

**REPORT TO THE JUAN DE FUCA WATER DISTRIBUTION COMMISSION
MEETING OF TUESDAY, SEPTEMBER 3, 2013**

SUBJECT REVENUE AND EXPENDITURE STATEMENT AS AT JULY 31, 2013 AND YEAR END PROJECTION

BACKGROUND

The attached statement (Attachment 1) provides the high level summary of the revenues and expenditures of the Juan de Fuca Water Distribution service as at July 31, 2013 and the projected forecast to the end of the year.

Revenues from water sales are not uniform throughout the year due to seasonal variations in demand. Also, debt servicing expenditures are not uniform throughout the year. Transfers to the Water Capital Fund are made at the end of the year when the actual financial position of the service is better known. Water consumption is typically highest in the months of July through September and the largest portion of the debt servicing expenditures occurs during the last quarter of the year.

Revenue and Demand

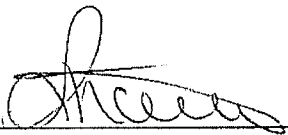
The budget demand for 2013 is 8,088,000 cubic metres. The projected year end demand estimate is 7,978,000 cubic metres, which is 110,000 cubic metres (1.36%) less than the budget volume. The 2013 water sales are now forecast to have a \$187,000 shortfall.

Expenditures

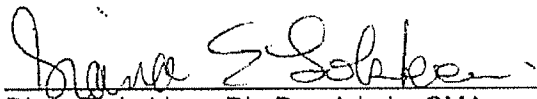
Projected debt servicing costs are lower than budget due to favourable refinancing terms for Municipal Finance Authority (MFA) issue 78 (\$4 Million for the pipe replacement program). The interest rate for this issue was reduced from 5.37% to 2.10%, resulting in an annual reduction in interest expense of \$131,000 for 2013 through to 2017. Based on overall projected year end operating, capital and debt expenditures and revenue, the budgeted transfer to capital will be reduced by the net shortfall of \$58,000.

RECOMMENDATION

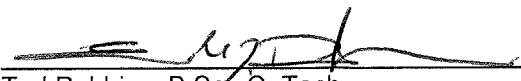
That the Juan de Fuca Water Distribution Commission receive the staff report for information.



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Senior Business Analyst (Water Services)
Corporate Services



Diana E. Lokken, Dip Bus Admin, CMA
General Manager, Corporate Services
Concurrence



Ted Robbins, B.Sc., C. Tech.
General Manager, Integrated Water Services
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Attachment: 1

CAPITAL REGIONAL DISTRICT
STATEMENT OF REVENUE AND EXPENDITURE
JUAN DE FUCA WATER DISTRIBUTION
FOR THE TWELVE MONTHS ENDED JULY 31, 2013

	YTD			
	ACTUAL	SEASONAL BUDGET	DEC/31/2013 PROJECTION	ANNUAL BUDGET
REVENUE:				
Sale of water	\$ 6,973,812	\$ 7,260,704	13,588,315	\$ 13,775,482
Household connections net of expenses	7,889	-	-	-
Rentals	-	-	3,500	3,500
Revenue transfer from DCC	-	-	329,495	329,495
Other income	104,519	103,833	181,000	181,870
Prior years carried forward surplus	-	-	-	-
TOTAL	\$ 7,088,211	\$ 7,364,537	\$ 14,102,310	\$ 14,290,347
EXPENDITURE:				
Bulk Water Purchase	\$ 2,439,171	\$ 2,510,041	4,697,510	\$ 4,762,214
Asset Management - Distribution	2,169,093	2,060,463	3,542,243	3,532,223
Fleet	(30,366)	(164,659)	(182,000)	(282,272)
Finance-Operations	886,609	875,732	1,517,309	1,501,255
Finance-Debt	241,228	306,628	712,891	908,493
Finance- Debt DCC	177,232	177,232	329,495	329,495
Transfer to Water Capital Fund	57,879	-	3,200,797	3,200,797
Transfer to Equipt Replacement Fund	164,661	164,659	293,750	282,272
Transfer to MFA Debt Reserve Fund	45,000	45,000	48,870	55,870
TOTAL	\$ 6,150,507	\$ 5,975,097	\$ 14,160,865	\$ 14,290,347
SURPLUS/(DEFICIT)	\$ 937,704	\$ 1,389,441	\$ (58,555)	\$ -