

2018

Municipal Subdistrict



Municipal Subdistrict
Northern Colorado Water Conservancy District
Comprehensive Annual Financial Report
Year ended September 30, 2018

Comprehensive Annual Financial Report

Year ended September 30, 2018

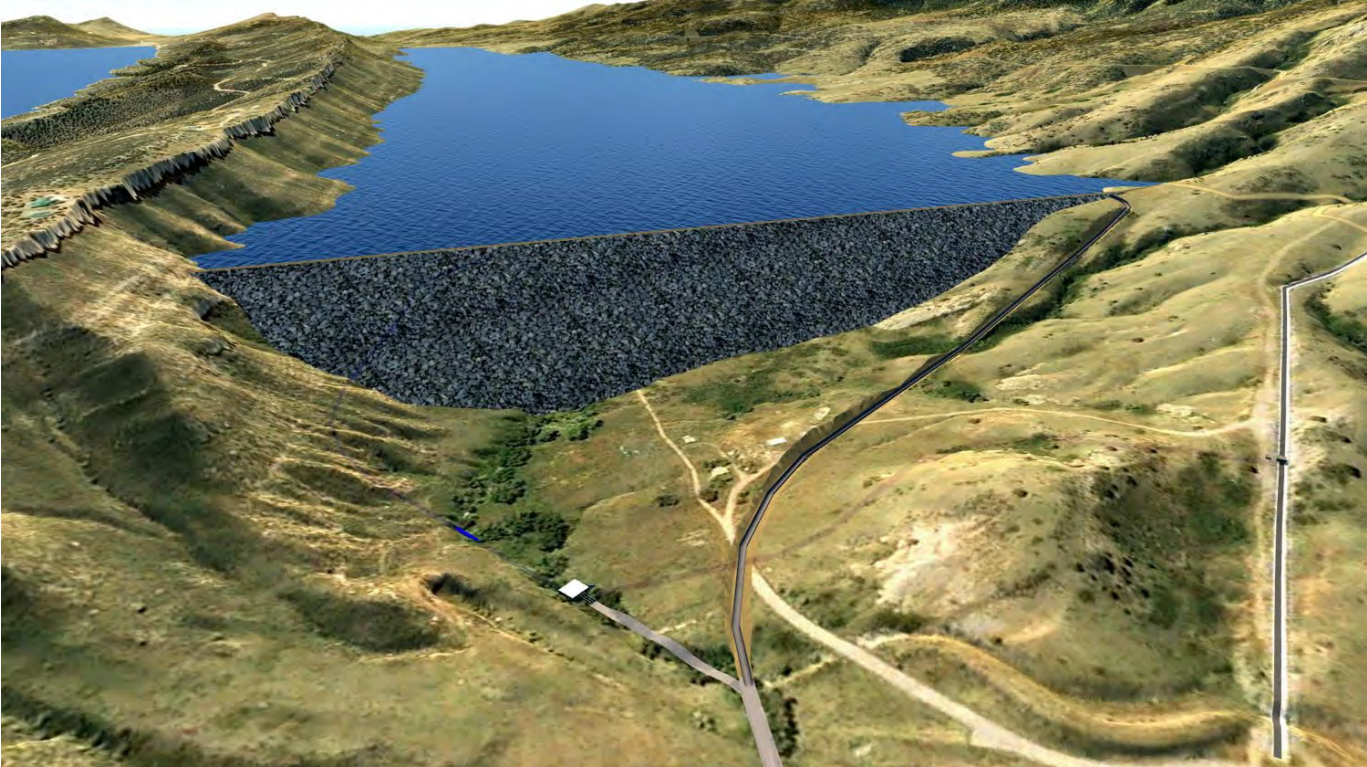
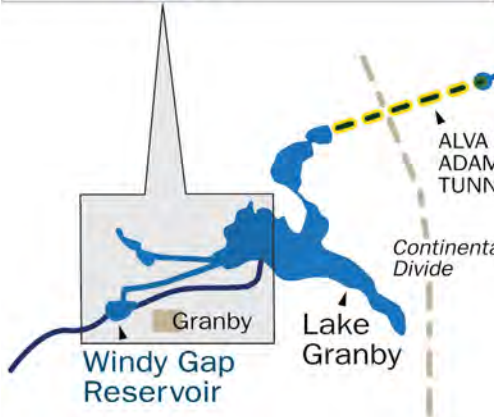
**Municipal Subdistrict,
Northern Colorado Water Conservancy District
Berthoud, Colorado**



Issued by:

*Municipal Subdistrict,
Northern Colorado Water Conservancy District
with the assistance of the
Financial Services Department, Northern Water*

Windy Gap Project and Proposed Windy Gap Firing Project



3D rendering of Chimney Hollow Reservoir

Comprehensive Annual Financial Report

Year ended September 30, 2018

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February 25, 2019

To the Board of Directors
Municipal Subdistrict,
Northern Colorado Water Conservancy District

The Comprehensive Annual Financial Report of the Municipal Subdistrict, Northern Colorado Water Conservancy District (Subdistrict) for the fiscal year ended September 30, 2018, is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the Subdistrict. All disclosures necessary to enable the reader to gain an understanding of the Subdistrict's financial activities have been included.

In developing and evaluating the Subdistrict's accounting system, an important consideration is the overall adequacy of internal controls. Internal controls are designed to provide Subdistrict management with reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the overall reliability of maintaining accountability and control over the Subdistrict's assets. The concept of reasonable assurance recognizes that the costs of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

CliftonLarsonAllen LLP, a certified public accounting and consulting firm, has issued unmodified opinions on the Subdistrict's financial statements as of and for the year ended September 30, 2018. Their independent auditors' report is located on pages 1 to 3 of the Financial Section of this report. State statutes require that an annual audit of the books of account, financial records and transactions of the Subdistrict be performed in accordance with generally accepted auditing standards by independent certified public accountants selected by the Board of Directors. These requirements have been met.

Management's Discussion and Analysis (MD&A), located on pages 4 to 6, provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements, and should be read in conjunction, with the letter.

Profile of the Subdistrict

The Subdistrict was organized in 1970 as a subdistrict of the Northern Colorado Water Conservancy District (Northern Water) pursuant to the Water Conservancy Act. Under the Water Conservancy Act, a subdistrict has the same powers and legal standing as its parent district and is an independent political subdivision of the State of Colorado. It has the authority to undertake projects separate from those undertaken by its parent district.

The Board of the Subdistrict is, by statute, the same as the Board of Northern Water. However, the Subdistrict elects different officers from those chosen by Northern Water. Northern Water does not approve

or modify the Subdistrict budget, hold title to any of the Subdistrict's water rights or authorize issuance of Subdistrict bonds. The Subdistrict is not under the control of Northern Water and, therefore, is not included in Northern Water's financial statements. The Subdistrict maintains third-party insurance coverage for all of its potential losses; it is not self insured.

The Subdistrict was established to develop a water supply for six Northern Colorado Front Range communities through the Windy Gap Project. The Subdistrict has a Carriage Contract with the U.S. Bureau of Reclamation (Reclamation) and Northern Water defining the terms for the introduction, storage, conveyance, exchange, substitution and delivery of water for the Subdistrict through the Colorado-Big Thompson (C-BT) Project. The Subdistrict has entered into water allotment contracts with each of its participants. Under the allotment contracts the Windy Gap participants annually receive their proportional share of Windy Gap Project water. Participants are required to make annual assessment payments equal to their corresponding share of the Subdistrict costs related to the acquisition of water rights, operations of the Windy Gap Project, and carriage charges to Northern Water and Reclamation for use of the C-BT Project.

The Subdistrict owns the following water activity enterprises, which are government-owned businesses within the meaning of Article X, Section 20 of the Colorado Constitution: the Windy Gap Water Activity Enterprise created August 1993 and the Windy Gap Firming Project Water Activity Enterprise created November 1999.

The Subdistrict includes the following enterprise funds:

Windy Gap Enterprise Fund (Windy Gap)

Windy Gap accounts for the wholesale water operations of the Subdistrict and is self-supporting through water assessments. Windy Gap owns, operates and maintains the Windy Gap Project. The Windy Gap Project consists of a diversion dam on the Colorado River, a pumping plant and a pipeline to pump and transport diverted Windy Gap Project water to Lake Granby, a water storage feature of the C-BT Project. The water is then conveyed through the C-BT Projects' Adams Tunnel for distribution to the Windy Gap participants on the East Slope. The Windy Gap Project has no dedicated storage; it relies on available capacity in the C-BT Project. When such C-BT Project storage is fully needed for C-BT Project water, the Windy Gap Project water must either be delivered to participants or spilled out of Lake Granby. The Windy Gap Project became operational in 1985 and began making water deliveries shortly thereafter.

Windy Gap Firming Project Enterprise Fund (WGFP)

WGFP is a collaboration between Front Range water providers to improve the reliability of (i.e. "firm") water supplies from the Windy Gap Project. This reliability will be established by development of the Chimney Hollow Reservoir and related appurtenances, providing dedicated storage capacity for Windy Gap Project water.

Local Economy

The Subdistrict serves an area located on the Northern Front Range of the Colorado Rocky Mountains. This area has one of the state's largest concentrations of economic activity, providing many opportunities due to its broad mix of industries and educated workforce. Several universities are located in the area, including Colorado State University, the University of Colorado Boulder, and the University of Northern Colorado, as well as several community colleges.

