

**REPORT TO THE REGIONAL WATER SUPPLY COMMISSION
MEETING OF WEDNESDAY, SEPTEMBER 4, 2013**

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

BACKGROUND

The attached statement (Attachment 1) provides a high level summary of the revenues and expenditures for the Regional Water Supply 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 occur during the last quarter of the year.

Revenue and Demand

The budget demand for 2013 is 46,528,000 cubic metres. The projected year end demand estimate is 46,383,000 cubic metres, which is 145,000 cubic metres (0.31%) less than the budget volume. The 2013 water sales are now forecast to have a \$85,000 shortfall.

Expenditures

Projected debt servicing costs are lower than budget due to favourable refinancing terms for MFA issues 78 and 79. These two debt issues were primarily to finance the Supply Main #1 replacement (\$27 million) and the Sooke Lake Reservoir dam expansion (\$5 million) projects in 2002 and 2003. The interest rates for these issues were reduced from 5.37% and 5.49% to 2.10%, resulting in a reduction in interest expense of \$969,000 for 2013 and \$1,052,000. from 2014 to 2017. Based on overall projected year end operating, capital and debt expenditures and revenue, the budgeted transfer to capital for 2013 will increase by \$827,940.

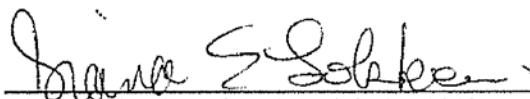
The 2013 financial plan anticipated borrowing \$800,000 in the fall for capital expenditures. These expenditures will now be funded by the increased transfer to capital and no 2013 fall borrowing is necessary.

RECOMMENDATION

That the Regional Water Supply Commission receive the staff report for information.



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Concurrence



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Attachment: 1

**CAPITAL REGIONAL DISTRICT
STATEMENT OF REVENUE AND EXPENDITURE
REGIONAL WATER SUPPLY
FOR THE SEVEN MONTHS ENDED JULY 31, 2013**

	YTD			
	JULY YTD ACTUAL	SEASONAL BUDGET	DEC/31/2013 PROJECTION	ANNUAL BUDGET
REVENUE:				
Sale of water	\$ 15,061,385	\$ 15,212,255	\$ 27,309,882	\$ 27,395,686
Other income	1,548	5,600	71,000	77,600
Sale of Logs	-	-	-	-
Unaccounted Water	330,141	330,143	565,960	565,960
Prior years carried forward surplus	-	-	-	-
TOTAL	\$ 15,393,075	\$ 15,547,998	\$ 27,946,842	\$ 28,039,246
EXPENDITURE:				
Operating Expenditures	\$ 6,055,021	\$ 6,081,970	\$ 10,520,469	\$ 10,426,235
Finance - Debt	7,338,782	7,780,232	13,153,809	14,159,387
Transfer to Equipment Replacement Fund	196,273	196,270	336,462	336,462
Transfer To Water Capital Fund	-	-	2,101,662	2,101,662
Transfer To M.F.A. Debt Reserve fund	17,000	20,000	81,500	90,500
Agriculture Rate Subsidy	76,334	9,250	925,000	925,000
Prior Years carried forward Deficit	-	-	-	-
TOTAL	\$ 13,683,410	\$ 14,087,722	\$ 27,118,902	\$ 28,039,246
SURPLUS/(DEFICIT)	\$ 1,709,665	\$ 1,460,277	\$ 827,940	\$ -