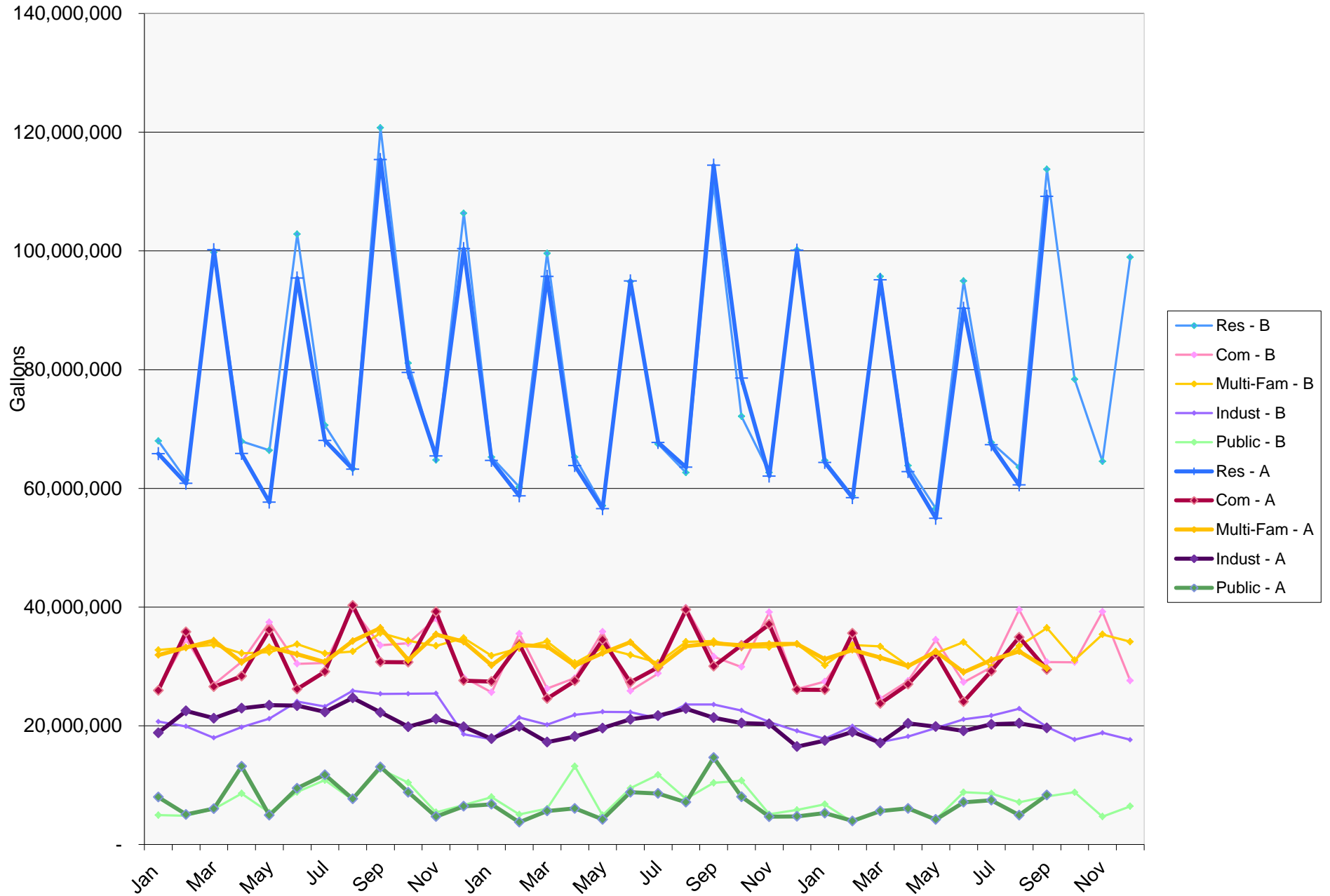


**WAUKESHA WATER UTILITY
STATEMENT OF REVENUES & EXPENSES
MONTH ENDED 9/30/2017**

	CURRENT MONTH				YEAR TO DATE				ANNUAL BUDGET
	ACTUAL'17	BUDGET'17	VARIANCE	%	ACTUAL'17	BUDGET'17	VARIANCE	%	
OPERATING REVENUES:									
Residential	\$549,943.25	\$621,787.11	(\$71,843.86)	(11.55)	\$3,392,005.91	\$3,687,416.71	(\$295,410.80)	(8.01)	\$5,030,437.72
Commercial	113,823.94	129,759.87	(15,935.93)	(12.28)	1,031,456.77	1,143,840.26	(112,383.49)	(9.83)	1,569,599.84
Industrial	63,458.02	70,756.41	(7,298.39)	(10.31)	562,562.08	631,664.12	(69,102.04)	(10.94)	827,015.90
Public	30,982.60	34,485.51	(3,502.91)	(10.16)	202,877.21	243,271.03	(40,393.82)	(16.60)	326,294.38
Multi Family	116,723.06	154,871.02	(38,147.96)	(24.63)	1,107,777.82	1,230,762.93	(122,985.11)	(9.99)	1,668,162.54
Total Metered Sales	\$874,930.87	\$1,011,659.92	(\$136,729.05)	(13.52)	\$6,296,679.79	\$6,936,955.05	(\$640,275.26)	(9.23)	\$9,421,510.38
Private Fire Capacity	\$15,703.58	\$16,755.45	(\$1,051.87)	(6.28)	\$141,832.89	\$148,820.08	(\$6,987.19)	(4.70)	\$199,976.65
Public Fire Capacity	186,428.74	199,927.65	(13,498.91)	(6.75)	1,344,190.07	1,428,925.66	(84,735.59)	(5.93)	1,927,919.50
Other Operating Revenues	31,817.00	52,630.79	(20,813.79)	(39.55)	288,772.44	322,313.88	(33,541.44)	(10.41)	496,500.37
TOTAL OPERATING REVENUES	\$1,108,880.19	\$1,280,973.81	(\$172,093.62)	(13.43)	\$8,071,475.19	\$8,837,014.67	(\$765,539.48)	(8.66)	\$12,045,906.90
OPERATING EXPENSES:									
Source	\$70,265.71	\$64,128.89	\$6,136.82	9.57	\$1,470,353.14	\$577,160.01	\$893,193.13	154.76	\$769,546.68
Pumping	84,926.75	88,730.05	(3,803.30)	(4.29)	645,456.77	758,971.62	(113,514.85)	(14.96)	1,015,429.53
Treatment	56,676.80	55,362.65	1,314.15	2.37	322,695.37	354,901.35	(32,205.98)	(9.07)	473,201.80
Distribution	51,515.33	119,206.97	(67,691.64)	(56.78)	686,984.29	1,100,791.88	(413,807.59)	(37.59)	1,476,932.94
Customer Service	18,067.60	17,117.43	950.17	5.55	146,820.52	141,920.61	4,899.91	3.45	203,204.17
Administrative	118,328.16	148,538.94	(30,210.78)	(20.34)	1,189,113.39	1,254,446.20	(65,332.81)	(5.21)	1,626,498.94
Total	\$399,780.35	\$493,084.93	(93,304.58)	(18.92)	\$4,461,423.48	\$4,188,191.67	273,231.81	6.52	\$5,564,814.06
MANAGERS' MARGIN	709,099.84	787,888.88	(78,789.04)	(10.00)	3,610,051.71	4,648,823.00	(\$1,038,771.29)	(22.34)	6,481,092.84
Depreciation	158,893.26	156,724.04	2,169.22	1.38	1,437,569.58	1,410,516.36	27,053.22	1.92	1,880,688.48
Tax Equivalent	146,566.83	145,847.99	718.84	0.49	1,318,786.17	1,312,631.91	6,154.26	0.47	1,750,175.88
Other Taxes	21,265.87	22,130.36	(864.49)	(3.91)	117,784.79	118,398.24	(613.45)	(0.52)	154,451.82
TOTAL OPERATING EXPENSES	\$726,506.31	\$817,787.32	(\$91,281.01)	(11.16)	\$7,335,564.02	\$7,029,738.18	\$305,825.84	4.35	\$9,350,130.24
TOTAL OPERATING INCOME(LOSS)	\$382,373.88	\$463,186.49	(\$80,812.61)	(17.45)	\$735,911.17	\$1,807,276.49	(\$1,071,365.32)	(59.28)	\$2,695,776.66
NON OPERATING INCOME&(EXPENSE)	(133,047.35)	(145,143.82)	12,096.47	(8.33)	(1,040,539.04)	(1,327,669.68)	287,130.64	(21.63)	(1,009,821.75)
