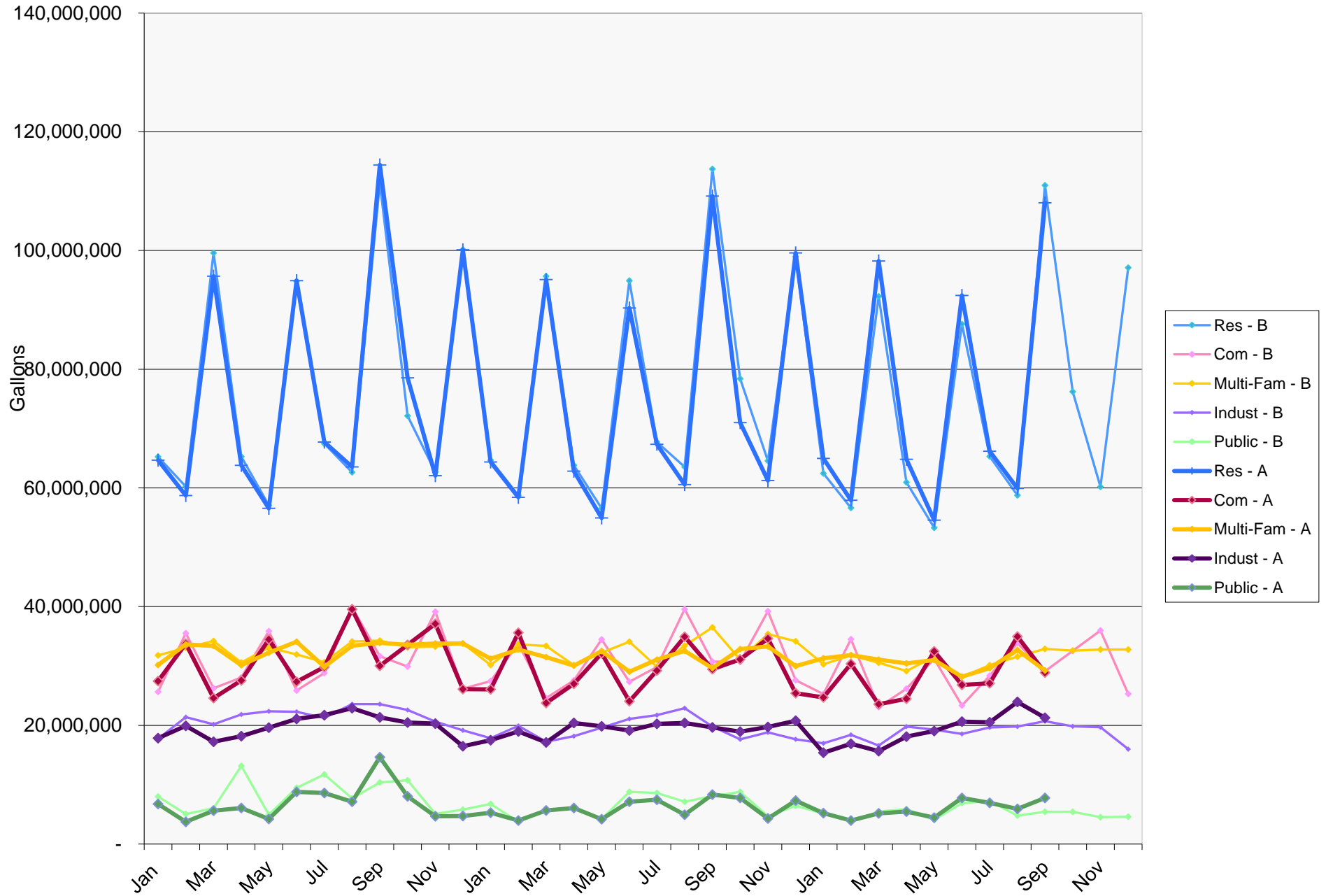


**WAUKESHA WATER UTILITY
STATEMENT OF REVENUES & EXPENSES
MONTH ENDED 9/30/2018**

	CURRENT MONTH				YEAR TO DATE				ANNUAL BUDGET
	ACTUAL'18	BUDGET'18	VARIANCE	%	ACTUAL'18	BUDGET'18	VARIANCE	%	
OPERATING REVENUES:									
Residential	\$583,392.07	\$603,372.68	(\$19,980.61)	(3.31)	\$3,647,980.96	\$3,640,033.98	\$7,946.98	0.22	\$4,935,965.56
Commercial	118,295.27	121,177.06	(2,881.79)	(2.38)	1,060,718.12	1,101,126.22	(40,408.10)	(3.67)	1,511,321.72
Industrial	71,673.77	71,833.82	(160.05)	(0.22)	586,244.23	594,705.18	(8,460.95)	(1.42)	790,195.60
Public	30,703.57	51,829.79	(21,126.22)	(40.76)	213,882.78	231,906.59	(18,023.81)	(7.77)	302,092.85
Multi Family	123,050.53	138,776.35	(15,725.82)	(11.33)	1,154,385.74	1,196,245.72	(41,859.98)	(3.50)	1,618,382.44
Irrigation	9,270.54	0.00	9,270.54	0.00	21,030.82	0.00	21,030.82	0.00	0.00
Total Metered Sales	\$936,385.75	\$986,989.70	(\$50,603.95)	(5.13)	\$6,684,242.65	\$6,764,017.69	(\$79,775.04)	(1.18)	\$9,157,958.17
Private Fire Capacity	\$19,875.30	\$17,539.52	\$2,335.78	13.32	\$183,847.63	\$166,367.02	\$17,480.61	10.51	\$222,476.02
Public Fire Capacity	215,640.88	210,860.10	4,780.78	2.27	1,568,754.19	1,577,014.54	(8,260.35)	(0.52)	2,113,211.26
Other Operating Revenues	27,788.68	27,848.85	(60.17)	(0.22)	288,564.39	285,782.88	2,781.51	0.97	473,981.97
TOTAL OPERATING REVENUES	\$1,199,690.61	\$1,243,238.17	(\$43,547.56)	(3.50)	\$8,725,408.86	\$8,793,182.13	(\$67,773.27)	(0.77)	\$11,967,627.42
OPERATING EXPENSES:									
Source	\$50,061.80	\$50,778.77	(\$716.97)	(1.41)	\$452,213.39	\$463,008.93	(\$10,795.54)	(2.33)	\$615,345.28
Pumping	81,961.31	93,394.16	(11,432.85)	(12.24)	682,677.21	800,948.61	(118,271.40)	(14.77)	1,061,398.85
Treatment	71,532.80	56,890.66	14,642.14	25.74	315,274.76	368,015.94	(52,741.18)	(14.33)	491,137.92
Distribution	63,307.31	83,955.11	(20,647.80)	(24.59)	763,330.49	787,559.74	(24,229.25)	(3.08)	1,412,137.56
Customer Service	17,315.60	12,160.25	5,155.35	42.40	132,463.30	86,632.71	45,830.59	52.90	127,755.52
Administrative	119,451.06	155,357.65	(35,906.59)	(23.11)	1,012,821.51	1,235,198.58	(222,377.07)	(18.00)	1,584,571.00
Total	\$403,629.88	\$452,536.60	(48,906.72)	(10.81)	\$3,358,780.66	\$3,741,364.51	(382,583.85)	(10.23)	\$5,292,346.13
MANAGERS' MARGIN	796,060.73	790,701.57	5,359.16	0.68	5,366,628.20	5,051,817.62	\$314,810.58	6.23	6,675,281.29
Depreciation	152,402.20	152,003.45	398.75	0.26	1,369,064.10	1,368,031.05	1,033.05	0.08	1,824,041.40
Tax Equivalent	153,174.20	153,174.20	0.00	0.00	1,378,567.80	1,378,567.80	0.00	0.00	1,838,090.40
Other Taxes	21,490.76	24,733.25	(3,242.49)	(13.11)	118,946.63	121,853.85	(2,907.22)	(2.39)	158,227.20
TOTAL OPERATING EXPENSES	\$730,697.04	\$782,447.50	(\$51,750.46)	(6.61)	\$6,225,359.19	\$6,609,817.21	(\$384,458.02)	(5.82)	\$9,112,705.13