The Colorado Economic Outlook published in December 2018 by the Colorado Office of State Planning and Budgeting reports that Colorado's economic expansion continued at a healthy pace in 2018. Employment growth was strong, while wage growth outpaced inflation. Oil and gas production continued to set record highs.

Overall, job growth in Front Range metro areas, including Denver, was positive in 2018, though moderating from 2017 rates. Greeley experienced the most job growth, increasing 4.2 percent as compared to the state average of 2.3 percent, reflecting continued growth in the energy industry. Increases in oil production are forecast to continue. Unemployment statewide rose slightly from 2.7 percent to 3.2 percent as the size of the labor force grew faster than employment. Unemployment for the state is expected to increase slowly over the next few years to 3.5 percent in 2020. Unemployment rates for the Front Range averaged just under 3 percent in 2018. Population growth is expected to remain steady at around 1.3 percent in coming years, reaching 5.8 million in 2020. This compares to a national average population growth of 0.7 percent.

Personal income in Colorado increased by 5.4 percent in 2018 and is expected to continue to increase by just under 5 percent in 2019 and 2020 as economic growth moderates. Colorado per-capita income grew to an estimated \$57,000 in 2018 with the forecast predicting growth of 3.5 percent and 3.6 percent in 2019 and 2020, respectively.

Housing permits in Colorado increased 7.1 percent in 2018, driven by continued demand for new housing construction. This growth rate is expected to decline slightly in 2019 before returning to a growth rate of 5 percent in 2020. U.S. housing permits grew 4.1 percent in 2018 and are expected to slow to 1.5 percent in 2019 and 2020. Colorado nonresidential construction value grew 24.4 percent in 2018 but the growth is expected to moderate in 2019 and 2020.

The Front Range CPI grew faster than the national average at 2.7 percent in 2018. The rate of increase is expected to lower to 2.5 percent and 2.4 percent in 2019 and 2020, respectively, slightly above national averages.

Major Initiatives and Long-Term Financial Planning

Windy Gap

The Subdistrict is seeking permitting for the Colorado River Headwaters Connectivity Project, which consists of constructing a channel that will connect the Colorado River above and below the Windy Gap Reservoir and will allow for a more natural aquatic habitat. The project will be completed by the Subdistrict, which owns the Windy Gap Reservoir, in support of the mitigation requirements for WGFP and the Subdistrict's Carriage Contract with Reclamation and Northern Water.

The project is expected to cost \$15 million and is being partially funded through the U.S. Department of Agriculture Natural Resources

Conservation Service (NRCS) Regional Conservation Partnership Program. Under the program, the Subdistrict is the sponsoring lead organization and a subgrantee of Trout Unlimited, the lead partner and coordinator of the project. Other entities providing funding include the Colorado Water Conservation Board (CWCB), Grand County, Colorado Parks and Wildlife and other stakeholders. Current funding commitments are approximately \$12 million with fundraising underway for the remaining \$3 million of required funds. Permitting for the project has been initiated under the NRCS Watershed Plan Environmental Assessment program.

Windy Gap Firing Project

The WGFP permitting process culminated in May 2017 with a 404 permit from the U.S. Army Corps of Engineers after WGFP received Reclamation's Record of Decision in 2014 and state Water Quality Control certification in 2016.

Final design of the project, which will consist of Chimney Hollow Reservoir and related appurtenances, is expected to be completed in 2019. The project, including the reservoir, appurtenances, owner's cost and all mitigation and enhancements, is expected to cost approximately \$611 million. Funding to date has been provided by participant contributions. Future funding for construction is expected to be provided from a combination of sources: WGFP participant contributions, a CWCB loan approved in 2018 and revenue bonds to be issued by WGFP.

As part of the permitting process and Colorado's mitigation requirements, the Subdistrict has agreed to fund environmental mitigation and enhancement measures that will work toward improving aquatic habitat and flow conditions on the Colorado River and supporting endangered species. These measures include approximately \$25 million in project costs, in addition to granting water and water storage that can be used for environmental purposes valued at approximately \$40 million.

Financial Policies

All financial principles and policies have been consistently applied in the preparation of the Subdistrict financial statements including the basis of accounting and valuation of fund assets. These policies are further detailed in Note 1 to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Subdistrict for its Comprehensive Annual Financial Report (CAFR) for the year ended September 30, 2017. The Subdistrict has received this award every year since 1987.

The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, the contents of which satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe the Subdistrict CAFR for the year ended September 30, 2018, continues to meet the Certificate of Achievement Program's

requirements, and the Subdistrict will be submitting it to GFOA to determine its eligibility for another certification.

In addition, the Subdistrict also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2017. In order to qualify for this award, the Subdistrict budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated service of Northern Water staff. In particular we would like to recognize the outstanding efforts of the Northern Water Financial Services Department personnel:

John Budde, CPA	Colleen Krabbenhoft
Mary Krakow	Bernice Rupp
Judy Skram, CPA	

In addition, we would like to recognize the leadership of the Board of Directors for its unfailing support for maintaining the highest standards of professionalism in the management of the Subdistrict's finances.

Sincerely,

/s/ Gerald A. Gibbens

Gerald A. Gibbens, P.E.
Treasurer
Municipal Subdistrict,
Northern Colorado Water Conservancy District

Board of Directors⁽¹⁾

Dennis Yanchunas, President and Board Chairman

Retired Securities Broker, Boulder County

Term August 20, 2010 - September 28, 2020

Committees: 1,2

Bill Emslie, Vice President and Board Vice Chairman

Retired Electrical Engineer and Farmer, Larimer County

Term September 28, 2005 - September 28, 2021

Committees: 1,2,3

William Fischer

Attorney, Larimer County

Term September 28, 2016 - September 28, 2020

Committee: 3

David Nettles⁽²⁾

Retired Water Engineer, Weld County

Term expires September 28, 2022

Don Magnuson

Retired Ditch Company General Manager and

Agricultural Enterprises, Weld County

Term September 28, 2004 - September 28, 2020

Committee: 3

Dale Trowbridge

Ditch Company General Manager, Weld County

Term August 15, 2014 - September 28, 2019

Committees: 1,2,3

Mike Applegate

Engineer, Larimer County

Term September 28, 1991 - September 28, 2019

Committees: 1,2,3

Todd Williams

Water Resources Engineer, Boulder County

Term September 28, 2017 - September 28, 2021

Committees: 1,2,3

Sue Ellen Harrison

Attorney, Boulder County

Term September 28, 2009 - September 28, 2022

Committee: 3

John Rusch

Water Resource Consultant, Morgan/Washington Counties

Term May 20, 2002 - September 28, 2021

Committee: 3

Gene Manuello

Irrigation District President, Logan County

Term September 28, 2018 - September 28, 2022

Committee: 3

Rob McClary

Farmer, Sedgwick County

Term September 28, 2011 - September 28, 2019

Committees: 1,2,3

Committees

1 Audit

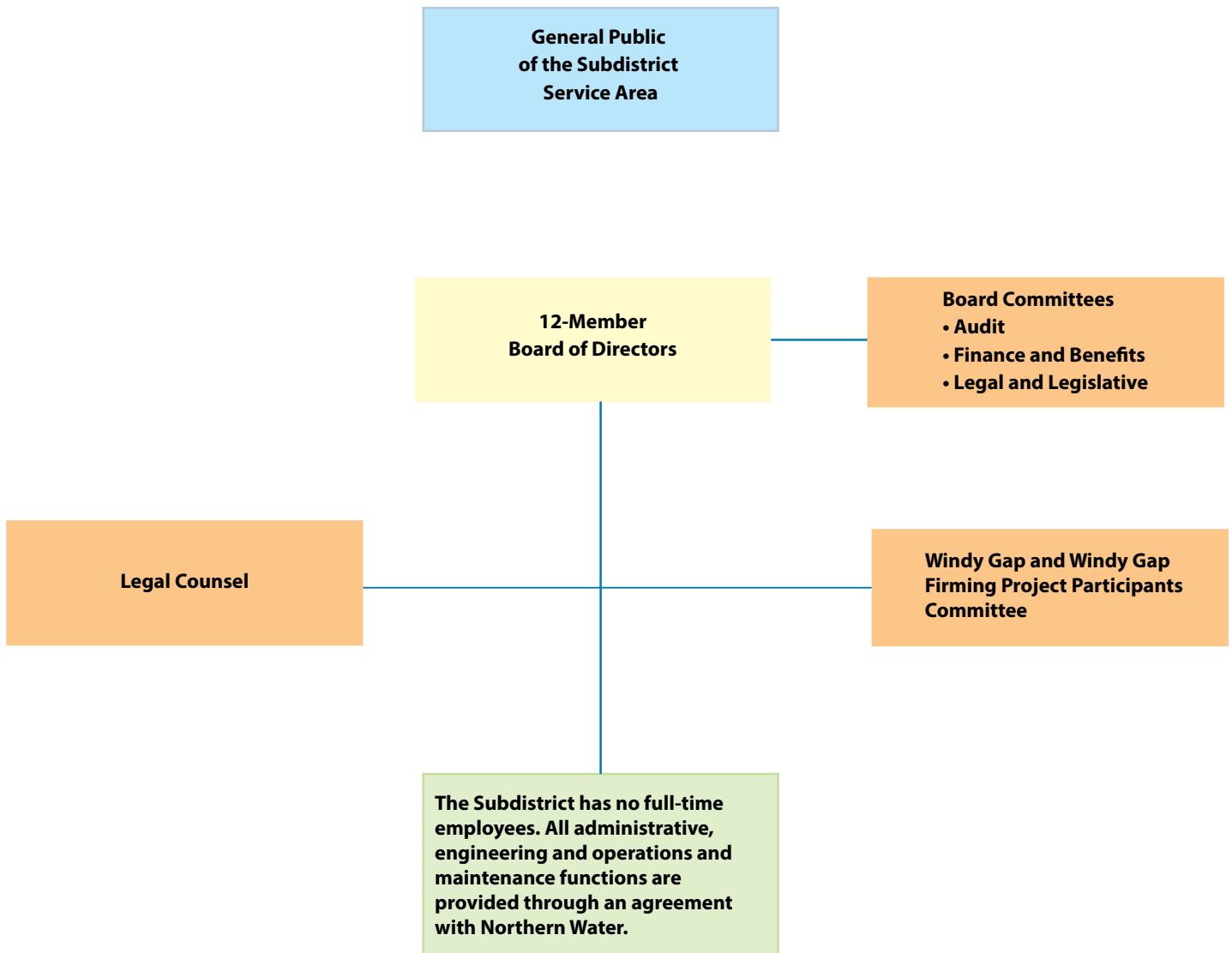
2 Finance and Benefits

3 Legal and Legislative

⁽¹⁾ Effective October 1, 2018

⁽²⁾ Appointed effective November 8, 2018

Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Municipal Subdistrict
Northern Colorado
Water Conservancy District**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morvill