NET INCOME(LOSS)	\$249,326.53	\$318,042.67	(\$68,716.14)	(21.61)	(\$304,627.87)	\$479,606.81	(\$784,234.68)	(163.52)	\$1,685,954.91

WWU
Billed Gallons
Actual v Budget
2015 - 2017



**WAUKESHA WATER UTILITY
STATEMENT OF SOURCES AND USES OF CASH
PERIOD ENDING SEPTEMBER 30, 2017**

Cash Balance - August 31, 2017

\$35,314,273

SOURCES:

Operations:

Customers - water sales	\$751,718
Waste Water Utility - joint metering billing	56,968
Rent of utility property - cellular leases	12,028
Receipts on sewer bills	1,076,352
Other - miscellaneous	9,663
Total Cash From Operating Activities	<u>\$1,906,730</u>

Capital and Related Financing Activities:

Grants	
Contributions	3,213
Issuance of long-term debt	
Sale of short-term debt	
Interest income	30,647
Total Cash From Capital/ Investing Activities	<u>\$33,860</u>

Total Cash Receipts

\$1,940,590

USES:

Salaries, wages, payroll taxes and benefits	\$327,322
Subcontracted and outside services	33,616
Disbursement to city for sewer transfer	1,053,639
Pumping power	65,146
Purchase of materials and supplies	75,081
Tax equivalent - PILOT	
Acquisition of capital assets	1,578,740
Debt service - principal	
Debt service - interest	456,814

Total Cash Used

\$3,590,358

Net Change in Cash

(\$1,649,769)

Cash Balance - September 30, 2017

\$33,664,504

**WAUKESHA WATER UTILITY
BALANCE SHEET
9/30/2017**

<u>ASSETS</u>	<u>THIS YEAR</u>
CURRENT	
CASH AND INVESTMENTS	\$23,343,645.33
ACCOUNTS RECEIVABLE	5,604,039.74
RECEIVABLE FROM SEWER REIMB	0.00
MATERIALS & SUPPLIES	539,794.70
OTHER CURRENT ASSETS	15,997.00
ACCRUED UTILITY REVENUE	0.00
TOTAL CURRENT ASSETS	\$29,503,476.77
DEFERRED	
DEFERRED ASSETS	\$12,454,745.69
TOTAL DEFERRED DEBITS	12,454,745.69
RESTRICTED	
DEBT PAYMENT ACCOUNT	\$504,707.35
DEBT RESERVE ACCOUNT	475,632.46
CONSTRUCTION FUND	7,396,491.56
TAX EQUIV RESERVE ACCOUNT	1,944,027.06
TOTAL RESTRICTED FUNDS	\$10,320,858.43
LONG TERM	
UTILITY PLANT IN SERVICE-NET	\$88,939,783.10
PROPERTY HELD FOR FUTURE USE	435,089.69
CONSTRUCTION WORK IN PROGRESS	2,907,599.11
RESTRICTED NET PENSION	(225,396.00)
TOTAL UTILITY PLANT	\$92,057,075.90
TOTAL ASSETS	\$144,336,156.79
<u>LIABILITIES</u>	
CURRENT	
CUR PORTION BOND	420,134.14
NOTES PAYABLE	27,285,000.00
ACCOUNTS PAYABLE	1,939,612.27
PAYABLE TO OTHER FUNDS	3,251,829.68
CUSTOMER DEPOSITS	200,769.61
A/P MISCELLANEOUS	0.00
TAXES ACCRUED	1,345,221.00
INTEREST ACCRUED	385,971.61
EMPLOYEE WITHHOLDING	14,118.32
ACCRUED PAYROLL	42,710.00
ACCRUED VACATION	227,813.40
TOTAL CURRENT LIABILITIES	\$35,113,180.03
DEFERRED CREDITS	
CUSTOMER ADVANCES CONSTRUCTION	\$0.00
REGULATORY LIABILITY	1,194,411.02
OPEB LIABILITY	1,254,351.73
OTHER DEFERRED CREDITS	3,111,817.21
TOTAL DEFERRED CREDITS	\$5,560,579.96
LONG-TERM	
BONDS	\$28,128,907.51
<u>EQUITY</u>	
CAPITAL PAID IN BY MUNICIPALITY	\$2,666,484.02
EQUITY FINANCED BY UTILITY	39,949,268.22
EQUITY FROM CONTRIBUTIONS	32,526,407.92
RESTRICTED EQUITY	695,957.00
NET PROFIT (LOSS)	(304,627.87)
TOTAL EQUITY	\$75,533,489.29
TOTAL EQUITY AND LIABILITIES	\$144,336,156.79