TOTAL OPERATING INCOME(LOSS)	\$468,993.57	\$460,790.67	\$8,202.90	1.78	\$2,500,049.67	\$2,183,364.92	\$316,684.75	14.50	\$2,854,922.29
NON OPERATING INCOME&(EXPENSE)	(115,371.39)	(174,024.50)	58,653.11	(33.70)	(1,187,853.04)	(1,692,238.52)	504,385.48	(29.81)	(467,892.24)
NET INCOME(LOSS)	\$353,622.18	\$286,766.17	\$66,856.01	23.31	\$1,312,196.63	\$491,126.40	\$821,070.23	167.18	\$2,387,030.05

WWU
Billed Gallons
Actual v Budget
2016 - 2018



**WAUKESHA WATER UTILITY
BALANCE SHEET
9/30/2018**

<u>ASSETS</u>	<u>THIS YEAR</u>
CURRENT	
CASH AND INVESTMENTS	\$19,385,187.79
ACCOUNTS RECEIVABLE	7,346,042.56
RECEIVABLE FROM SEWER REIMB	0.01
MATERIALS & SUPPLIES	551,089.54
OTHER CURRENT ASSETS	15,840.00
ACCRUED UTILITY REVENUE	0.00
TOTAL CURRENT ASSETS	\$27,298,159.90
DEFERRED	
DEFERRED ASSETS	\$22,393,262.61
TOTAL DEFERRED DEBITS	22,393,262.61
RESTRICTED	
DEBT PAYMENT ACCOUNT	\$271,975.33
DEBT RESERVE ACCOUNT	477,044.26
CONSTRUCTION FUND	148.99
TAX EQUIV RESERVE ACCOUNT	1,423,604.49
TOTAL RESTRICTED FUNDS	\$2,172,773.07
LONG TERM	
UTILITY PLANT IN SERVICE-NET	\$90,207,274.97
PROPERTY HELD FOR FUTURE USE	435,089.69
CONSTRUCTION WORK IN PROGRESS	3,124,652.86
RESTRICTED NET PENSION	(120,942.00)
TOTAL UTILITY PLANT	\$93,646,075.52
TOTAL ASSETS	\$145,510,271.10
<u>LIABILITIES</u>	
CURRENT	
CUR PORTION BOND	385,000.00
NOTES PAYABLE	26,610,000.00
ACCOUNTS PAYABLE	2,140,130.19
PAYABLE TO OTHER FUNDS	3,634,745.12
CUSTOMER DEPOSITS	194,758.16
A/P MISCELLANEOUS	0.00
TAXES ACCRUED	1,406,160.00
INTEREST ACCRUED	386,513.63
EMPLOYEE WITHHOLDING	10,810.09
ACCRUED PAYROLL	42,480.00
ACCRUED VACATION	236,087.81
TOTAL CURRENT LIABILITIES	\$35,046,685.00
DEFERRED CREDITS	
CUSTOMER ADVANCES CONSTRUCTION	\$0.00
REGULATORY LIABILITY	1,003,305.26
OPEB LIABILITY	3,961,084.02
OTHER DEFERRED CREDITS	2,842,942.57
TOTAL DEFERRED CREDITS	\$7,807,331.85
LONG-TERM	
BONDS	\$28,287,213.66
<u>EQUITY</u>	
CAPITAL PAID IN BY MUNICIPALITY	\$2,669,743.20
EQUITY FINANCED BY UTILITY	36,520,472.56
EQUITY FROM CONTRIBUTIONS	33,170,671.20
RESTRICTED EQUITY	695,957.00
NET PROFIT (LOSS)	1,312,196.63
TOTAL EQUITY	\$74,369,040.59
TOTAL EQUITY AND LIABILITIES	\$145,510,271.10

**WAUKESHA WATER UTILITY
STATEMENT OF SOURCES AND USES OF CASH
PERIOD ENDING SEPTEMBER 30, 2018**

Cash Balance - August 31, 2018

\$22,477,349

SOURCES:

Operations:

Customers - water sales	\$847,162
Waste Water Utility - joint metering billing	0
Rent of utility property - cellular leases	12,153
Receipts on sewer bills	1,075,092
Receipts from return flow	60,640
Reimbursement from City for return flow expenses	593,837
Reimbursement from City for sewer construction costs	146,226
Other - miscellaneous	6,039
Total Cash From Operating Activities	\$2,741,148

Capital and Related Financing Activities:

