.13)	\$640,484.93	\$647,825.44	(\$7,340.51)	(1.13)	\$9,421,510.38
Private Fire Capacity	\$15,781.72	\$15,107.00	\$674.72	4.47	\$15,781.72	\$15,107.00	\$674.72	4.47	\$199,976.65
Public Fire Capacity	137,745.46	136,362.00	1,383.46	1.01	137,745.46	136,362.00	1,383.46	1.01	1,927,919.50
Other Operating Revenues	25,546.77	28,208.94	(2,662.17)	(9.44)	25,546.77	28,208.94	(2,662.17)	(9.44)	496,500.37
TOTAL OPERATING REVENUES	\$819,558.88	\$827,503.38	(\$7,944.50)	(0.96)	\$819,558.88	\$827,503.38	(\$7,944.50)	(0.96)	\$12,045,906.90
OPERATING EXPENSES:									
Source	\$906.00	\$64,128.89	(\$63,222.89)	(98.59)	\$906.00	\$64,128.89	(\$63,222.89)	(98.59)	\$769,546.68
Pumping	48,404.19	92,560.73	(44,156.54)	(47.71)	48,404.19	92,560.73	(44,156.54)	(47.71)	1,015,429.53
Treatment	22,599.00	31,468.90	(8,869.90)	(28.19)	22,599.00	31,468.90	(8,869.90)	(28.19)	473,201.80
Distribution	112,185.79	122,855.52	(10,669.73)	(8.68)	112,185.79	122,855.52	(10,669.73)	(8.68)	1,476,932.94
Customer Service	21,075.82	14,169.47	6,906.35	48.74	21,075.82	14,169.47	6,906.35	48.74	203,204.17
Administrative	262,094.51	204,437.11	57,657.40	28.20	262,094.51	204,437.11	57,657.40	28.20	1,626,498.94
Total	\$467,265.31	\$529,620.62	(\$62,355.31)	(11.77)	\$467,265.31	\$529,620.62	(\$62,355.31)	(11.77)	\$5,564,814.06
MANAGERS' MARGIN	352,293.57	297,882.76	54,410.81	18.27	352,293.57	297,882.76	\$54,410.81	18.27	6,481,092.84
Depreciation	159,119.72	156,724.04	2,395.68	1.53	159,119.72	156,724.04	2,395.68	1.53	1,880,688.48
Tax Equivalent	145,847.99	145,847.99	0.00	0.00	145,847.99	145,847.99	0.00	0.00	1,750,175.88
Other Taxes	12,570.71	12,017.86	552.85	4.60	12,570.71	12,017.86	552.85	4.60	154,451.82
TOTAL OPERATING EXPENSES	\$784,803.73	\$844,210.51	(\$59,406.78)	(7.04)	\$784,803.73	\$844,210.51	(\$59,406.78)	(7.04)	\$9,350,130.24
TOTAL OPERATING INCOME(LOSS)	\$34,755.15	(\$16,707.13)	\$51,462.28	(308.03)	\$34,755.15	(\$16,707.13)	\$51,462.28	(308.03)	\$2,695,776.66
NON OPERATING INCOME&(EXPENSE)	(140,328.10)	(136,903.27)	(3,424.83)	2.50	(140,328.10)	(136,903.27)	(3,424.83)	2.50	(1,009,821.75)
NET INCOME(LOSS)	(\$105,572.95)	(\$153,610.40)	\$48,037.45	(31.27)	(\$105,572.95)	(\$153,610.40)	\$48,037.45	(31.27)	\$1,685,954.91

WWU
Billed Gallons
Actual v Budget
2015 - 2017



**WAUKESHA WATER UTILITY
STATEMENT OF SOURCES AND USES OF CASH
PERIOD ENDING JANUARY 31, 2017**

Cash Balance - December 31, 2016

\$30,595,268

SOURCES:

Operations:

Customers - water sales	\$1,445,385
Waste Water Utility - joint metering billing	65,789
Rent of utility property - cellular leases	11,908
Receipts on sewer bills	1,087,303
Other - miscellaneous	13,666
Total Cash From Operating Activities	<u>\$2,624,051</u>