Executive Director/CEO



CliftonLarsonAllen LLP
CLAAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Municipal Subdistrict, Northern Colorado Water Conservancy District
Berthoud, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Municipal Subdistrict, Northern Colorado Water Conservancy District, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Municipal Subdistrict, Northern Colorado Water Conservancy District as of September 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit for the year ended September 30, 2018, was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipal Subdistrict, Northern Colorado Water Conservancy District's basic financial statements. The budgetary schedules listed in the table of contents for the year ended September 30, 2018 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements for the year ended September 30, 2018. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended September 30, 2018.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Municipal Subdistrict, Northern Colorado Water Conservancy District as of and for the year ended September 30, 2017, and have issued our report thereon dated February 23, 2018, which contained unmodified opinions on the respective financial statements of the business-type activities and each major fund.

Board of Directors
Municipal Subdistrict, Northern Colorado Water Conservancy District

The budgetary schedules for the year ended September 30, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounts and other records used to prepare the 2017 financial statements. The budgetary schedules have been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounts and records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2017.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
February 25, 2019

Management's Discussion and Analysis

Management's Discussion and Analysis presents a narrative overview of the financial activities of the Subdistrict for the fiscal year ended September 30, 2018. It should be read in conjunction with the additional information furnished in the transmittal letter on page i of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Subdistrict financial statements consist of the enterprise fund financial statements of Windy Gap and WGFP. These funds report business-type activities only. The report also includes other supplementary and statistical information. Comparative data is included on select schedules to enable the reader to review information against prior years.

The enterprise fund financial statements include the following:

- **Statement of Net Position** - Presents information as to the Subdistrict's current and noncurrent assets, capital assets and current obligations. The Subdistrict does not have any long-term liabilities at this time. The difference between assets and liabilities is reported as net position.
- **Statement of Revenues, Expenses and Changes in Net Position** - Reports the Subdistrict's operating and nonoperating revenues and expenses by major sources, capital contributions and changes in net position for the year.
- **Statement of Cash Flows** - Reports the Subdistrict's cash flows from operating, non-capital financing, capital and related financing, and investing activities.
- **Notes to Financial Statements** - Provide further explanation and details that are essential to a full understanding of the above statements.

HIGHLIGHTS

- Over 26,000 acre-feet of **Windy Gap water** was pumped in 2018. Of this, approximately 15,000 acre-feet was delivered to Windy Gap participants and 9,000 acre-feet remained in inventory at year end.
- In 2018, a 30-year \$90 million loan with the Colorado Water Conservation Board to partially fund **Windy Gap FIRMING Project** construction costs was approved. Final design and preconstruction activities for the Chimney Hollow Reservoir and related appurtenances continued in 2018. Costs incurred to date have been fully funded by project participants.
- The Subdistrict began design of a \$15 million **Colorado River Headwaters Connectivity Project**. The project is in support of the WGFP mitigation and enhancement plan. Project costs are being partially funded through the NRCS Regional Conservation Partnership Program of which the Subdistrict is a subgrantee to a \$7.8 million grant with Trout Unlimited.



Windy Gap Reservoir

FINANCIAL ANALYSIS
STATEMENT OF NET POSITION

(condensed)
September 30,

	(\$000s)		Change in Net Position	Percentage Change
	2018	2017		
Assets				
Current assets	\$ 20,780	\$ 25,740	(\$ 4,960)	(19.3%)
Noncurrent cash equivalents and investments	7,450	7,470	(20)	(0.2%)
Capital assets, net of depreciation	64,861	53,772	11,089	20.6%
Assets	\$ 93,091	\$ 86,982	\$ 6,109	7.0%
Liabilities	\$ 4,245	\$ 5,511	(\$ 948)	(17.2%)
Net position				
Investment in capital assets	\$ 64,861	\$ 53,772	\$ 11,089	
Restricted net position for capital project	5,217	9,155	(3,938)	
Unrestricted net position	18,768	18,544	224	
Net position	\$ 88,846	\$ 81,471	\$ 7,375	9.0%

CAPITAL ASSETS

September 30,

	(\$000s)		Increase	Percentage Change
	2018	2017		
Capital assets, net of depreciation				
Land and water rights	\$ 2,517	\$ 2,517		
Water diversion project, equipment and improvements	14,632	16,713		
Construction in progress	47,712	34,542		
Capital assets, net of depreciation	\$ 64,861	\$ 53,772	\$ 11,089	20.6%

The Subdistrict assets at September 30, 2018, were made up primarily of its investment in capital assets, cash and investments of the two enterprise funds. Capital assets substantially consisted of the Windy Gap water diversion infrastructure and WGFP construction in progress. In 2018 capital assets increased by \$11 million reflecting the current year \$13 million capital investment in WGFP development costs offset by Windy Gap depreciation expense of \$2 million. All WGFP costs have been funded by participants in the project. In the event a participant's share of actual costs is less than contributions provided, the excess will be refunded. See additional information relating to capital assets at Note 4 to the financial statements.

The increase in capital assets offset by the decrease in restricted net position directly contributed to the \$7 million overall increase in net position. Restricted net position decreased reflecting lower year end cash balances due to capital project expenditures.

Management's Discussion and Analysis

REVENUES, EXPENSES AND CHANGES IN NET POSITION

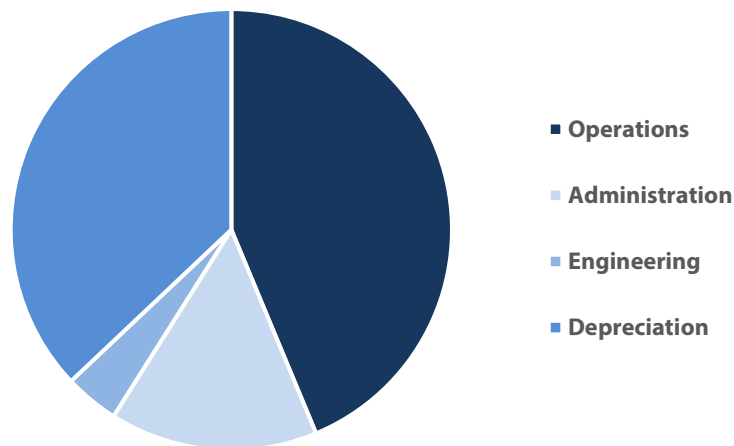
(condensed)

Years ended September 30,

	(\$000s)		Changes in Net Position	Percentage Change
	2018	2017		
Operating revenues	\$ 3,645	\$ 2,960	\$ 685	23.1%
Operating expenses	5,618	5,054	564	11.1%
Operating loss	(1,973)	(2,094)	121	5.8%
Nonoperating revenues				
Nonoperating revenues	166	203	(37)	(18.2%)
Nonoperating revenues	166	203	(37)	(18.2%)
Loss before contributions	(1,807)	(1,891)	84	4.4%
Capital contributions	9,182	10,535	(1,353)	(12.8%)
Increase in net position	7,375	8,644	(1,269)	(14.7%)
Net position, beginning of year	81,471	72,827	8,644	11.9%
Net position, end of year	\$ 88,846	\$ 81,471	\$ 7,375	9.0%

Capital contributions consist of WGFP participant funding of current year anticipated project expenditures and funding for the Windy Gap Colorado River Headwaters Connectivity Project.

2018 Operating Expenses



FINANCIAL CONTACT

The Subdistrict's financial statements are designed to present users with a general overview of the Subdistrict's finances and to demonstrate the Subdistrict's accountability. If there are any questions about the report or if additional financial information is needed, please contact the Financial Services Department, Northern Water, 220 Water Avenue, Berthoud, Colorado 80513.