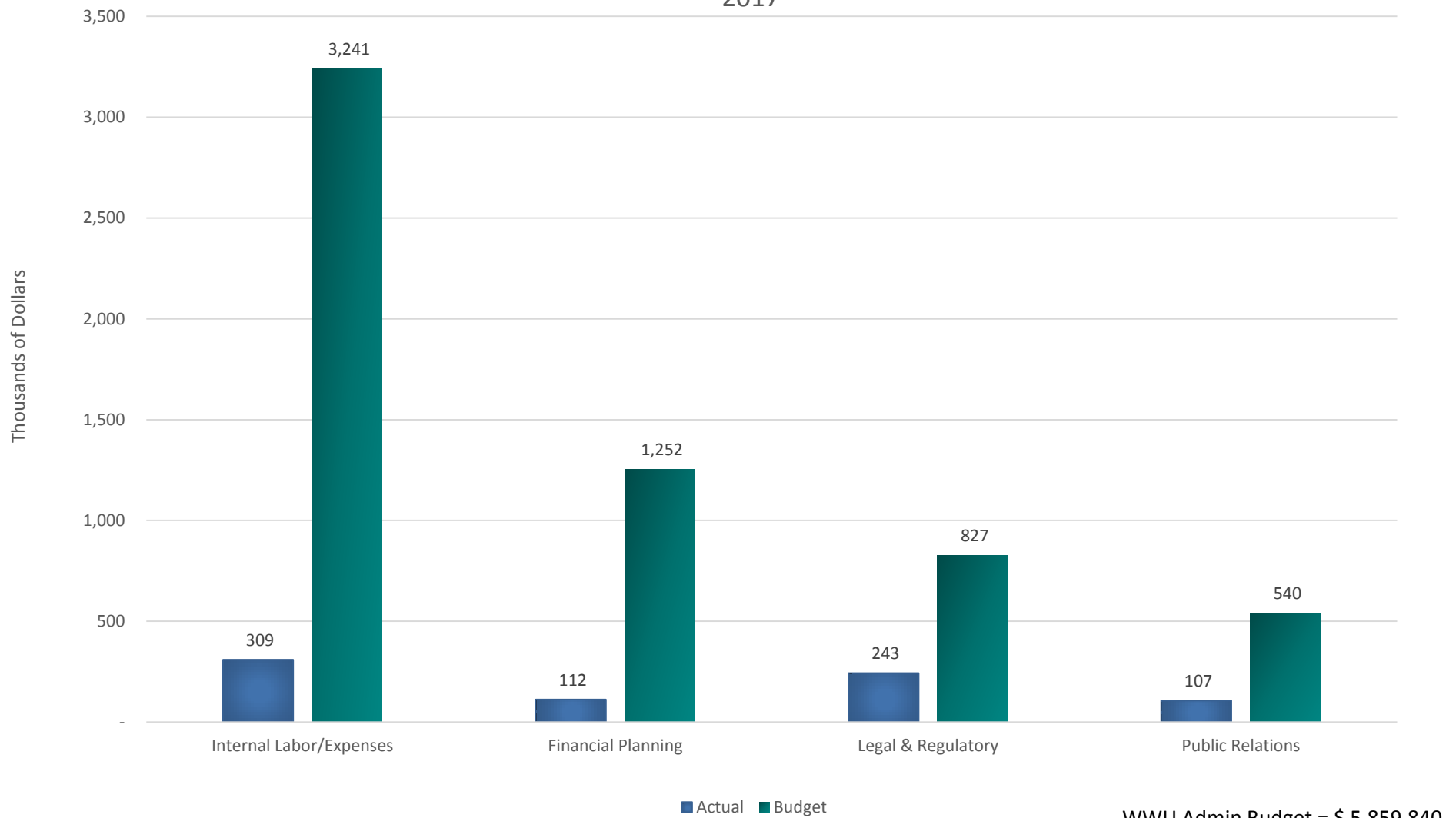
WWU
TRANSMISSION AND DISTRIBUTION
BUDGET VARIANCE ANALYSIS

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	\$ 71,757	\$ 60,674	14	Bill Boyle	December 2017
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	\$ 9,723	6 7 13 14	Adam Jankowski Daniel J. Manion Dean Lemke Bill Boyle	Fall 2018
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.		\$ 308,751	\$ 304,946	5 14	Peter Bartels Bill Boyle	November 2017
N Grand - 5 Points to Wisconsin and South St - Clinton to Grand Ave.	M00507	Replace 600 feet of 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.		\$ 298,945	\$ 249,150	11	Erik Helgestad	June 2017
Prairie Ave - College to St Paul Ave.	M00508	Cancelled by the City until a Future Year		\$ -	\$ 794			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.		\$ 176,392	\$ 173,981	3 11	Cassie Rodriguez Erik Helgestad	October 2017
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.		\$ 312,364	\$ 258,957	2	Eric Payne	June 2017
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.		\$ 363,087	\$ 324,768	3	Cassie Rodriguez	October 2017
Oscar Street - Jefferson to Highland Ave.	M00513	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.		\$ 41,622	\$ 35,087	3	Cassie Rodriguez	October 2017
Waukesha County Expo Center	M00514	Eliminate water meter pit and install 20 feet of 8" ductile iron pipe.		\$ 7,508	\$ 7,508	2	Eric Payne	May 2017
Routine Projects			\$ 2,787,447	\$ 1,830,426	\$1,425,589			
Misc Routine			\$ 558,809	\$ 558,809	\$ 558,809			
Total Routine			\$ 3,346,256	\$ 2,389,235	\$1,984,398			
West Ave from Wisconsin to Glenwood, West on Glenwood, under Fox 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	\$ 1,134,906	\$ 603,184	2 11	Eric Payne Erik Helgestad	December 2017
Distribution System Improvements			\$1,924,600	\$ 1,134,906	\$ 603,184			
Total Transmission & Distribution			\$ 5,270,856	\$ 3,524,142	\$2,587,582			

Bold Totals are Based on Bids



Future Water Supply
WWU Admin Sub Costs
2017



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.