Grants	
Contributions	2,951
Issuance of long-term debt	
Sale of short-term debt	
Interest income	38,091
Total Cash From Capital/ Investing Activities	\$41,042

Total Cash Receipts

\$2,782,190

USES:

Salaries, wages, payroll taxes and benefits	\$258,020
Subcontracted and outside services	36,509
Disbursement to city for sewer transfer	1,014,041
Disbursement to city for return flow transfer	33,972
Pumping power	57,455
Purchase of materials and supplies	313,423
Tax equivalent - PILOT	
Acquisition of capital assets	1,306,344
Debt service - principal	225,000
Debt service - interest	456,814

Total Cash Used

\$3,701,578

Net Change in Cash

(\$919,389)

Cash Balance - September 30, 2018

\$21,557,961

WWU
TRANSMISSION AND DISTRIBUTION
BUDGET VARIANCE ANALYSIS

Project	Project #	Description/Location	Budget	Current Estimate	Costs to Date	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.		\$ 134,208	\$ 20,525	6	Jack Wells	Fall 2019	
						7	Daniel J. Manion		
						13	Dean Lemke		
						14	Sarah Wilke		
Northview Rd - Grandview to Tallgrass	M00518	Replace 1,500 feet of 8-inch main from 1967 with 12-inch PVC water main on Northview Rd. between Grandview and Tallgrass. Project done with City.		\$ 360,504	\$ 176,785	5	Peter Bartels	October 2018	
						14	Sarah Wilke		
South St - Grand to Barstow and Gaspar St - Main to Broadway	M00519	Replace 720 feet of 12-inch main from 1938 with 12-nch dulctile iron main on South St. from Grand to Barstow. Replace 280 feet of 6-inch main from 1909 with 8-inch ductile iron. Project done with City.		\$ 395,176	\$ 339,809	11	Erik Helgestad	July 2018	
Fairview - Motor to St Paul and Motor - Fairview to Washington	M00520	Replace 1,540 feet of 6-inch from 1927 with 8-inch PVC on Fairview - Motor to St. Paul and Motor - Fairview to Washington. Project done with City.		\$ 304,562	\$ 215,658	2	Eric Payne	September 2018	
Oakmont to Pebble Valley Zone	TBD	Extend 12" water main through easement connecting Pebble Valley and Oakmont.		\$ 325,000	\$ -	14	Sarah Wilke	Summer 2019	
Routine Projects			\$ 2,160,072	\$ 1,519,449	\$ 752,777				
Misc Routine			\$ 905,584	\$ 905,584	\$ 905,584				
Total Routine			\$ 3,065,656	\$ 2,425,033	\$ 1,658,361				
Main St - Barstow to Lombardi	GLCD0007	Replace 2,800 feet of 8-inch from 1909 with 24-inch ductile iron on Main St. from Barstow to Lombardi. Project being done with City sanitary.		\$ 2,049,467	\$ 1,315,905	3	Cassie Rodriguez	October 2018	
						11	Erik Helgestad		
N Moreland - Michigan to Summit	GLCD0009	Replace 2,000 feet of 8-inch from 1957 with 16-inch ductile iron main on N. Moreland Blvd. from Michigan to Summit.		\$ 616,800	\$ 346,161	4	Joe Pieper	October 2018	
						15	Cory Payne		
Motor - Fairview to Mountain and Fairview - Motor to Dopp	GLCD0010	Replace 1,160 feet of 6-inch from 1917 with 20-inch ductile iron on Motor - Fairview to Mountain and Fairview - Motor to Dopp. Project done with City.		\$ 347,462	\$ 264,474	2	Eric Payne	September 2018	
Distribution System Improvements				\$ 4,001,241	\$ 3,013,730	\$ 1,926,540			
Total Transmission & Distribution				\$ 7,066,897	\$ 5,438,763	\$ 3,584,901			

Bold Totals are Based on Bids

Monthly Interim Report

Waukesha Water Utility
Future Water Supply

October 12, 2018

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 No. 25 from Greeley and Hansen. There were no audit issues related to Invoice No. 25.

Current Period Request for Information

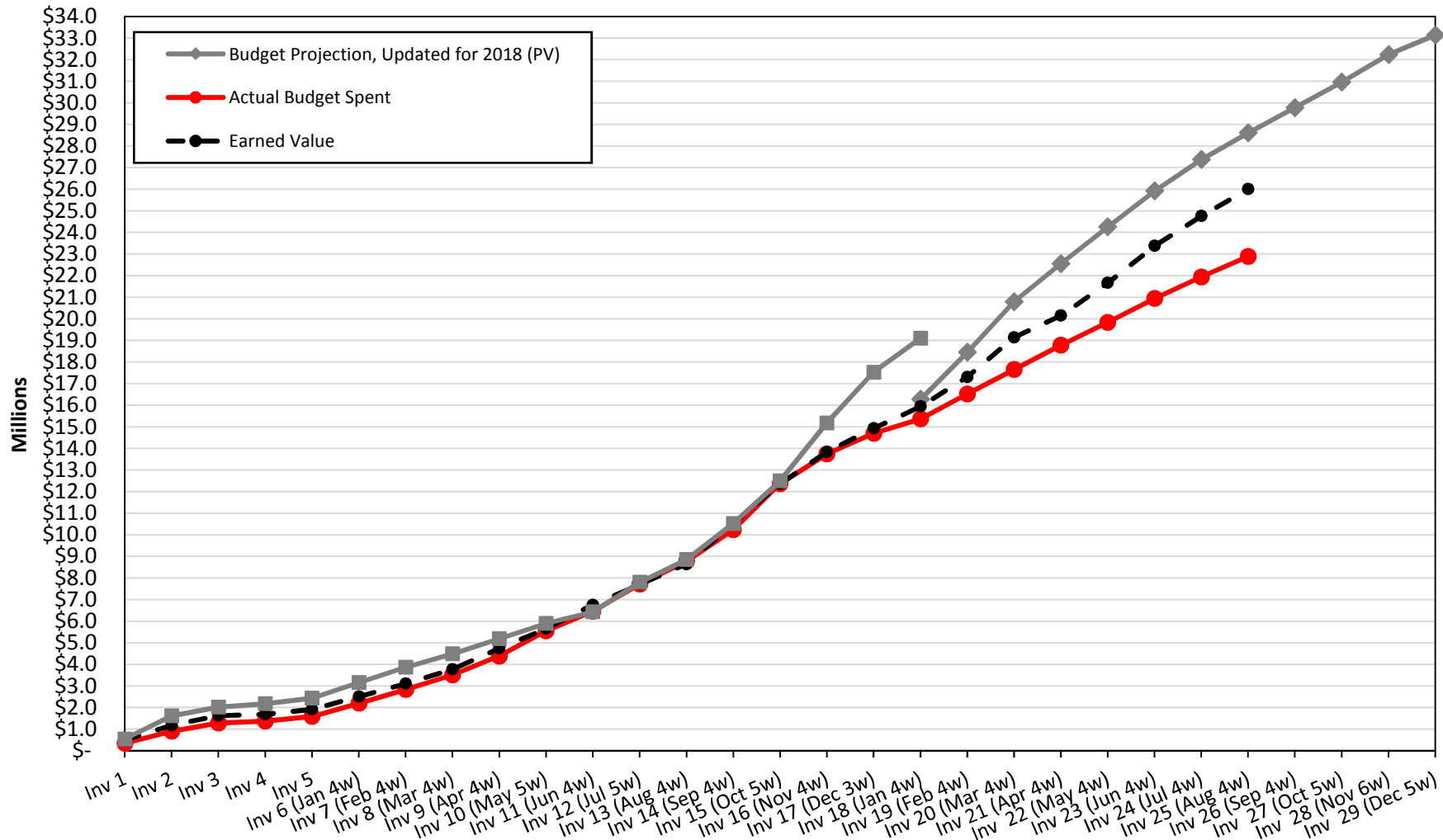
Invoice No. 25 did not include support for Reimbursable Direct Costs (RDCs) totaling \$5,041.39. We requested the supporting documentation from Greeley and Hansen on October 11, 2018 (RFI 025). Greeley and Hansen provided the requested support the same day and there were no audit issues related to the RDCs.