**Statement of Net Position
Proprietary Funds**

September 30, 2018

Business-type Activity Enterprise Funds

	Business-type Activity Enterprise Funds		
	Windy Gap	Windy Gap Firming Project	Total
ASSETS			
Current assets			
Cash and cash equivalents, unrestricted	\$ 13,213,159	\$ 6,692,674	\$ 19,905,833
Accounts receivable	145,935	2,400	148,335
Accrued interest receivable	37,055	-	37,055
Water inventory	208,151	-	208,151
Prepaid carriage costs	480,571	-	480,571
	<u>14,084,871</u>	<u>6,695,074</u>	<u>20,779,945</u>
Noncurrent assets			
Cash and cash equivalents, unrestricted	99,624	-	99,624
Investments, unrestricted	7,350,524	-	7,350,524
Capital assets	85,305,016	47,555,955	132,860,971
Less accumulated depreciation	(68,000,119)	-	(68,000,119)
	<u>17,304,897</u>	<u>47,555,955</u>	<u>64,860,852</u>
Capital assets, net of depreciation			
Noncurrent assets	<u>24,755,045</u>	<u>47,555,955</u>	<u>72,311,000</u>
Assets	<u>\$ 38,839,916</u>	<u>\$ 54,251,029</u>	<u>\$ 93,090,945</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 1,807,359	\$ 1,478,338	\$ 3,285,697
Unearned revenue	959,166	-	959,166
	<u>2,766,525</u>	<u>1,478,338</u>	<u>4,244,863</u>
Current liabilities			
Liabilities	<u>\$ 2,766,525</u>	<u>\$ 1,478,338</u>	<u>\$ 4,244,863</u>
NET POSITION			
Investment in capital assets	\$ 17,304,897	\$ 47,555,955	\$ 64,860,852
Restricted net position for capital project	-	5,216,736	5,216,736
Unrestricted net position	18,768,494	-	18,768,494
	<u>\$ 36,073,391</u>	<u>\$ 52,772,691</u>	<u>\$ 88,846,082</u>
Net position			

See accompanying Notes to Financial Statements.

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds

Year ended September 30, 2018

	Business-type Activity Enterprise Funds		
	Windy Gap	Windy Gap Firming Project	Total
Operating revenues			
Assessments	\$ 3,615,652	\$ -	\$ 3,615,652
Other operating income	29,785	-	29,785
Operating revenue	<u>3,645,437</u>	<u>-</u>	<u>3,645,437</u>
Operating expenses			
Operations	2,456,538	-	2,456,538
Administration	856,587	-	856,587
Engineering	224,081	-	224,081
Depreciation	2,081,291	-	2,081,291
Operating expenses	<u>5,618,497</u>	<u>-</u>	<u>5,618,497</u>
Operating loss	<u>(1,973,060)</u>	<u>-</u>	<u>(1,973,060)</u>
Nonoperating revenues			
Earnings on investments	120,867	-	120,867
Other nonoperating revenues	44,957	-	44,957
Nonoperating revenues	<u>165,824</u>	<u>-</u>	<u>165,824</u>
Loss before contributions	<u>(1,807,236)</u>	<u>-</u>	<u>(1,807,236)</u>
Capital contributions	<u>105,571</u>	<u>9,076,343</u>	<u>9,181,914</u>
Increase (decrease) in net position	<u>(1,701,665)</u>	<u>9,076,343</u>	<u>7,374,678</u>
Net position, beginning of year	<u>37,775,056</u>	<u>43,696,348</u>	<u>81,471,404</u>
Net position, end of year	<u>\$ 36,073,391</u>	<u>\$ 52,772,691</u>	<u>\$ 88,846,082</u>

See accompanying Notes to Financial Statements.

Statement of Cash Flows
Proprietary Funds

Year ended September 30, 2018

	Business-type Activity Enterprise Funds		
	Windy Gap	Windy Gap Firming Project	Total
Cash flows from operating activities			
Receipts from participants	\$ 2,937,043	\$ -	\$ 2,937,043
Payments to suppliers	(2,574,626)	-	(2,574,626)
Payments for labor charges	(784,056)	-	(784,056)
Other receipts	79,982	-	79,982
Net cash used by operating activities	(341,657)	-	(341,657)
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(155,882)	(13,861,654)	(14,017,536)
Capital contributions ⁽¹⁾	-	9,429,817	9,429,817
Net cash used by capital and related financing activities	(155,882)	(4,431,837)	(4,587,719)
Cash flows from investing activities			
Investment purchases	(10,332,586)	-	(10,332,586)
Investment sales	9,738,008	-	9,738,008
Interest received on investments	255,673	-	255,673
Net cash used by investing activities	(338,905)	-	(338,905)
Net decrease in cash and cash equivalents	(836,444)	(4,431,837)	(5,268,281)
Cash and cash equivalents, beginning of year	14,149,227	11,124,511	25,273,738
Cash and cash equivalents, end of year	\$ 13,312,783	\$ 6,692,674	\$ 20,005,457
Reconciliation of operating loss to net cash used by operating activities			
Operating loss	(\$ 1,973,060)	\$ -	(\$ 1,973,060)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation	2,081,291	-	2,081,291
Nonoperating	74,510	-	74,510
Changes in current assets and current liabilities			
Accounts receivable	(24,319)	-	(24,319)
Water inventory	(208,151)	-	(208,151)
Prepaid carriage costs	132,181	-	132,181
Accounts payable and accrued liabilities	254,500	-	254,500
Unearned revenue	(678,609)	-	(678,609)
Adjustments	1,631,403	-	1,631,403
Net cash used by operating activities	(\$ 341,657)	\$ -	(\$ 341,657)
Schedule of non-cash activities			
Change in value of investments	(\$ 144,316)	\$ -	(\$ 144,316)

⁽¹⁾ Capital contributions for Windy Gap of \$105,571 were included in accounts receivable at September 30, 2018. Cash flows from capital contributions for WGFP included fiscal year 2017 contributions collected in 2018.

See accompanying Notes to Financial Statements.

Notes to Financial Statements

September 30, 2018

1 Summary of Significant Accounting Policies

Reporting Entity

The Subdistrict was established July 6, 1970, pursuant to the Water Conservancy Act. The Subdistrict is governed by a 12-member Board of Directors, which is appointed by the presiding district court judges of four of the five judicial districts located wholly or partially within Northern Water boundaries. The financial statements of the Subdistrict have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities and as promulgated by the Governmental Accounting Standards Board (GASB), the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Subdistrict is a special-purpose government engaged in business-type activities. Therefore, only enterprise fund financial statements are presented. For financial reporting purposes, management has considered all potential component units. The Subdistrict meets the criteria of an "other stand-alone government" as defined in GASB Statement No. 39.

The Subdistrict accounts for its financial operations as proprietary funds recognizing assets, liabilities, revenues and expenses on the accrual basis of accounting. Accordingly, revenues and expenses are recognized in the period earned and incurred, respectively, regardless of the timing of related cash flows.

The Windy Gap Enterprise Fund accounts for the activities of the Windy Gap Project, which provides wholesale water supplies to participating Northern Colorado municipalities, water districts and a power authority. The Windy Gap Firming Project Enterprise Fund accounts for the project activities of WGFP aimed at making the water supplies of the Windy Gap Project more reliable.

GASB Statement No. 34 sets forth minimum criteria for the determination of major funds. Both Windy Gap and WGFP met this criteria at September 30, 2018.

Assets, Liabilities and Net Position

Cash, Cash Equivalents and Investments, Unrestricted

Cash and cash equivalents are considered to be cash deposits and short-term investments with original maturities of three months or less from the date of acquisition. Certain cash balances are held in the Colorado Statewide Investment Pool (CSIP), a local government investment pool. The State Securities Commissioner administers and enforces State statutes governing the CSIP. CSIP seeks to maintain a stable net asset value of \$1.00 per share. Cash equivalents are reported at amortized cost, which is not considered significantly different from fair value.

The Subdistrict's investments are reported at their fair value. The Subdistrict categorizes its fair value measurements within the fair value hierarchy established by GAAP, which prioritizes the inputs to valuation techniques. Investments categorized as Level 1 are valued using prices quoted in active markets for identical assets. Investments

categorized as Level 2 are valued using a matrix pricing technique from an independent securities pricing service based on the securities' relationship to quoted benchmark prices.

Colorado statutes require that the Subdistrict use eligible public depositories as defined by the Colorado Public Deposit Protection Act. Under the Act, amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the Act and allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to the aggregate uninsured deposits.

The Subdistrict's investment objectives are the preservation of capital (safety), liquidity, return and diversification. The Board has adopted a policy that establishes the investment scope and incorporates the investment objectives of the Subdistrict. The investment policy allows the following investments:

- U.S. Treasury Obligations guaranteed by the U.S. Government
- Federal Agency and Instrumentality Securities, including those issued by or fully guaranteed by federal agencies or U.S. government-sponsored enterprises
- Time Certificates of Deposit in FDIC-insured state or nationally chartered banks or savings banks
- Negotiable Certificates of Deposit issued by any bank organized and operating within the United States
- Corporate Bonds issued by a corporation or bank organized and operating within the United States and denominated in U.S. dollars
- Municipal Bonds representing general and revenue obligations of or under the authority of any state in the United States or any political subdivision of such a government entity
- Commercial Paper where the issuer's commercial paper program's size exceeds \$200 million
- Bankers Acceptances issued by FDIC-insured state or national banks with combined capital and surplus of at least \$250 million
- Repurchase Agreements collateralized by U.S. Treasury Obligations and Federal Instrumentality Securities
- Local Government Investment Pools authorized under Colorado state statute
- Money Market Mutual Funds registered under the Investment Company Act of 1940 and authorized under Colorado state statute

Accounts Receivable

The Subdistrict does not provide an allowance for uncollectible receivable balances as the receivables are considered fully collectible.