Capital and Related Financing Activities:

Grants	
Contributions	6,745
Issuance of long-term debt	
Sale of short-term debt	
Interest income	15,351
Total Cash From Capital/ Investing Activities	<u>\$22,096</u>

Total Cash Receipts

\$2,646,147

USES:

Salaries, wages, payroll taxes and benefits	\$252,639
Subcontracted and outside services	19,126
Disbursement to city for sewer transfer	980,619
Pumping power	64,247
Purchase of materials and supplies	74,576
Tax equivalent - PILOT	591,605
Acquisition of capital assets	534,617
Debt service - principal	
Debt service - interest	

Total Cash Used

\$2,517,431

Net Change in Cash

\$128,716

Cash Balance - January 31, 2017

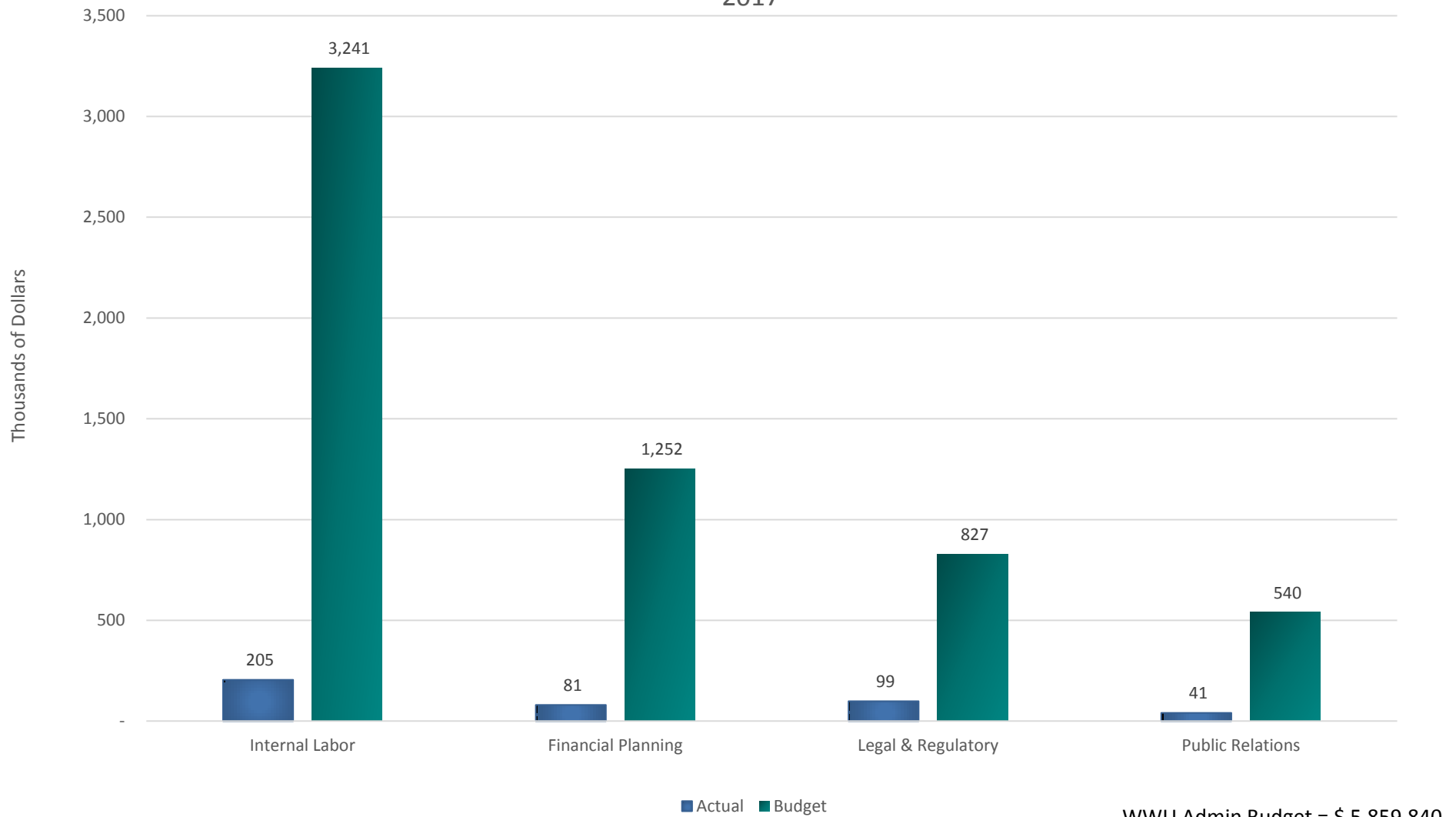
\$30,723,985

**WAUKESHA WATER UTILITY
BALANCE SHEET
1/31/2017**

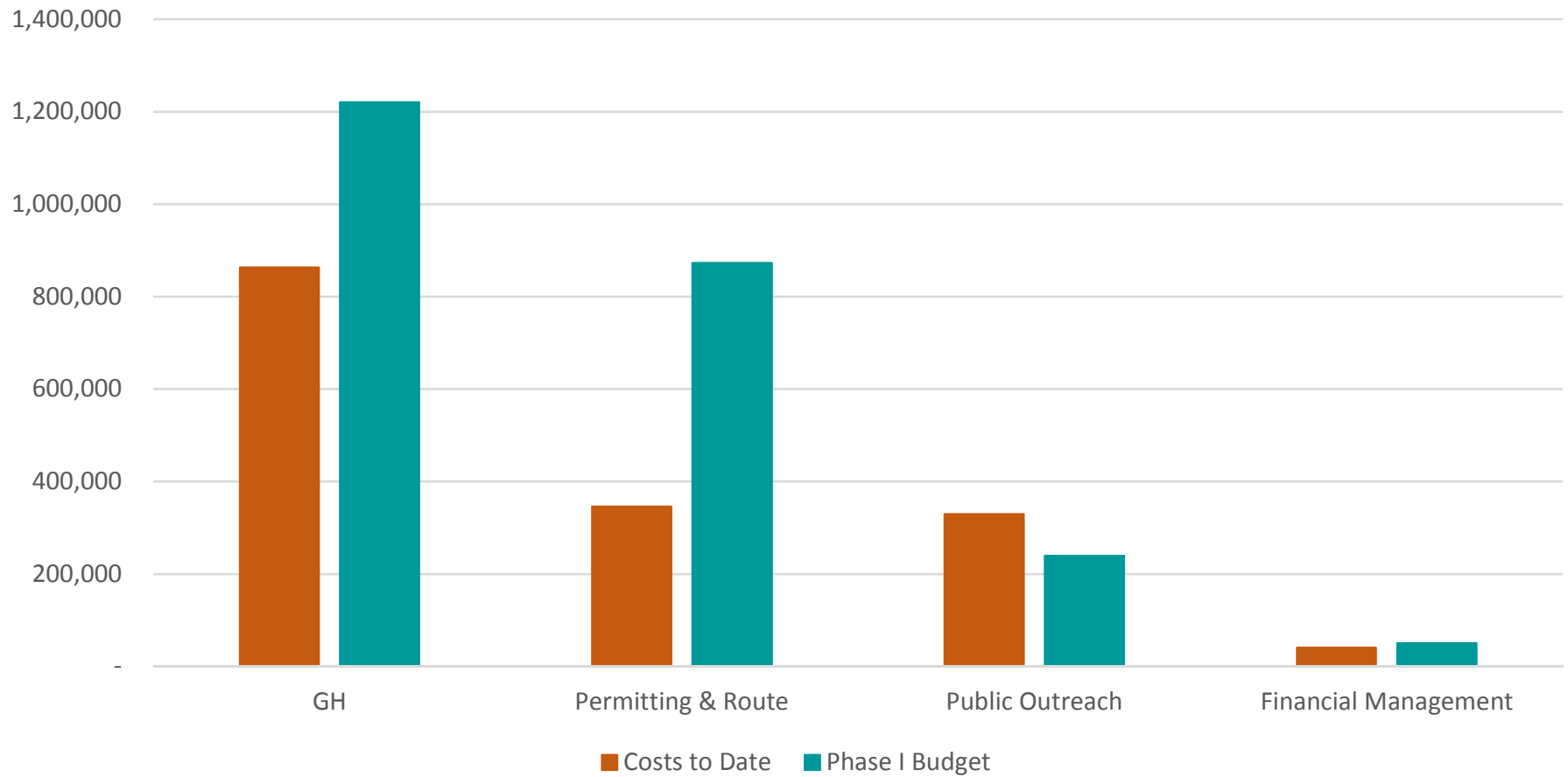