Exhibit 5 – Earned Value Analysis



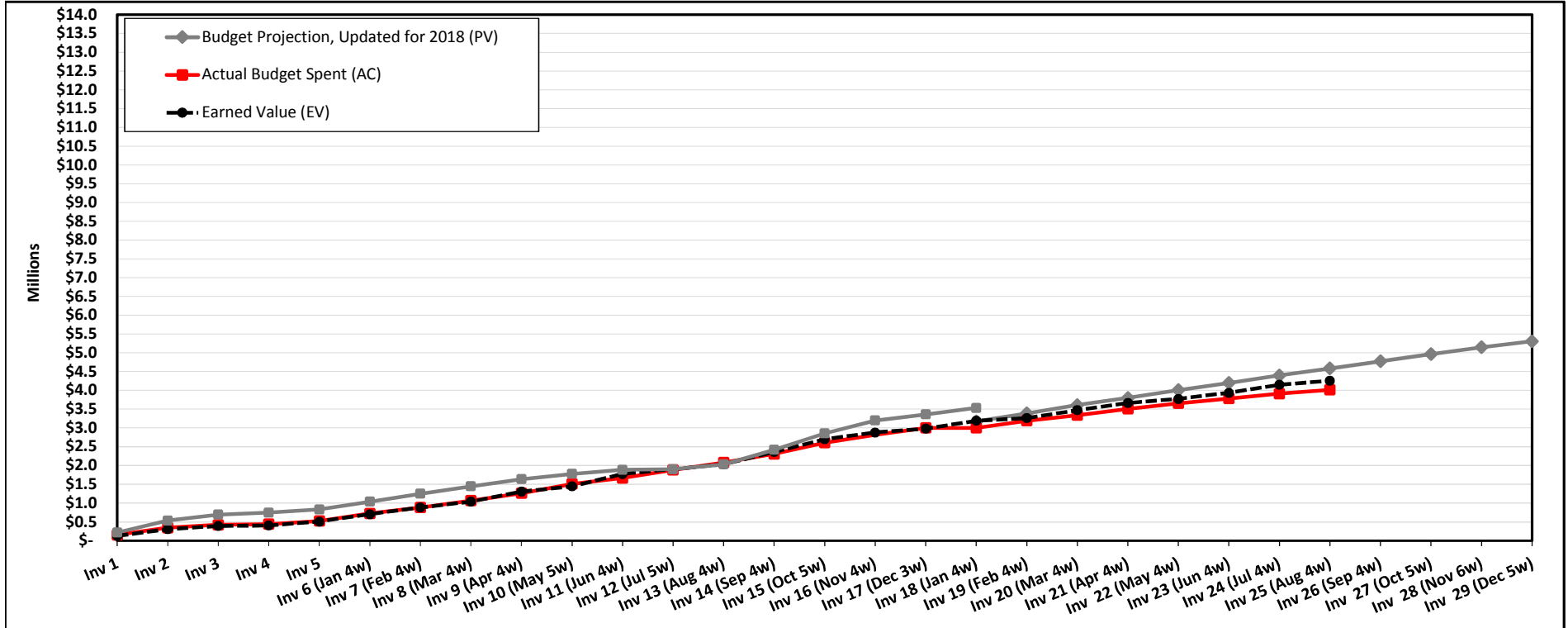
Great Lakes Water Supply Program PM/CM
Program
Earned Value Chart
Phase 1 and 2 (Invoice No. 25)
(Excluding Allowances and Contingencies)