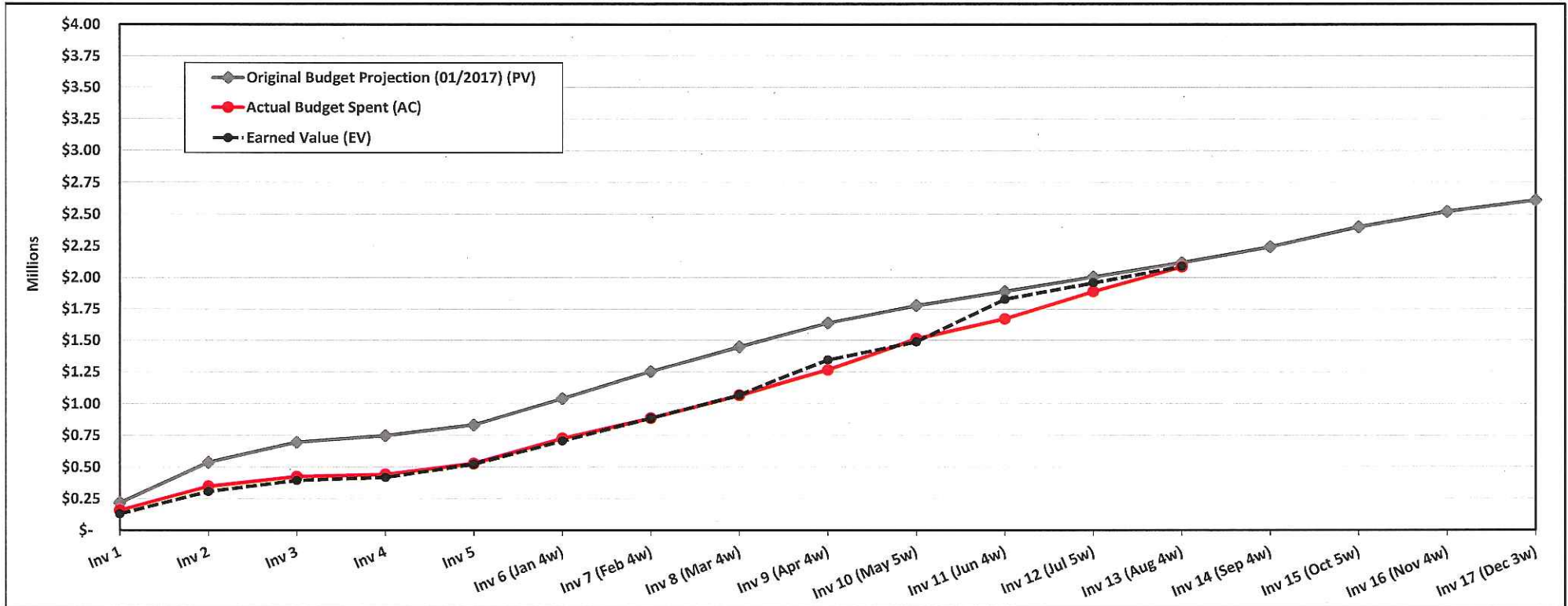
Current Period Audit Issues

During the current period we reviewed Invoice No. 13 from Greeley and Hansen. There were no Audit Issues identified during the current period.

Current Period Request for Information

There were no new requests for information during the current review period.