<u>ASSETS</u>	<u>THIS YEAR</u>
CURRENT	
CASH AND INVESTMENTS	\$21,631,574.23
ACCOUNTS RECEIVABLE	3,984,295.20
RECEIVABLE FROM SEWER REIMB	0.00
MATERIALS & SUPPLIES	558,658.18
OTHER CURRENT ASSETS	0.00
ACCRUED UTILITY REVENUE	0.00
TOTAL CURRENT ASSETS	\$26,174,527.61
DEFERRED	
DEFERRED ASSETS	\$4,513,374.05
TOTAL DEFERRED DEBITS	4,513,374.05
RESTRICTED	
DEBT PAYMENT ACCOUNT	\$1,445,161.16
DEBT RESERVE ACCOUNT	475,161.65
CONSTRUCTION FUND	5,255,058.47
TAX EQUIV RESERVE ACCOUNT	1,917,029.14
TOTAL RESTRICTED FUNDS	\$9,092,410.42
LONG TERM	
UTILITY PLANT IN SERVICE-NET	\$90,044,319.02
PROPERTY HELD FOR FUTURE USE	435,089.69
CONSTRUCTION WORK IN PROGRESS	2,228,067.61
RESTRICTED NET PENSION	(225,396.00)
TOTAL UTILITY PLANT	\$92,482,080.32
TOTAL ASSETS	\$132,262,392.40
<u>LIABILITIES</u>	
CURRENT	
CUR PORTION BOND	419,187.29