% Spent 68.7%
Actual Budget Spent \$22,891,477

Schedule Performance Index (SPI) 0.91
Cost Performance Index (CPI) 1.14

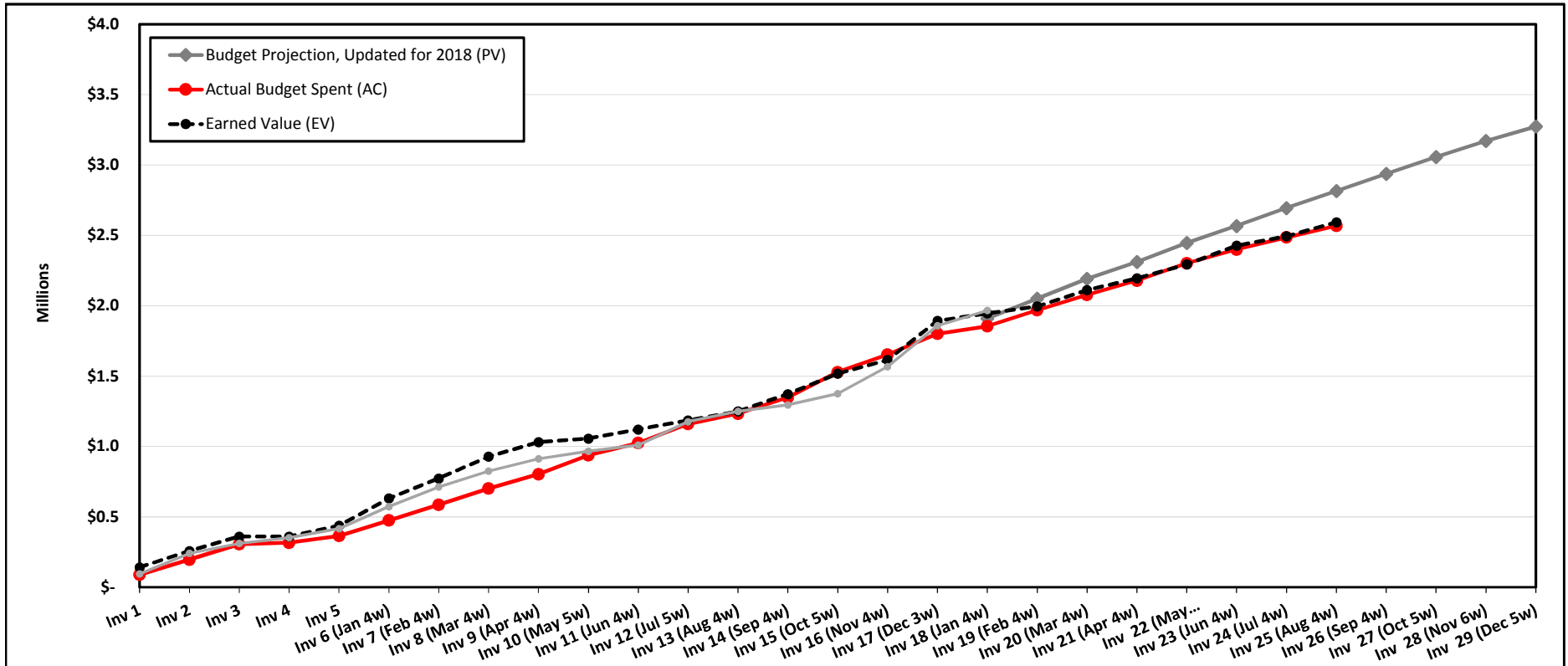
Note: Budget associated with Task 3-300, 5-200 and 5-300 water quality scope has been removed.



Earned Value Calculations	
Budget at Completion ^{(BAC)(1)} (BAC)	\$ 5,390,965
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 1,067,186
Cost Variance ^(CV) (CV=EV-AC)	\$ 244,209
Schedule Variance ^(SV) (SV=EV-PV)	\$ (330,201)
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.06
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.93
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	0.98
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 5,081,839.69
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ 309,125.31

Task 1	Program Management Plan/Progress
	<ul style="list-style-type: none"> Prepared and submitted Invoice No. 24; updated the Financial Management Dashboard and Report for Invoice No. 24. Held sixteen (16) Program Team Task 1 meetings. Water Infrastructure Financing and Innovation Act (WIFIA) Letter of Interest was submitted to both WWU and the EPA.

Task 1	Program Management Challenges
	<ul style="list-style-type: none"> The Program Open House in Milwaukee occurred on April 4. Delay in the scheduling of the Open House meeting negatively impacts the Program schedule for completion of field investigations that are needed for submission of the PSC Construction Authorization which is a critical path item for the design, bidding and construction of the Program.



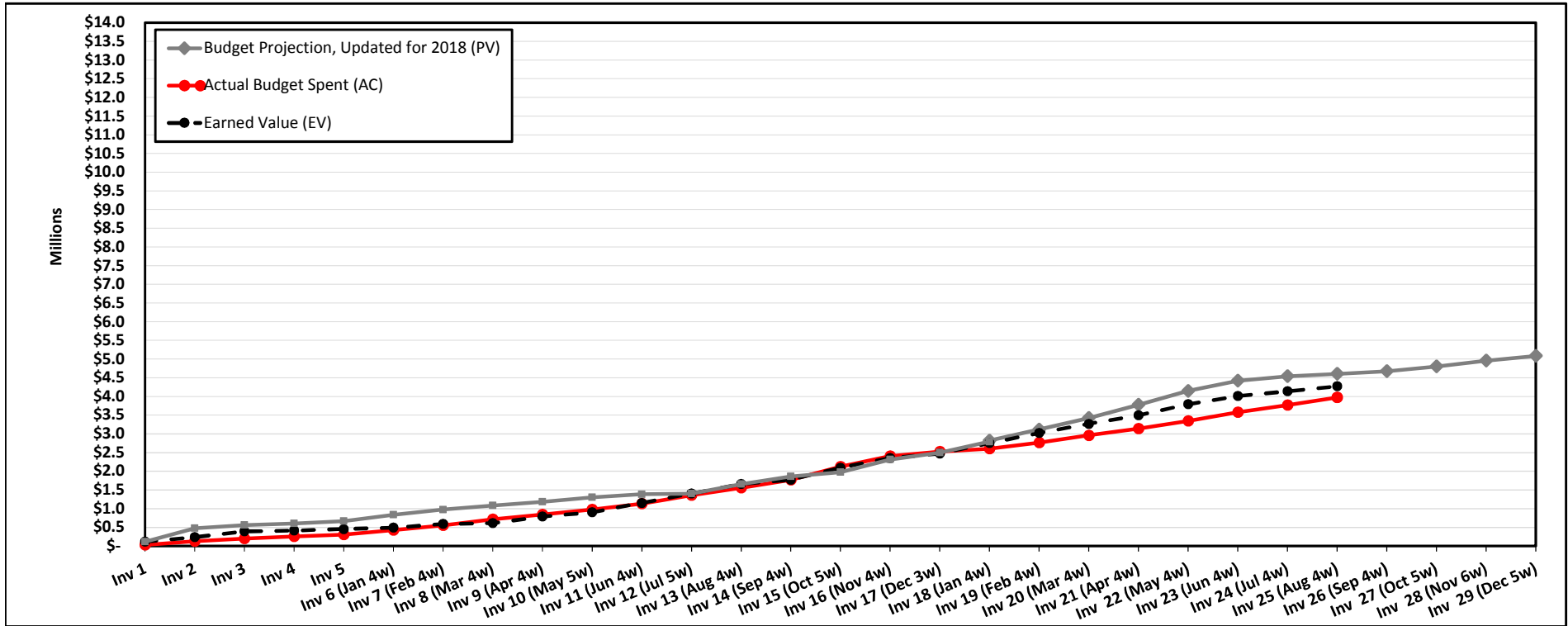
Earned Value Calculations	
Budget at completion ^(BAC) (BAC)	\$ 3,325,716
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 724,491
Cost Variance ^(CV) (CV=EV-AC)	\$ 25,407
Schedule Variance ^(SV) (SV=EV-PV)	\$ (221,857)
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.01
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.92
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	0.93
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 3,293,142.51
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ 32,573.49