Exhibit 5: Earned Value Analysis

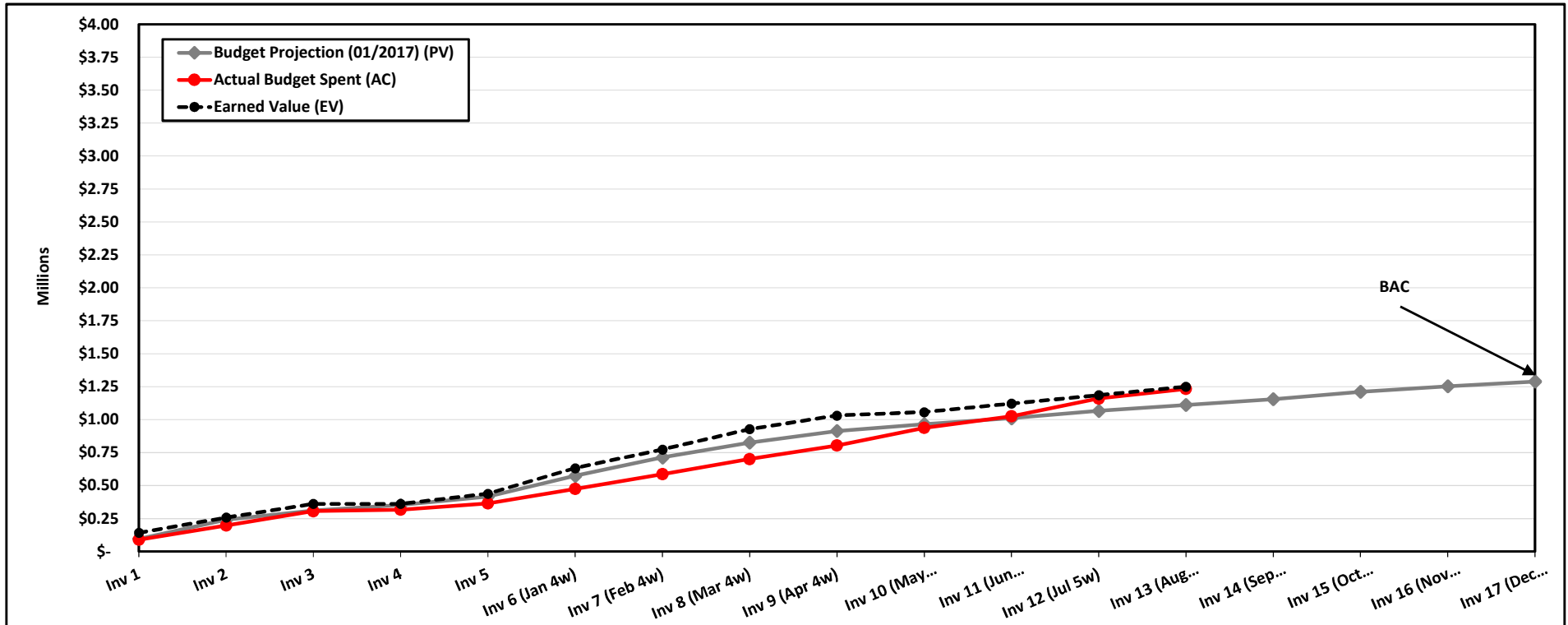


Earned Value Calculations	
Budget at completion ^(BAC1) (BAC)	\$ 2,608,901.28
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 629,376.68
Cost Variance ^(CV) (CV=EV-AC)	\$ 68,545.92
Schedule Variance ^(SV) (SV=EV-PV)	\$ (46,884.04)
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.04
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.98
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	1.01
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 2,517,506.72
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ 91,394.56

1. Task 1 Budget at completion includes Program Contingency Task Authorizations

Task 1	Program Management Plan/Progress
	<ul style="list-style-type: none"> Comparative Program Costs were updated based on water supplier proposals. Water Supplier Assessment Memorandum is being developed and will be finalized when final water supplier proposals are received. The Financial Management Dashboard was reviewed with Waukesha and will be updated to address feedback. The Program Management Team met with City of Waukesha to develop a plan for cost sharing with the Clean Water Plant for return flow portions of the Program.

Task 1	Program Management Challenges
	<ul style="list-style-type: none"> The Task 1 budget will be expended by the end of November 2017. An estimate of 2018 budget needed in 2017 to continue providing Program Management has been reviewed with WWU for approval by the Commission. Water supplier selection is pending. Development of the Preliminary Design Report is being expedited to be prepared to meet anticipated funding timelines and provide greater design refinement for Program Cost update.



Note: Invoice 6 Amount for Task 2 was reported incorrectly in the previous version of this earned value analysis. The corrected cumulative amount is \$984.33 higher.

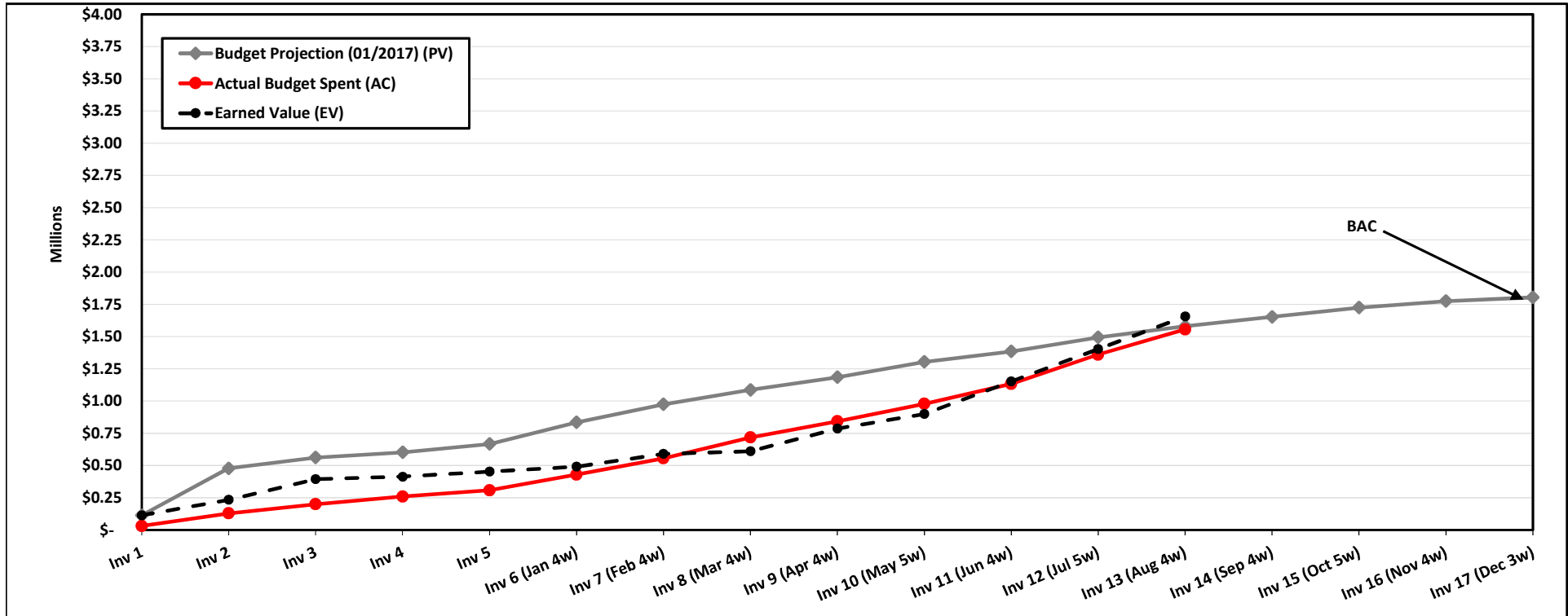
Earned Value Calculations	
Budget at completion ^(BAC) (BAC)	\$ 1,289,070.57
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 100,938.32
Cost Variance ^(CV) (CV=EV-AC)	\$ 25,154.23
Schedule Variance ^(SV) (SV=EV-PV)	\$ 118,973.92
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.02
Schedule Performance Index ^(SPI) (SPI=EV/PV)	1.11
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	1.14
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 1,261,729.01
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ 27,341.56

Task 2 Programmatic Support Services Plan/Progress

- An Open House in Waukesha was held on September 6, 2017.
- Media relations support was provided regarding the water supplier selection.
- Communication with local stakeholders continues to support Route Study field investigations.

Task 2 Programmatic Support Services Challenges

- The Task 2 budget was expended in August 2017. An interim budget redistribution within the approved Program Budget was approved by Waukesha as Task Authorization Nos. 6 and 7.
- An estimate of 2018 budget needed in 2017 to continue providing Program Management has been reviewed with WWU and is anticipated to be approved by the Commission at their September 2017 meeting.