NOTES PAYABLE	17,400,000.00
ACCOUNTS PAYABLE	281,456.48
PAYABLE TO OTHER FUNDS	2,367,086.06
CUSTOMER DEPOSITS	93,402.17
A/P MISCELLANEOUS	105,856.05
TAXES ACCRUED	1,332,678.00
INTEREST ACCRUED	567,484.17
EMPLOYEE WITHHOLDING	15,525.40
ACCRUED PAYROLL	102,504.00
ACCRUED VACATION	227,813.40
TOTAL CURRENT LIABILITIES	\$22,912,993.02
DEFERRED CREDITS	
CUSTOMER ADVANCES CONSTRUCTION	\$0.00
REGULATORY LIABILITY	1,321,814.86
OPEB LIABILITY	1,180,447.73
OTHER DEFERRED CREDITS	2,935,550.93
TOTAL DEFERRED CREDITS	\$5,437,813.52
LONG-TERM	
BONDS	\$28,179,041.65
<u>EQUITY</u>	
CAPITAL PAID IN BY MUNICIPALITY	\$729,520.02
EQUITY FINANCED BY UTILITY	41,886,232.22
EQUITY FROM CONTRIBUTIONS	32,526,407.92
RESTRICTED EQUITY	695,957.00
NET PROFIT (LOSS)	(105,572.95)
TOTAL EQUITY	\$75,732,544.21
TOTAL EQUITY AND LIABILITIES	\$132,262,392.40