Water Inventory

The Subdistrict is permitted to use storage capacity in Lake Granby, a water storage feature of the C-BT Project, in accordance with its Carriage Contract with Reclamation and Northern Water. The agreement specifies that when Lake Granby’s storage capacity is needed for storage of water under C-BT Project water rights, Windy Gap participants are required to take delivery of their stored water or that water must be spilled. Water inventory is valued on a specific identification basis using its pumping energy cost component.

Prepaid Carriage Costs and Unearned Revenue

Windy Gap participants pay carriage costs representing water delivery charges for use of the C-BT Project conveyance and storage system and pumping energy charges based on estimates of water to be delivered during the coming water season. Prepaid balances represent estimated advance payments made to Reclamation. Estimates paid by participants over actual costs incurred represent unearned revenue.

Capital Assets

Capital assets consist primarily of the Windy Gap water diversion project and WGFP construction in progress. In accordance with Subdistrict policy, costs incurred for infrastructure projects, including capitalized labor, environmental impact, engineering, feasibility and other studies, are capitalized at historical cost. When construction of a project is completed, accumulated costs are depreciated over the estimated useful life of the project. If a project does not become operational or does not benefit other projects, the accumulated costs are charged to expense in the period such determination is made.

Capital assets, other than infrastructure assets, are defined by the Subdistrict as those with an initial individual cost of more than \$5,000. All capital assets are reported at their historical cost.

Maintenance and repair charges that do not increase the capacity or efficiency of an asset or extend its useful life beyond the original estimate are charged to current period operating expenses as incurred. Upon retirement or other disposition of capital assets, the costs and related accumulated depreciation are removed from the respective accounts and any gains or losses are reflected as nonoperating revenues or expenses.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Equipment	3 - 5
Buildings and improvements	10 - 25
Water diversion project	40

Water rights are considered intangible, have an indefinite useful life and are not depreciated or amortized.

Net Position

The accompanying financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted net position for capital project and unrestricted net position. When both restricted and unrestricted resources are available for use, it is the Subdistrict’s policy to use restricted resources for their specified purposes first, then unrestricted as needed.

Operating Revenues and Expenses

Assessments represent revenues from Windy Gap participants. The participants must make certain assessment payments whether or not they take delivery of water.

Operating revenues and expenses for proprietary enterprise funds are those that result from providing services and delivering goods in connection with the funds’ principal ongoing operations. Windy Gap operating revenues consist primarily of annual assessments. Operating expenses include operations, engineering, and administrative costs associated with providing untreated water and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. WGFP is not yet in operation and, therefore, has no operating revenues or expenses.

Capital Contributions

Capital contributions are received in cash. No non-cash items are included as capital contributions.

2 Stewardship, Compliance and Accountability

Tax Revenue, Spending and Multiple-Fiscal Year Debt and Other Financial Obligation Limitations

Article X, Section 20, of the Colorado Constitution contains limitations on the ability of state and local governmental entities to increase taxes, revenues and spending and to enter into multiple-fiscal year direct or indirect debt or other financial obligations. However, these limitations do not apply to “enterprises” as defined in the constitutional provision. The Subdistrict’s Windy Gap Water Activity Enterprise and Windy Gap Firming Project Water Activity Enterprise have been established as “water activity enterprises” in accordance with Colorado statutes and, as “enterprises,” are excluded from the application of these constitutional restrictions.

Budgetary Data

The Subdistrict follows these procedures in establishing budgetary data reflected in the financial statements:

- On or before June 1, all department managers submit working budgets to Budget Officers.
- Budget workshops are held with participants and the Board in July.
- Budget officers submit an overall budget to the Board prior to the August Planning Session.
- The Board holds a public hearing during the August Planning Session, and the budget is legally enacted through passage of resolutions by the Board.

The level of control (level at which expenses may not exceed appropriations) is maintained at the department, capital-outlay and debt-service levels. No commitment is authorized, nor any expenditure incurred, until it is determined that adequate appropriation balances exist for that purpose. Material purchase orders that would result in an overrun of available funds are not released until additional appropriations are made available. Management is authorized to transfer budget amounts between departments; however, any revisions that exceed the appropriated balances must be approved

Notes to Financial Statements

by the Board. Unused appropriations lapse at the end of each fiscal year. The overall objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board.

Annual budgets are adopted for all funds on a basis consistent with GAAP with the following exceptions:

- Depreciation is not budgeted.
- Capital outlays are treated as nonoperating expense uses.

In 2018, the Board approved a contingent appropriation for WGFP amounting to \$5,200,000 for expenditures that could neither have been fully foreseen nor accurately estimated at the time of adoption of the original appropriation.

3 Cash, Cash Equivalents and Investments

All cash, cash equivalents and investments at September 30, 2018, were unrestricted. Balances by investment type were as follows:

Investment Type	Current	Noncurrent		Cash, Cash
	Cash and Cash Equivalents	Cash Equivalents	Investments	Equivalents and Investments
Windy Gap				
Deposits	\$ 6,660,152	\$ -	\$ -	\$ 6,660,152
Local Government Investment Pool/Money Market Funds	6,553,007	99,624	-	6,652,631
U.S. Government Securities	-	-	4,087,179	4,087,179
Federal Agency Securities	-	-	574,608	574,608
Federal Agency Collateralized Mortgage Obligations	-	-	171,731	171,731
Supranationals	-	-	577,526	577,526
Negotiable Certificates of Deposit	-	-	919,519	919,519
Commercial Paper	-	-	148,946	148,946
Municipal Obligations	-	-	272,891	272,891
Corporate Notes	-	-	598,124	598,124
Windy Gap	13,213,159	99,624	7,350,524	20,663,307
Windy Gap Firing Project				
Deposits	6,692,674	-	-	6,692,674
Cash, cash equivalents and investments	\$ 19,905,833	\$ 99,624	\$ 7,350,524	\$ 27,355,981

Cash, cash equivalents and investment balances at September 30, 2018, by level hierarchy were as follows:

Investment Type	Fair Value	Level 1	Level 2
U.S. Government Securities	\$ 4,087,179	\$ 4,087,179	\$ -
Federal Agency Securities	574,608	-	574,608
Federal Agency Collateralized Mortgage Obligations	171,731	-	171,731
Supranationals	577,526	-	577,526
Negotiable Certificates of Deposit	919,519	-	919,519
Commercial Paper	148,946	-	148,946
Municipal Obligations	272,891	-	272,891
Corporate Notes	598,124	-	598,124
Investments	7,350,524	\$ 4,087,179	\$ 3,263,345
Deposits	13,352,826		
Local Government Investment Pool/Money Market Funds (measured at amortized cost)	6,652,631		
Cash, cash equivalents and investments	\$ 27,355,981		

In accordance with the Subdistrict investment policy, investments are limited to those meeting the following criteria:

Investment Type	Maximum Portfolio Percentage	Maximum Issuer Percentage	Rating Restrictions	Maximum Maturity Restrictions
U.S. Treasury Obligations	100%	100%	N/A	5 years
Federal Agency and Instrumentality Securities	85%	35%	AA ⁻⁽¹⁾	5 years
Negotiable Certificates of Deposit	35%	5%	⁻⁽¹⁾⁽²⁾	3 years
Time Certificates of Deposit	5%	1%	N/A	1 year
Corporate Bonds	35%	5%	AA ⁻⁽¹⁾	3 years
Municipal Bonds				
Colorado Issuer	35%	5%	A ⁻⁽¹⁾	5 years
Non-Colorado Issuer	35%	5%	AA ⁻⁽¹⁾	5 years
School District Certificates of Participation	35%	5%	A ⁽¹⁾	5 years
Commercial Paper	35%	5%	A-1 ⁽¹⁾⁽³⁾	270 days
Bankers Acceptances	35%	5%	A-1 ⁽¹⁾⁽³⁾	180 days
Repurchase Agreements	100%	25%	⁻⁽⁴⁾	180 days
Local Government Investment Pools	100%	100%	AAAm/AAAf	N/A
Money Market Funds ⁽⁵⁾	100%	100%	AAAm	N/A

The investment portfolio is limited to an aggregate exposure of 50 percent for the following investment types: Certificates of Deposit, Negotiable Certificates of Deposit, Corporate Bonds, Commercial Paper, and Bankers Acceptances. The aggregate exposure to Municipal Bonds may not exceed 35 percent of the portfolio and no more than 5 percent of the portfolio may be invested with a single issuer.

⁽¹⁾ Rating required by two nationally-recognized statistical rating organizations.

⁽²⁾ Long-term rating of at least AA- or the equivalent, short-term rating of at least A-1 or the equivalent.

⁽³⁾ If senior debt outstanding, senior debt must be rated A or the equivalent. Issuer's commercial paper program size shall exceed \$200 million.

⁽⁴⁾ Collateralized by U.S. Treasury Obligations and Federal Agency Instrumentality Securities with collateral maturity not exceeding 10 years. Long-term credit rating of at least A or the equivalent; short-term rating of at least A-1 or the equivalent.

⁽⁵⁾ No load; constant net asset value per share of \$1.00.