Task 2 Programmatic Support Services Plan/Progress

- Conducted a Quality Management review federal Water Infrastructure Financing and Innovation Act (WIFIA) .
- Consulted with the Milwaukee Water Works regarding site acquisition for a pumping station
- Created and designed Aldermanic Packet (FAQs, Talking Points, and DPW insert) to follow up from the DPW newsletter mailing

Task 2 Programmatic Support Services Challenges

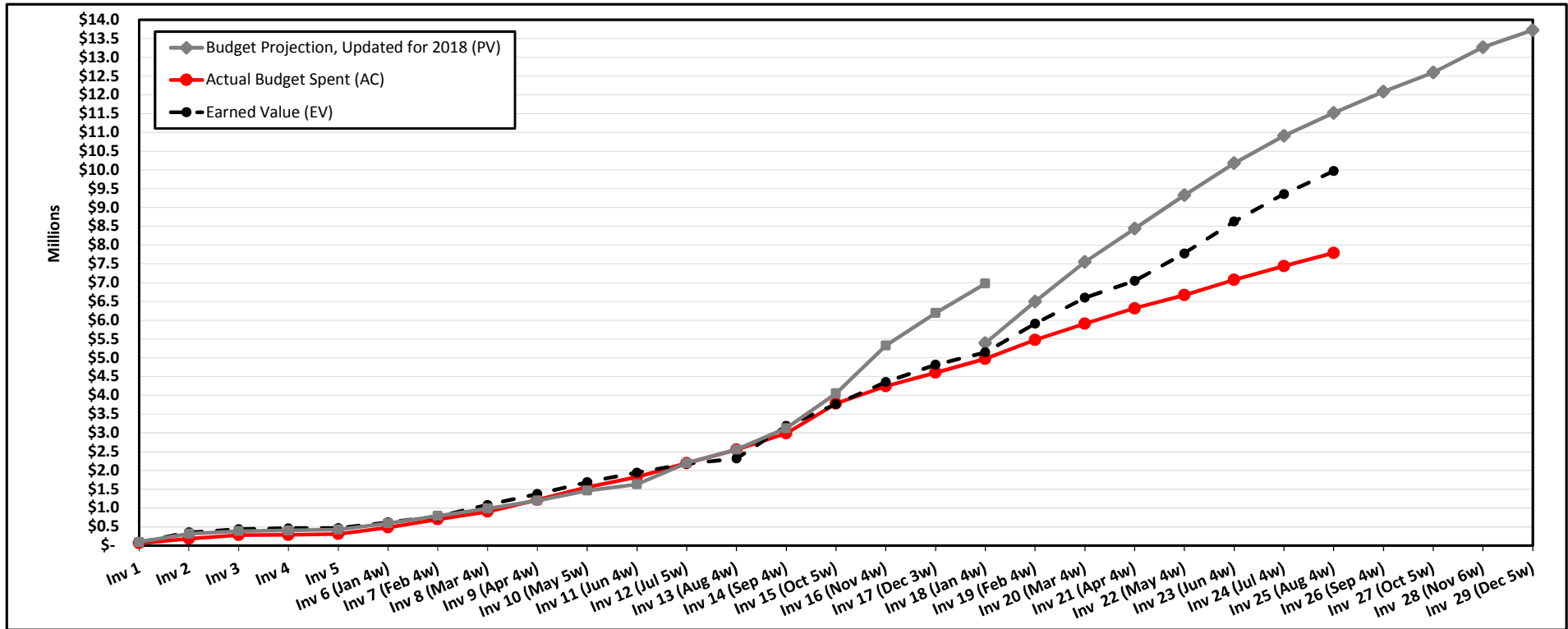
- WWU legal counsel will be discussing the Draft 2018 Program Information Plan with Wisconsin PSC. The results of the discussion may impact the Program strategic communication plan.



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)	\$ 5,083,873
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 755,603
Cost Variance ^(CV) (CV=EV-AC)	\$ 296,177
Schedule Variance ^(SV) (SV=EV-PV)	\$ (334,267)
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.07
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.93
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	1.00
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 4,731,406.99
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ 352,466.01

Task 3 Permitting Plan/Progress	Task 3 Permitting Challenges
<ul style="list-style-type: none"> Held six (6) Program Task 3 meetings. Continued drafting the PSC CA application and the WDNR/USACE wetlands and waterways applications and supporting documents. A partial draft of the WDNR/USACE wetlands and waterways application was submitted to the Task Lead for preliminary review. Submitted the second draft Facility Plan Amendment to the QM team, WWU, and CWP staff for review. Verified required permits were obtained for Supply Pipeline field investigations. 	<ul style="list-style-type: none"> The delay on selecting the preferred Water Supply Pump Station location has caused additional delay on the PSC CA application and the WDNR/USACE wetlands and waterways application sections related to the supply route. WisDOT's approval of the hardship application to utilize the I-43 ROW is needed to submit the PSC CA application with the current preferred route.