Future Water Supply
WWU Admin Sub Costs
2017



WWU Phase I Expenditures thru Invoice 5



Monthly Interim Report

Waukesha Water Utility
Future Water Supply

February 15, 2017

This update is solely intended for the use of Waukesha Water Utility's internal management and for Waukesha Water Utility's discussions with the Owner's Engineer and Contractor. The update 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/CM") is the Program Manager and 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

During the current period, we reviewed Invoice Nos. PH1-04 and PH1-05 from Greeley and Hansen. There were no audit issues related these invoices. Audit Issue No. 001 (AI-001) related to exempt employee labor charges was resolved during February 2017. Waukesha Water Utility notified Greeley and Hansen overcharges related to program manager hours would be deducted from the payment for Invoice Nos. PH1-04 and PH1-05.

Current Period Request for Information

The following items were requested on February 10, 2017:

1. A change order, or, contract amendment to support the MSK budget increase from \$162,000 to \$742,000 (see RFI-005).
2. Payroll documentation to support 2017 labor billing rates (see RFI-006).
3. A schedule detailing the status of Phase 1 deliverables (See RFI-007).



Audit Status

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
- Reviewed Greeley and Hanson, LLC Draft Invoice Nos. PH1-01 through PH1-05.

B. Items in Process

The following items are currently in process

- Verification of 2017 labor rates (see RFI-006).
- Verification of completed Greeley and Hansen Phase 1 deliverables (see RFI-007).

C. Items to be Completed Next Period

Review subsequent invoices from Greeley and Hansen.

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

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 Fiddlers Creek to Northview Road	M00500	Water Main offsets to accommodate changes in the storm sewer and roadway alignments. Project run by CH2M on behalf of the County.	\$2,787,447	\$ 215,000	\$ 1,779	14	Bill Boyle	1-Dec
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.		\$ 250,000	\$ 4,526	6	Adam Jankowski	1-Dec
						7	Daniel J. Manion	
						13	Andy Reiland	
						14	Bill Boyle	
WM offsets from WSB from Northview to Rolling Ridge Drive	M00502	Water Main offsets to accommodate changes in the storm sewer and roadway alignments. Project run by the City.		\$ 140,000	\$ 6,821	5	Peter Bartels	1-Dec
						14	Bill Boyle	
N Grand - 5 Points to Wisconsin and South St - Clinton to Grand Ave.	M00507	Replace 600 feet if 10" main from 1908 with 12" on South Street from Clinton to Grand and on N. Grand from 5 Points to Wisconsin. Project done with the City.		\$ 640,000	\$ 9,145	11	Erik Helgestad	31-Aug
Prairie Ave - College to St Paul Ave.	M00508	Cancelled by the City until a Future Year		\$ -	\$ 630			Cancelled
Caroline St - Arcadian to Main St.	M00509	Replace 750 of 6" main from 1911 with 8" on Caroline between Arcadian and Main Street. Project done with City Sanitary.		\$ 350,000	\$ 703	3	Christopher Hernandez	15-Nov
			11			Erik Helgestad		
NW Barstow - Buena Vista to Lemira Ave.	M00510	Replace 1,560 feet of 6" main from 1909, 1915, and 1930 with 8" on NW Barstow from Buena Vista to Lemira. Project done with the City.	\$ 400,000	\$ 3,978	2	Eric Payne	15-Nov	
Arcadian - Eugene to Greenfield Ave.	M00512	Replace 1,500 feet of 6" main from 1924 with 550' of 8" and 950' 12" on NW Barstow from Buena Vista to Lemira. Project done with the City.	\$ 550,000	\$ 683	3	Christopher Hernandez	15-Nov	
Oscar Street - Jefferson to Highland Ave.		Lower services on Oscar between Jefferson & Highland to eliminate annual water runs due to large storm sewer. Main is from 1958 but will not be replaced due to budget constraints.	\$ 50,600	\$ -	3	Christopher Hernandez	15-Nov	
Routine Projects			\$ 2,787,447	\$ 2,595,600	\$ 28,265			
Misc Routine			\$ 558,809	\$ 558,809	\$ 558,809			
Total Routine			\$ 3,346,256	\$ 3,154,409	\$ 587,074			
W Main Street on West to Greenwood, On Greenwood under River to Mountain Ave.	GLCD0008	Replacing 8" from 1913 on West from Wisconsin to Glenwood, 6" from 1927 on Glenwood, with 24" main, then new 24" crossing river, passing through Grede Park and connecting to 20" main on Mountain. Project done with City Sanitary.	\$ 1,924,600	\$ 1,924,600	\$ 37,573	2	Eric Payne	30-Sep
						11	Erik Helgestad	
Distribution System Improvements			\$1,924,600	\$ 1,924,600	\$ 37,573			
Total Transmission & Distribution			\$ 5,270,856	\$ 5,079,009	\$ 624,647			

Bold Totals are Based on Bids