Notes to Financial Statements

At September 30, 2018, the Subdistrict had cash, cash equivalents and investments with the following ratings:

Investment Type	Cash, Cash Equivalents and Investments	Percentage	Rating
U.S. Government Securities	\$ 4,087,179	14.9%	AA+
Federal Agency Securities	574,608	2.1	AA+
Federal Agency Collateralized Mortgage Obligations	171,731	0.6	AA+
Supranationals	577,526	2.1	AAA
Negotiable Certificates of Deposit	458,274	1.7	A-1
Negotiable Certificates of Deposit	174,775	0.6	A+
Negotiable Certificates of Deposit	286,470	1.1	AA-
Commercial Paper	148,946	0.6	A-1
Municipal Obligations	89,701	0.3	AA-
Municipal Obligations	124,983	0.5	AA
Municipal Obligations	58,207	0.2	AAA
Corporate Notes	182,749	0.7	AA-
Corporate Notes	238,652	0.9	AA
Corporate Notes	147,330	0.5	AA+
Corporate Notes	29,393	0.1	AAA
Deposits	13,352,826	48.8	Not rated
Local Government Investment Pool/ Money Market Funds	6,652,631	24.3	AAAm/AAAf
Cash, cash equivalents and investments	\$ 27,355,981	100.0%	

Summary by Rating	Cash, Cash Equivalents and Investments	Percentage
A-1	\$ 607,220	2.3%
A+	174,775	0.6
AA-	558,920	2.1
AA	363,635	1.3
AA+	4,980,848	18.2
AAA	665,126	2.4
AAAm/AAAf	6,652,631	24.3
Not rated	13,352,826	48.8
Cash, cash equivalents and investments	\$ 27,355,981	100.0%

Interest and Credit Risk

Credit risk is generally considered to be the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Such risk is measured by the assignment of a rating by a nationally-recognized statistical rating organization. Concentration of credit risk derives from investments being concentrated with a single issuer. Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. At September 30, 2018, no investments were greater than 5 percent with any one issuer.

At September 30, 2018, the Subdistrict had cash, cash equivalents and investments with the following maturities:

Investment Type	Cash, Cash Equivalents and Investments	Investment Maturities			
		Less than 1 year	1 - 2 years	2 - 3 years	3 +
Deposits	\$ 13,352,826	\$ 13,352,826	\$ -	\$ -	\$ -
U.S. Government Securities	4,087,179	-	1,081,785	610,132	2,395,262
Federal Agency Securities	574,608	-	43,960	530,648	-
Federal Agency Collateralized Mortgage Obligations	171,731	-	-	52,415	119,316
Supranationals	577,526	-	-	371,500	206,026
Negotiable Certificates of Deposit	919,519	458,274	314,197	147,048	-
Commercial Paper	148,946	148,946	-	-	-
Municipal Obligations	272,891	-	-	214,684	58,207
Corporate Notes	598,124	-	143,606	454,518	-
Local Government Investment Pool/Money Market Funds	6,652,631	6,652,631	-	-	-
Cash, cash equivalents and investments	<u>\$ 27,355,981</u>	<u>\$ 20,612,677</u>	<u>\$ 1,583,548</u>	<u>\$ 2,380,945</u>	<u>\$ 2,778,811</u>

To the extent possible, Subdistrict investments are matched with anticipated cash flow requirements. Investments are not invested in securities maturing more than five years from the date of trade settlement.

4 Capital Assets

Capital asset activity for the Subdistrict enterprise funds for the year ended September 30, 2018, was as follows:

	2017	Additions	Retirements	2018
Windy Gap				
Non-depreciable assets				
Construction in progress	\$ -	\$ 155,883	\$ -	\$ 155,883
Land	2,046,198	-	-	2,046,198
Water rights	470,921	-	-	470,921
Depreciable assets				
Buildings, equipment and improvements	499,569	-	(35,141)	464,428
Water diversion project	82,167,586	-	-	82,167,586
Capital assets	<u>85,184,274</u>	<u>155,883</u>	<u>(35,141)</u>	<u>85,305,016</u>
Less accumulated depreciation				
Buildings, equipment and improvements	(477,419)	(2,292)	35,141	(444,570)
Water diversion project	(65,476,550)	(2,078,999)	-	(67,555,549)
Accumulated depreciation	<u>(65,953,969)</u>	<u>(2,081,291)</u>	<u>35,141</u>	<u>(68,000,119)</u>
Capital assets, net	19,230,305	(1,925,408)	-	17,304,897
Windy Gap Firing Project				
Construction in progress	34,541,551	13,014,404	-	47,555,955
Capital assets, net of accumulated depreciation	<u>\$ 53,771,856</u>	<u>\$ 11,088,996</u>	<u>\$ -</u>	<u>\$ 64,860,852</u>

Notes to Financial Statements

5 Windy Gap Principal Participants

The following participants individually generated 5 percent or more of Windy Gap assessments for the year ended September 30:

	<u>2018</u>
Platte River Power Authority	24.2%
Broomfield, City and County of	16.7
Greeley, City of	15.9
Longmont, City of	14.7
Boulder, City of	6.3
Fort Lupton, City of	<u>5.0</u>
Principal participants	<u>82.8%</u>

6 Risk Management

The Subdistrict is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Subdistrict carries commercial insurance for these risks. Settled claims resulting from these risks did not exceed commercial insurance coverage in any of the past three fiscal years.

7 Intergovernmental Transactions

Total charges from Northern Water for carriage, operations, engineering and administrative services amounted to \$2,879,731 including carriage costs of \$1,238,881 for the year ended September 30, 2018, of which \$1,636,968 was payable at year end and was included in accounts payable on the accompanying financial statements.

8 Commitments and Contingencies

The Subdistrict has agreed to fund approximately \$25 million in environmental mitigation and enhancement measures. In addition the Subdistrict will provide water and water storage that can be used for environmental purposes valued at approximately \$40 million. In some cases, costs to be incurred reflect management's best estimates to achieve performance objectives. Committed funds are expected to be paid over the next several years; however, certain of these costs are contingent upon WGFP becoming operational.

To partially fund future construction costs, the Subdistrict received approval of a 30-year loan with the Colorado Water Conservation Board for an amount not to exceed \$90 million loan at 3.1 percent. The loan is subordinated to the payment of any revenue bonds to be issued in conjunction with construction of the WGFP project.

In addition, the Subdistrict has entered into a \$7.8 million subgrant agreement with Trout Unlimited under the NRCS Regional Conservation Partnership Program to partially fund development of the Colorado

River Headwaters Connectivity Project. Under the terms of the agreement, Trout Unlimited, as grantee of the program, will reimburse the Subdistrict for costs incurred for the project.

In accordance with the Carriage Contract with Reclamation and Northern Water, the Subdistrict will pay an additional charge of \$34 per acre foot based on water delivered to Subdistrict allottees, such rate to increase at 1.79 percent per year. The rate structure in the Carriage Contract becomes effective the earlier of December 2019 or the date that water is first stored in Chimney Hollow Reservoir.

In the normal course of business, there are various outstanding legal proceedings, claims, commitments and contingent liabilities. In the opinion of management, the ultimate disposition of these matters will not have a materially adverse effect on the Subdistrict's financial statements.