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

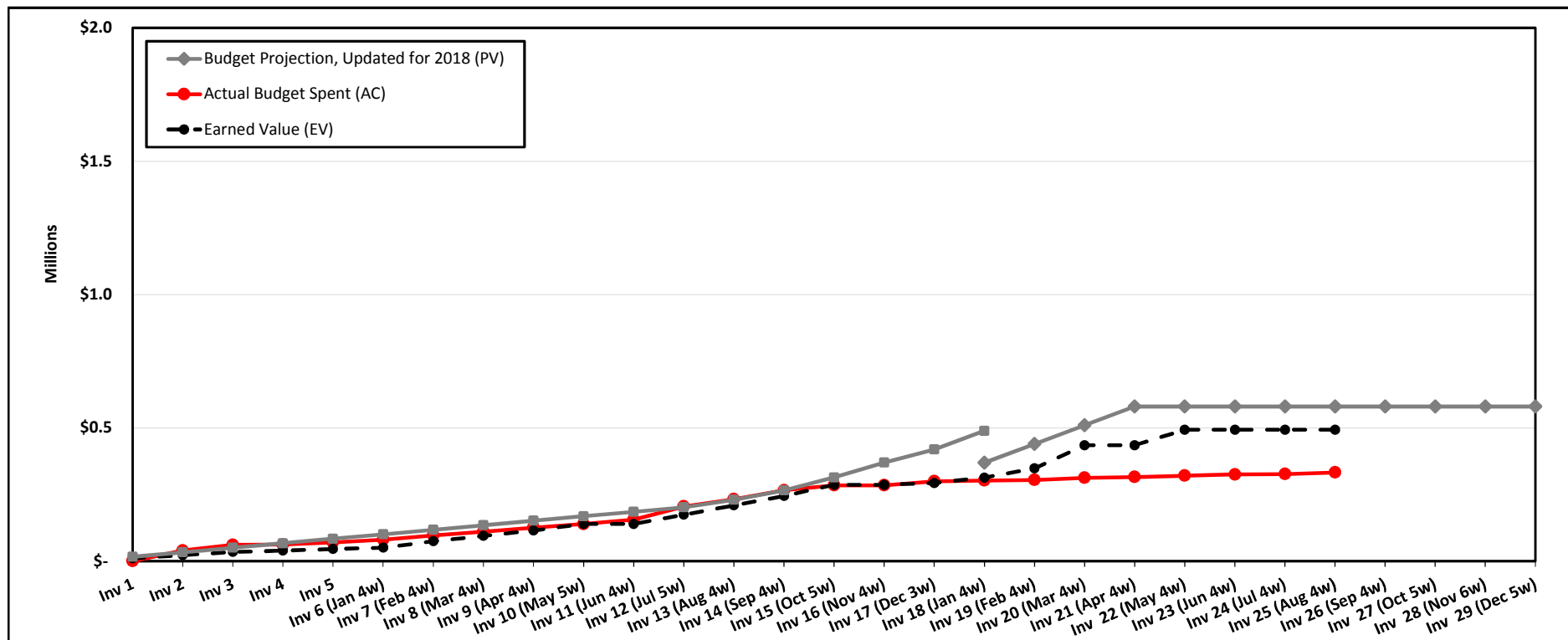
Earned Value Calculations	
Budget at completion ^(BAC) (BAC)	\$ 13,744,049
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 2,949,638
Cost Variance ^(CV) (CV=EV-AC)	\$ 2,178,641
Schedule Variance ^(SV) (SV=EV-PV)	\$ (1,550,053)
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.28
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.87
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	1.11
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 10,740,577.37
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ 3,003,471.92

Task 4 Route Study and Pipeline Plan/Progress

- The Draft WisDOT Interstate 43 Hardship Application (4-110 D1) was reviewed by WisDOT and comments were received. The deliverable was refined per the comments and is in the QM process.
- Selenium Investigation Report (4-230 D1), Return Flow Pipeline was submitted to WDNR.
- The Preliminary Design Report (PDR) (6-240 D1) was resubmitted to WWU updated per comments received

Task 4 Route Study and Pipeline Challenges

- Changes to the selected WSPS location and connection to the MWW distribution system could negatively impact the schedule for submission of the PSC Construction Authorization, which is a critical path item for the design, bidding and construction of the Program.
- Soil borings along Interstate 43 are on hold for the Return Flow Pipeline until an agreement has been reached with WisDOT. The remainder of the soil borings and analysis are complete



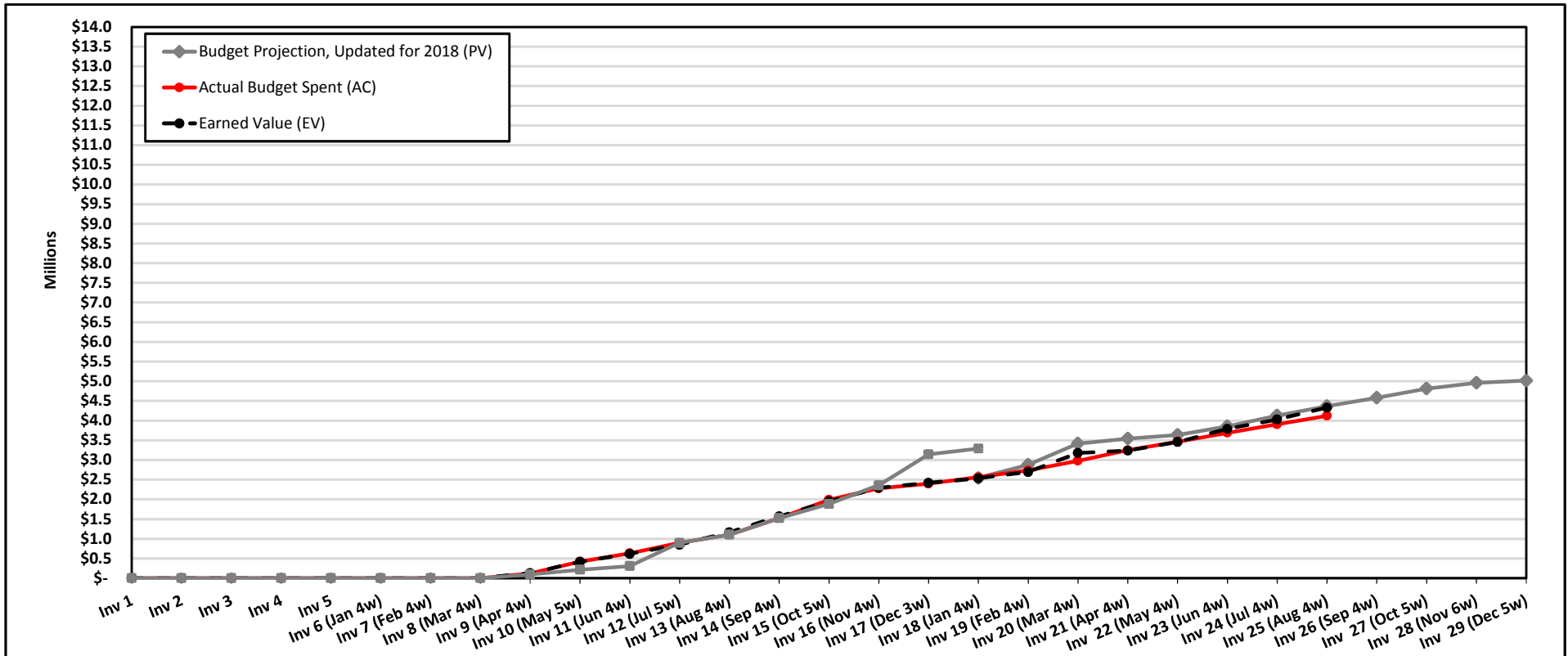
Earned Value Calculations	
Budget at completion ^{(BAC)(1)} (BAC)	\$ 579,901
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 58,728
Cost Variance ^(CV) (CV=EV-AC)	\$ 160,122
Schedule Variance ^(SV) (SV=EV-PV)	\$ (87,130)
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.48
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.85
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	1.26
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 391,522.70
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ 188,378.37