Note 1: Task 3 Approved Budget Amount was changed due to finalizing of Subs contract amounts

Note 2: Invoice 5 Amount for Task 3 was reported incorrectly in the previous Version of the Report. The Cumulative amount was Decreased by \$263.96

Earned Value Calculations

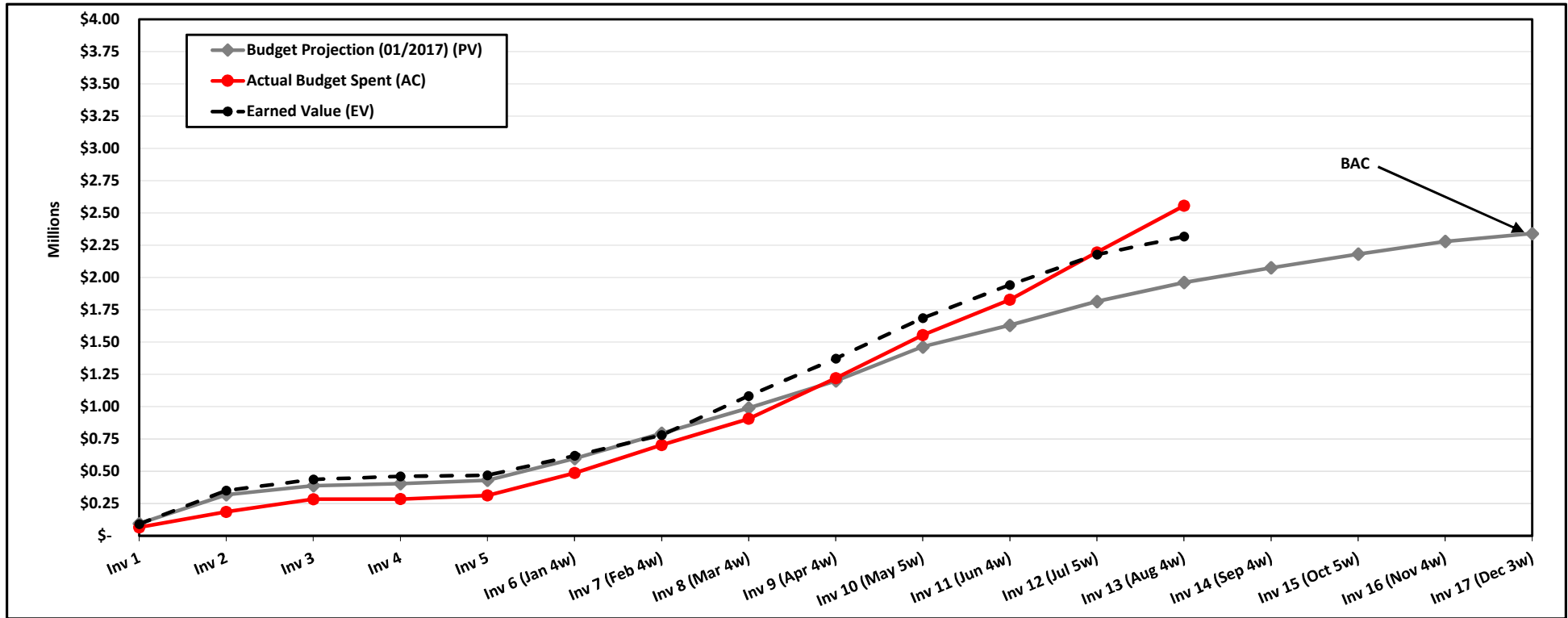
Budget at completion ^{(BAC)(1)} (BAC)	\$ 1,799,630.75
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 383,540.59
Cost Variance ^(CV) (CV=EV-AC)	\$ 43,886.25
Schedule Variance ^(SV) (SV=EV-PV)	\$ (89,923.62)
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.03
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.94
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	0.97
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 1,743,366.32
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ 56,264.43

Task 3 Permitting Plan/Progress

- WDNR, WisDOT, US Fish and Wildlife meetings for construction and WPDES permitting occurred. The PM/CM team, Paul Kent, and Bruce Baker continue to contact WDNR weekly to maintain open lines of communication.
- Permits necessary for field investigations have been submitted to and obtained from local authorities having jurisdiction.
- Meetings with local municipalities and counties are being held to gain understanding of construction permitting requirements.

Task 3 Permitting Challenges

- The Task 3 budget will be expended by the end of November 2017. An estimate of 2018 budget needed in 2017 to continue providing Program Management has been reviewed with WWU and is anticipated to be approved by the Commission at their September 2017 meeting.
- Scheduling the water supply meeting with WDNR is awaiting final water supplier selection.