SUPPLEMENTARY INFORMATION

Schedule of Revenues and Expenses, Budget to Actual Windy Gap

Non-GAAP Budgetary Basis

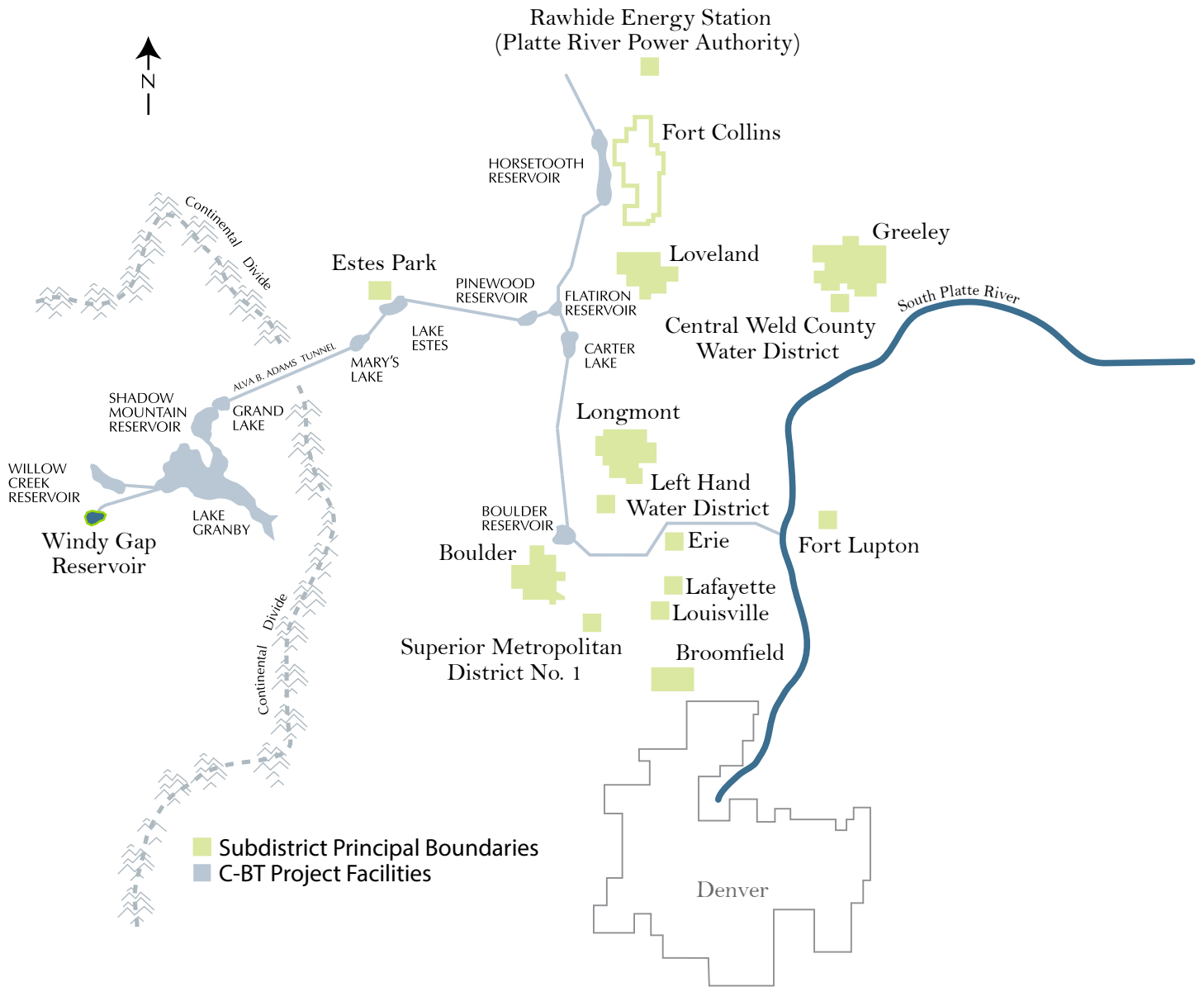
	Year ended September 30, 2018			Year ended September 30, 2017
	Budget	Actual	Variance	Actual
Operating revenue sources				
Assessments	\$ 5,152,525	\$ 3,615,652	(\$ 1,536,873)	\$ 2,959,905
Operating revenue, other	-	29,785	29,785	-
Operating revenue sources	5,152,525	3,645,437	(1,507,088)	2,959,905
Operating expense uses				
Operations	(3,980,908)	(2,411,520)	1,569,388	(1,748,284)
Programs	(1,305,144)	(1,116,106)	189,038	(865,746)
Operating expense uses	(5,286,052)	(3,527,626)	1,758,426	(2,614,030)
Operating revenue sources over (under) expense uses	(133,527)	117,811	251,338	345,875
Nonoperating revenue sources				
Capital contributions	1,094,300	105,571	(988,729)	-
Earnings on investments	116,550	120,867	4,317	129,556
Other nonoperating revenues	57,000	44,957	(12,043)	73,820
Nonoperating revenue sources	1,267,850	271,395	(996,455)	203,376
Nonoperating expense uses				
Capital purchases and project expenditures	(1,094,300)	(155,882)	938,418	(22,920)
Other capital project expenditures	(64,380)	(9,580)	54,800	(360,311)
Nonoperating expense uses	(1,158,680)	(165,462)	993,218	(383,231)
Nonoperating revenue sources over (under) expense uses	109,170	105,933	(3,237)	(179,855)
Revenue sources over (under) expense uses	(\$ 24,357)	223,744	\$ 248,101	166,020
Adjustments to reconcile budgetary basis to GAAP basis				
Capital purchases and project expenditures under GAAP		155,882		22,915
Depreciation		(2,081,291)		(2,079,763)
Decreases in net position		(\$ 1,701,665)		(\$ 1,890,828)

Schedule of Revenues and Expenses, Budget to Actual
Windy Gap FIRMING Project

Non-GAAP Budgetary Basis

	Year ended September 30, 2018			Year ended September 30, 2017
	Budget	Actual	Variance	Actual
Nonoperating revenue sources				
Capital contributions				
Participant contributions	\$ 7,500,000	\$ 9,002,701	\$ 1,502,701	\$ 10,534,897
Earnings on investments	20,000	46,142	26,142	-
Other nonoperating revenues	-	27,500	27,500	-
Nonoperating revenue sources	7,520,000	9,076,343	1,556,343	10,534,897
Nonoperating expense uses				
Capital project expenditures	(16,001,889)	(13,014,404)	2,987,485	(13,935,802)
Nonoperating revenue sources under expense uses	(\$ 8,481,889)	(3,938,061)	\$ 4,543,828	(3,400,905)
Adjustment to reconcile budgetary basis to GAAP basis				
Capital project expenditures under GAAP		13,014,404		13,935,802
Increases in net position		\$ 9,076,343		\$ 10,534,897

Subdistrict Boundaries



Statement of Revenues, Expenses and Changes in Net Position and Net Position by Component (2009 - 2018)⁽¹⁾

Years ended September 30,
Unaudited

	2018	2017 ⁽²⁾	2016	2015
Operating revenues				
Assessments	\$ 3,615,652	\$ 2,959,905	\$ 12,873,962	\$ 13,959,770
Other operating income	29,785	-	-	-
Operating revenue	<u>3,645,437</u>	<u>2,959,905</u>	<u>12,873,962</u>	<u>13,959,770</u>
Operating expenses				
Operations	2,456,538	1,813,030	1,514,945	2,878,863
Administration	856,587	894,621	604,070	539,622
Engineering	224,081	266,694	175,590	117,402
Depreciation	2,081,291	2,079,764	2,078,999	2,078,999
Operating expenses	<u>5,618,497</u>	<u>5,054,109</u>	<u>4,373,604</u>	<u>5,614,886</u>
Operating income (loss)	<u>(1,973,060)</u>	<u>(2,094,204)</u>	<u>8,500,358</u>	<u>8,344,884</u>
Nonoperating revenues (expenses)				
Earnings on investments	120,867	129,556	166,206	180,024
Interest expense	-	-	(638,455)	(1,325,146)
Loss on defeasance of water revenue bonds	-	-	(864,629)	-
Other nonoperating revenues (expenses), net	44,957	73,820	342,442	55,695
Nonoperating revenues (expenses), net	<u>165,824</u>	<u>203,376</u>	<u>(994,436)</u>	<u>(1,089,427)</u>
Income (loss) before contributions	<u>(1,807,236)</u>	<u>(1,890,828)</u>	<u>7,505,922</u>	<u>7,255,457</u>
Capital contributions	<u>9,181,914</u>	<u>10,534,897</u>	<u>14,103,950</u>	<u>1,469,333</u>
Increases in net position	<u>\$ 7,374,678</u>	<u>\$ 8,644,069</u>	<u>\$ 21,609,872</u>	<u>\$ 8,724,790</u>
Net Position				
Investment in capital assets	\$ 64,860,852	\$ 53,771,856	\$ 41,892,903	\$ 29,565,993
Restricted net position				
Debt service	-	-	-	12,616,627
Capital project	5,216,736	9,154,797	12,555,702	222,835
Unrestricted net position	<u>18,768,494</u>	<u>18,544,751</u>	<u>18,378,730</u>	<u>8,812,008</u>
Net position	<u>\$ 88,846,082</u>	<u>\$ 81,471,404</u>	<u>\$ 72,827,335</u>	<u>\$ 51,217,463</u>

⁽¹⁾ Amounts reflect the Subdistrict two enterprise funds combined.

⁽²⁾ Lower assessments and operating loss in 2017 result from the extinguishment of Subdistrict water revenue bonds in 2016.

⁽³⁾ Opening net position restated for GASB Statement No. 65.

2014	2013⁽³⁾	2012	2011	2010	2009
\$ 13,524,172	\$ 13,715,876	\$ 13,292,546	\$ 13,538,859	\$ 13,464,062	\$ 13,581,712
-	-	-	-	-	-
13,524,172	13,715,876	13,292,546	13,538,859	13,464,062	13,581,712
2,788,801	3,374,057	2,422,523	2,630,065	3,097,335	3,041,115
479,124	642,510	832,077	805,951	1,049,366	1,011,348
160,445	223,415	166,293	133,176	149,335	174,548
2,078,999	2,060,125	2,041,474	2,047,112	2,046,020	2,044,000
5,507,369	6,300,107	5,462,367	5,616,304	6,342,056	6,271,011
8,016,803	7,415,769	7,830,179	7,922,555	7,122,006	7,310,701
124,093	117,006	62,237	96,932	105,687	835,444
(1,784,178)	(2,214,668)	(2,575,659)	(3,001,470)	(3,646,792)	(4,042,116)
-	-	-	-	-	-
44,107	275,177	19,704	40,757	23,635	99,261
(1,615,978)	(1,822,485)	(2,493,718)	(2,863,781)	(3,517,470)	(3,107,411)
6,400,825	5,593,284	5,336,461	5,058,774	3,604,536	4,203,290
2,336,001	-	1,999,998	-	1,073,180	988,528
\$ 8,736,826	\$ 5,593,284	\$ 7,336,459	\$ 5,058,774	\$ 4,677,716	\$ 5,191,818
\$ 21,741,075	\$ 13,873,621	\$ 7,923,924	\$ 2,623,507	(\$ 2,506,786)	(\$ 6,809,396)
12,289,137	12,013,764	12,022,534	11,842,320	11,945,850	11,656,123
756,453	637,669	1,088,872	-	858,839	470,260
7,706,008	7,230,793	7,734,372	6,967,416	6,076,566	6,379,766
\$ 42,492,673	\$ 33,755,847	\$ 28,769,702	\$ 21,433,243	\$ 16,374,469	\$ 11,696,753

Schedule of Windy Gap Assessments by Participant (2009 - 2018)