Task 5 Distribution System Plan/Progress

- Submitted the Final Model Update Calibration Technical Memorandum (5-110 D1).
- Revisions to the Final Distribution System Evaluation and Improvement Identification Technical Memorandum (5-120 D1).

Task 5 Distribution System Challenges

- Scope and budget associated with Tasks 5-200 and 5-300 water quality has been removed.



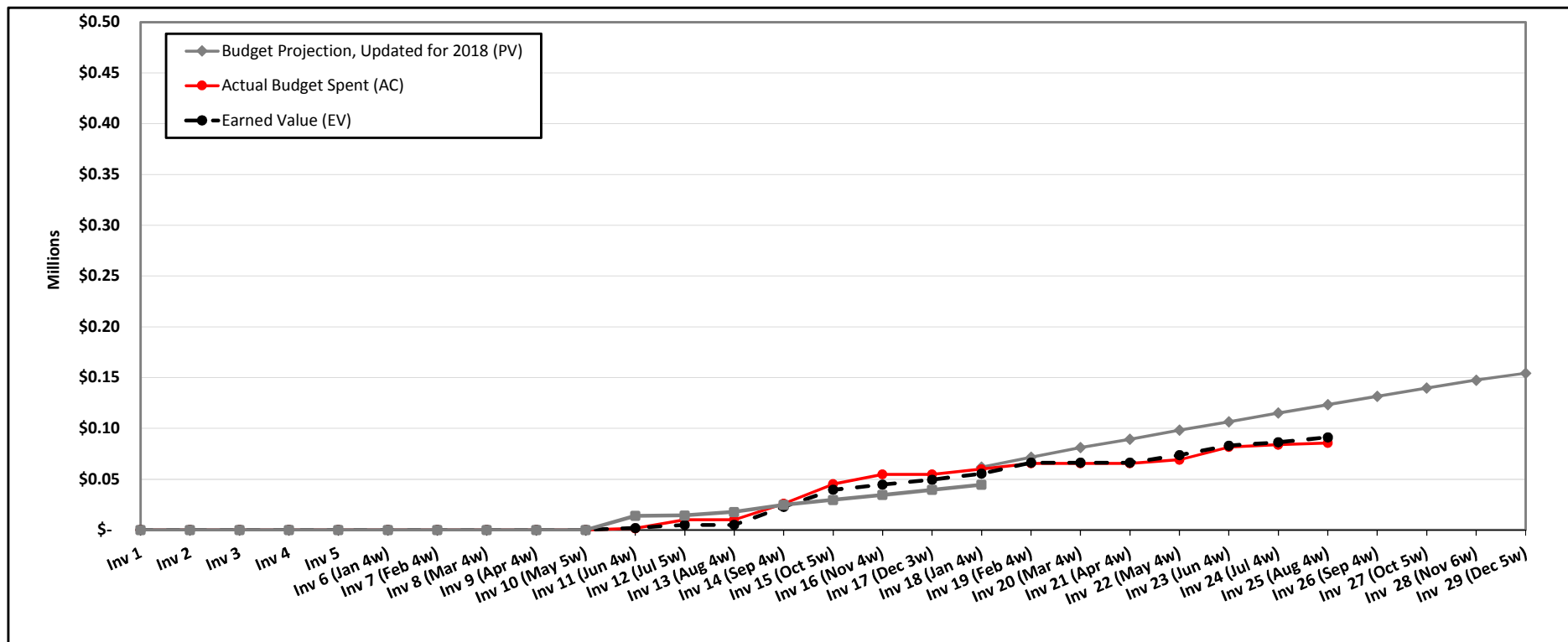
Earned Value Calculations	
Budget at completion ^{(BAC)(1)} (BAC)	\$ 5,018,415
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 652,355
Cost Variance ^(CV) (CV=EV-AC)	\$ 209,858
Schedule Variance ^(SV) (SV=EV-PV)	\$ (38,317)
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.05
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.99
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	1.04
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 4,775,352.65
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ 243,062.45

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

- Continued progress on Contract Drawings and Specifications.
- Held 60% Design Progress Meeting No. 1
- Continued progress on the BPS Stormwater Modeling.
- Proceeding with coordination with DPLU for Land Transfer for BPS site.

Task 6 Pump Stations, Storage and Chemical Treatment Challenges

- The site selection process must be complete for the WSPS in order to perform site investigations including: topographical survey, geotechnical investigation, easement and land acquisitions and environmental assessment.
- Land Acquisition prior to beginning zoning process with New Berlin which could impact building materials and site improvements.



Earned Value Calculations	
Budget at completion ^{(BAC)(1)} (BAC)	\$ 154,378
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 59,193
Cost Variance ^(CV) (CV=EV-AC)	\$ 5,645
Schedule Variance (SV) (SV=EV-PV)	\$ (32,072)
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.07
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.74
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	0.79
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 144,830.79
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ 9,547.21

Task 7 Construction and Construction Management Plan/Progress
<ul style="list-style-type: none"> Draft Preliminary Contracting Strategy Presentation revised based on comments from internal review.

Task 7 Construction and Construction Management Challenges
<ul style="list-style-type: none"> Impending Federal funding and financing opportunities may impact the contracting strategy for the Program. A Contracting Strategy Workshop will be scheduled.