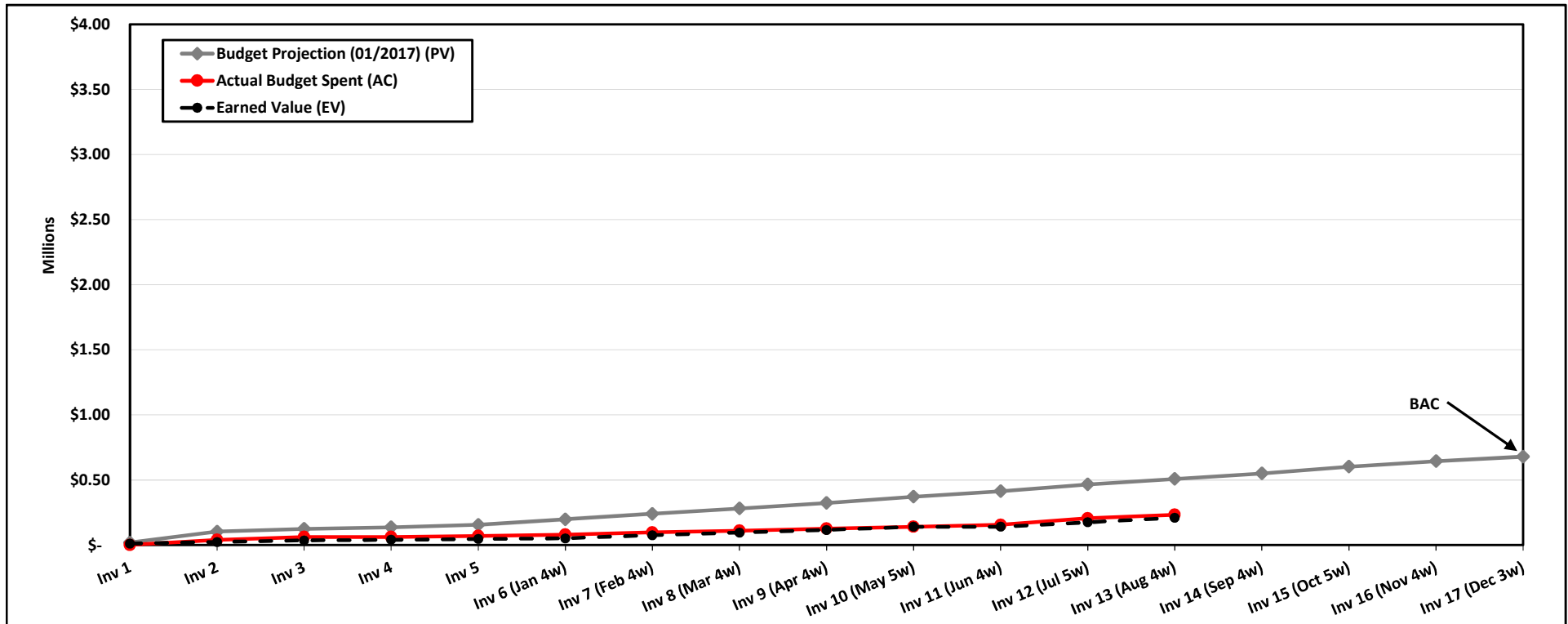
Earned Value Calculations	
Budget at completion ^(BAC) (BAC)	\$ 2,341,454.13
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 165,234.64
Cost Variance ^(CV) (CV=EV-AC)	\$ (17,707.94)
Schedule Variance ^(SV) (SV=EV-PV)	\$ 362,302.34
Cost Performance Index ^(CPI) (CPI=EV/AC)	0.99
Schedule Performance Index ^(SPI) (SPI=EV/PV)	1.20
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	1.19
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 2,360,494.92
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ (19,040.79)

Task 4 Route Study and Pipeline Plan/Progress

- The Route Study Report, the WDNR Preliminary Design Report, and opinions of probable cost are being prepared for internal Quality Management review.
- Field investigations are being performed in coordination with the programmatic support services team regarding communication with local stakeholders.

Task 4 Route Study and Pipeline Challenges

- The water supplier has not been confirmed. Selection of the supplier is needed to continue the Water Supply Pumping Station design for the WDNR Preliminary Design Report submission.
- The Task 4 budget was expended by the end of August 2017. An estimate of 2018 budget needed in 2017 to continue providing Program Management has been reviewed with WWU and is anticipated to be approved by the Commission at their September 2017 meeting.



Note 1. Task 5 total budget value has been corrected

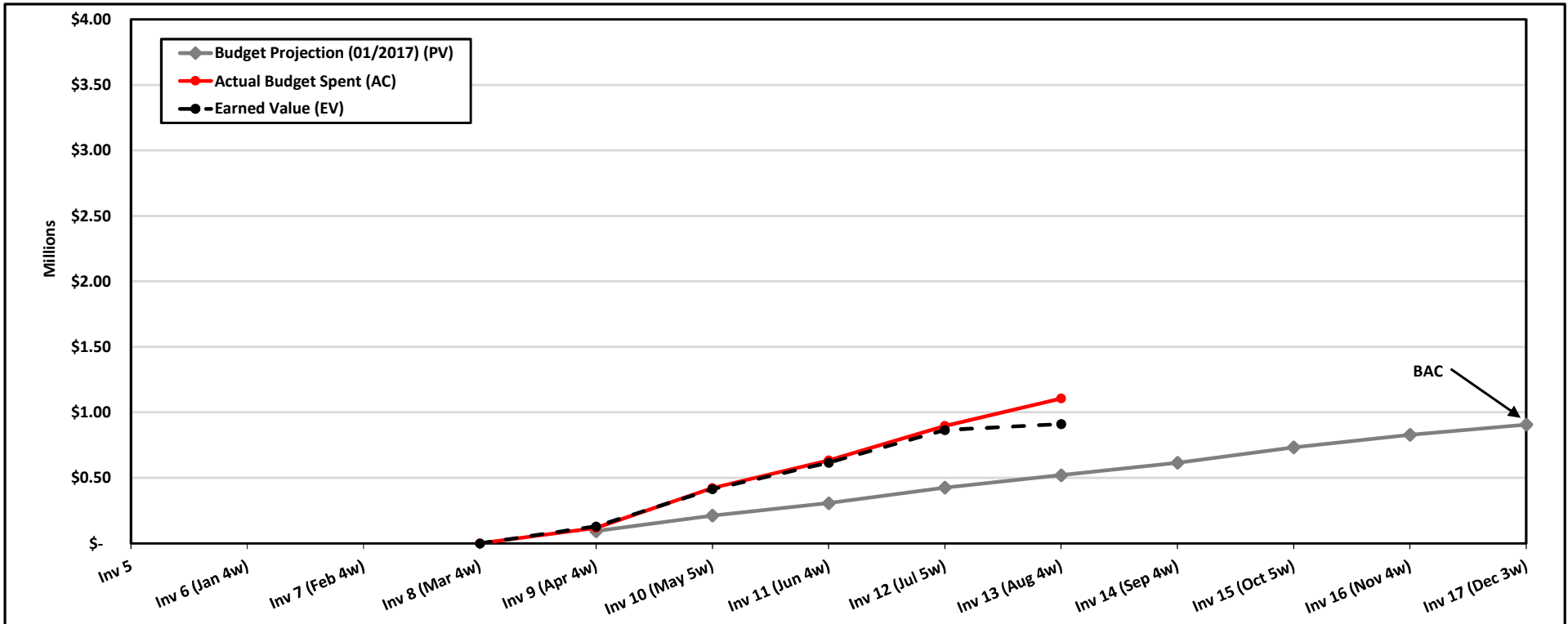
Earned Value Calculations	
Budget at completion ^{(BAC)(1)} (BAC)	\$ 698,405.42
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 615,925.15
Cost Variance ^(CV) (CV=EV-AC)	\$ (30,707.03)
Schedule Variance ^(SV) (SV=EV-PV)	\$ (290,998.65)
Cost Performance Index ^(CPI) (CPI=EV/AC)	0.85
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.38
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	0.32
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 821,233.53
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ (122,828.11)

Task 5 Distribution System and Water Quality Plan/Progress

- The distribution system model was calibrated. Initial scenarios for connection points into the Waukesha distribution system were reviewed with WWU.
- No progress has occurred on the Pipe Loop Test apparatus design. Preliminary design documents for the pipe loop test apparatus will be initiated upon confirmation of water supplier.

Task 5 Distribution System and Water Quality Challenges

- Selection of the water supplier has resulted in a delay in having the WDNR Water Supply meetings for permitting has impacted the schedule for Pipe Loop Testing and water quality analysis.
- No 2018 budget shift is needed in 2017 to achieve the Task 5 plan for 2017.



1. Task 6 total budget value has been corrected

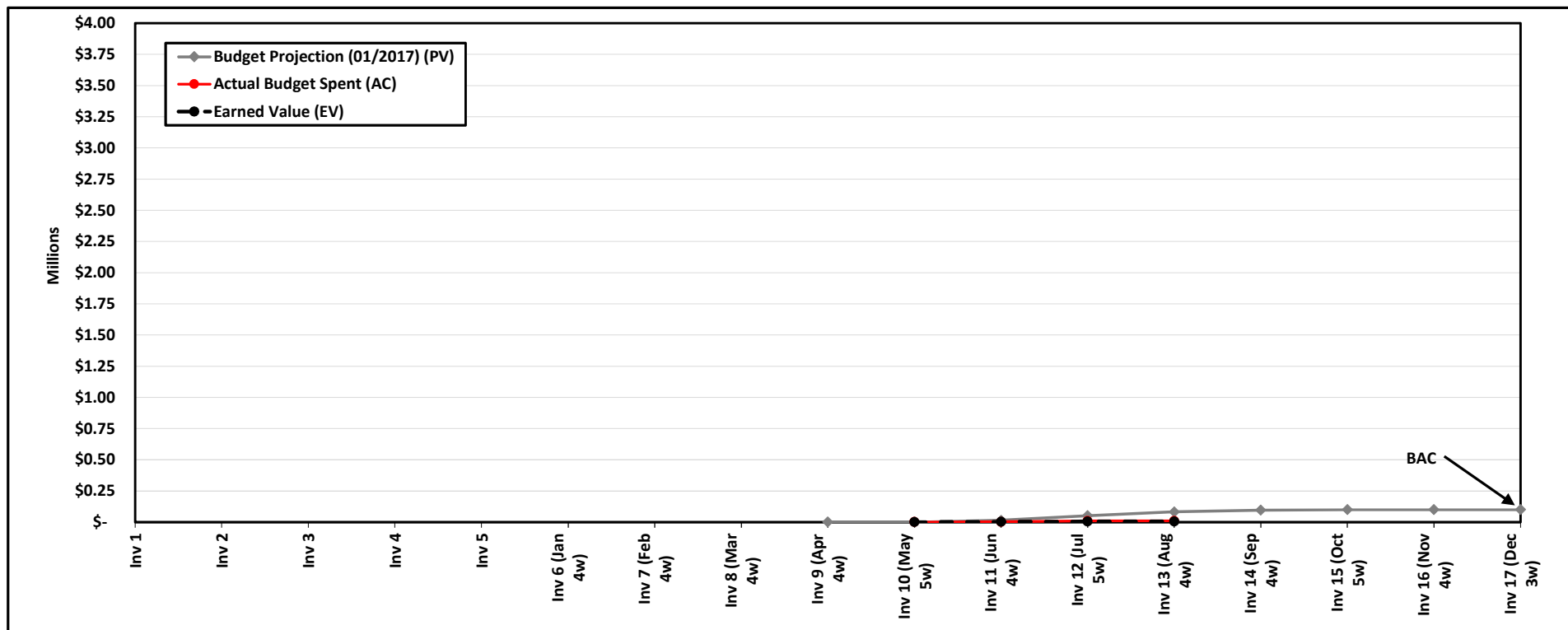
Earned Value Calculations	
Budget at completion ^{(BAC)(1)} (BAC)	\$ 920,391.60
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 57,261.71
Cost Variance ^(CV) (CV=EV-AC)	\$ (31,932.03)
Schedule Variance ^(SV) (SV=EV-PV)	\$ 438,798.10
Cost Performance Index ^(CPI) (CPI=EV/AC)	0.96
Schedule Performance Index ^(SPI) (SPI=EV/PV)	2.03
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	1.96
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 954,361.84
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ (33,970.24)

Task 6 Pump Stations, Storage and Chemical Treatment Plan/Progress

- The WDNR Preliminary Design Report is being developed.
- Preliminary design of Booster Pumping Station site, storage and building to support the Preliminary Design Report is continuing.
- Field investigations are occurring including coordination with the programmatic support services team regarding communication with local stakeholders.

Task 6 Pump Stations, Storage and Chemical Treatment Challenges

- The water supplier has not been confirmed. Selection of the supplier is needed to continue the Water Supply Pumping Station design for the WDNR Preliminary Design Report submission.
- The Task 6 budget has been expended. An estimate of 2018 budget needed in 2017 to continue providing Program Management has been reviewed with WWU and is anticipated to be approved by the Commission at their September 2017 meeting.



Earned Value Calculations	
Budget at completion ^{(BAC)(1)} (BAC)	\$ 99,105.00
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 191,211.63
Cost Variance ^(CV) (CV=EV-AC)	\$ (5,108.52)
Schedule Variance ^(SV) (SV=EV-PV)	\$ (45,849.70)
Cost Performance Index ^(CPI) (CPI=EV/AC)	0.49
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.10
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	0.05
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 201,275.40
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ (102,170.40)

1. Task 7 total budget value is added

Task 7 Construction and Construction Management Plan/Progress

- No progress this Invoice period.

Task 7 Construction and Construction Management Challenges

- No challenges identified.