Years ended September 30,
Unaudited

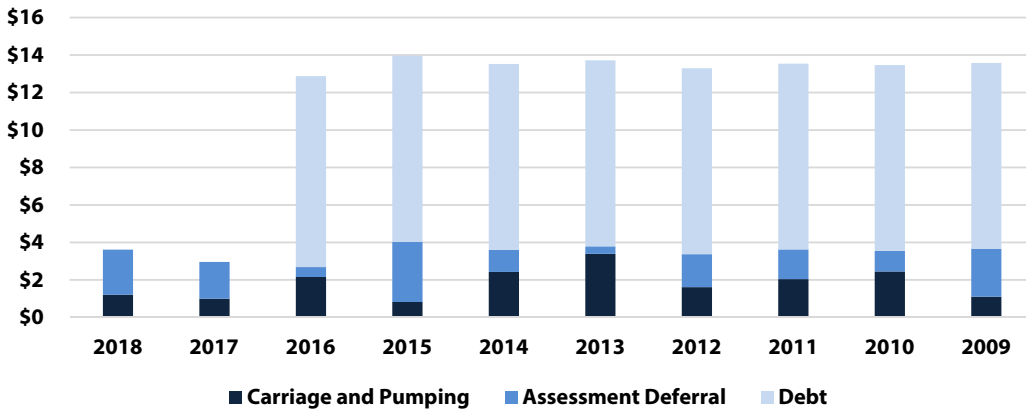
Participant	2018	2017 ⁽¹⁾	2016	2015
Platte River Power Authority	\$ 764,404	\$ 850,402	\$ 4,918,223	\$ 4,604,577
Boulder, City of	163,058	148,469	910,645	956,179
Longmont, City of	(3,661) ⁽²⁾	389,629	1,853,861	1,736,904
Greeley, City of	489,463	302,637	1,628,167	1,360,400
Loveland, City of	184,120	153,881	953,243	931,557
Superior Metropolitan District No. 1	164,589	142,135	542,502	501,778
Broomfield, City and County of	588,366	481,468	1,993,171	1,645,257
Estes Park, Town of	27,681	20,440	79,046	77,521
Erie, Town of	271,237	108,344	560,716	389,141
Louisville, City of	27,668	22,732	143,911	103,659
Central Weld County Water District	9,039	12,130	39,239	30,276
Fort Lupton, City of	147,221	35,136	120,724	121,213
Lafayette, City of	31,682	3,701	23,897	23,285
Little Thompson Water District	72,176	51,954	302,120	-
Water rental	-	-	-	-
Unearned revenue adjustment	678,609	236,847	(1,195,503)	1,478,023
Assessments	\$ 3,615,652	\$ 2,959,905	\$ 12,873,962	\$ 13,959,770

⁽¹⁾ Lower assessment in 2017 result from the extinguishment of Subdistrict water revenue bonds in 2016.

⁽²⁾ Negative assessment in 2018 reflects current year assessment less than prior year estimate to actual adjustment.

	2014	2013	2012	2011	2010	2009
\$	4,575,200	\$ 4,869,952	\$ 4,327,875	\$ 4,372,347	\$ 4,466,818	\$ 4,120,248
	1,693,008	1,972,529	2,251,034	2,340,919	2,461,675	2,196,290
	2,509,157	2,378,341	1,898,498	2,120,995	2,032,150	1,961,383
	2,083,128	2,181,730	1,887,647	1,820,399	1,924,617	1,750,205
	1,018,408	1,061,399	963,042	999,468	1,072,916	915,365
	480,735	531,523	513,991	496,906	493,092	418,342
	823,939	1,020,464	427,794	438,421	467,299	380,920
	82,728	88,707	78,938	84,444	91,228	76,732
	474,128	459,202	444,606	416,419	453,203	369,393
	146,270	167,330	144,341	150,755	171,577	131,412
	28,548	30,779	27,486	27,665	30,149	25,990
	85,046	110,623	86,295	105,246	111,072	89,569
	24,307	27,236	24,002	24,631	26,950	22,486
	-	-	-	-	-	-
	-	-	-	-	225,434	245,342
(500,430)	(1,183,939)	216,997	140,244	(564,118)	878,035
\$	13,524,172	\$ 13,715,876	\$ 13,292,546	\$ 13,538,859	\$ 13,464,062	\$ 13,581,712

Annual Assessments
(millions)



Statement of Windy Gap Participant Units

September 30, 2018
Unaudited

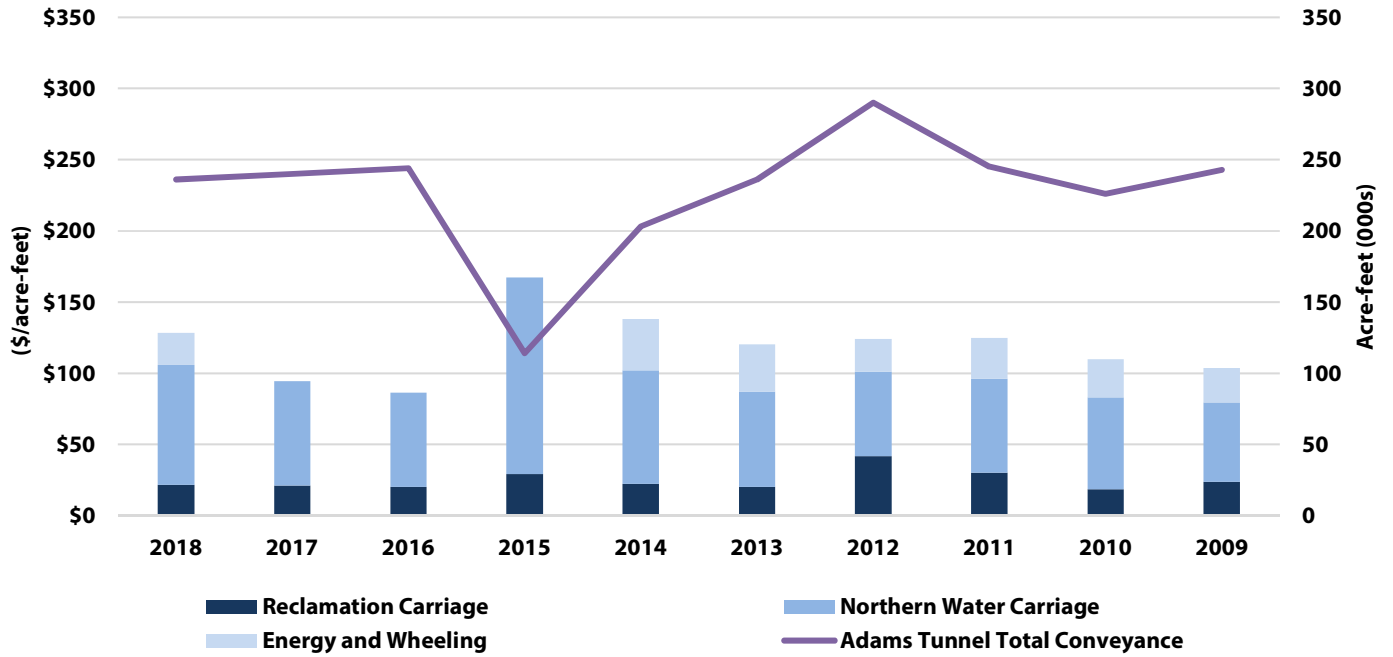
<u>Participants</u>	<u>Units</u>	<u>Acre-Feet</u>	<u>Percentage</u>
Platte River Power Authority	134	13,400	27.9%
Longmont, City of	80	8,000	16.7
Broomfield, City and County of	56	5,600	11.7
Greeley, City of	49	4,900	10.2
Loveland, City of	40	4,000	8.4
Boulder, City of	37	3,700	7.7
Erie, Town of	20	2,000	4.2
Little Thompson Water District	17	1,700	3.5
Superior Metropolitan District No. 1	15	1,500	3.1
Fort Lupton, City of	13	1,300	2.7
Louisville, City of	9	900	1.9
Estes Park, Town of	3	300	0.6
Lafayette, City of	3	300	0.6
Berthoud, Town of	3	300	0.6
Central Weld County Water District	1	100	0.2
Total	480	48,000	100.0%



Lake Granby

Windy Gap Carriage, Energy and Wheeling Charges (2009 - 2018)

Windy Gap Carriage, Energy and Wheeling Charges, and Adams Tunnel Total Conveyance



Windy Gap Carriage, Energy and Wheeling Charges (2009 - 2018)

Years ended September 30,
Unaudited
(Cost per acre-foot)

	2018	2017	2016 ⁽³⁾	2015 ⁽³⁾	2014	2013	2012 ⁽⁴⁾	2011 ⁽⁴⁾	2010	2009 ⁽⁴⁾
Carriage charges⁽¹⁾										
Reclamation ⁽²⁾										
7(c) ii Farr Pumping Plant	\$ 2.42	\$ 2.88	\$ 3.22	\$ 3.07	\$ 3.53	\$ 3.92	\$ 3.29	\$ 3.14	\$ 3.32	\$ 3.13
7(c) iii Flatiron Pumping Plant	5.22	6.10	6.89	7.25	6.60	6.63	6.52	6.03	6.84	5.94
7(d) Operations and maintenance	11.00	9.18	7.12	16.05	9.34	9.60	29.04	18.11	8.24	14.72
7(e) Service charge	2.85	2.85	2.85	2.85	2.85	-	2.85	2.85	-	-
Reclamation carriage charges	21.49	21.01	20.08	29.22	22.32	20.15	41.70	30.13	18.40	23.79
Northern Water										
8(a) Adams Tunnel conveyance	.26	.26	.26	.26	.26	.26	.26	.26	.26	.26
8(b)(d) Operations, maintenance and administrative costs	81.22	70.32	63.22	134.89	76.62	66.64	56.31	62.90	64.54	55.55
8(e) Service charge	2.85	2.85	2.85	2.85	2.85	-	2.85	2.85	-	-
Northern Water carriage charges	84.33	73.43	66.33	138.00	79.73	66.90	59.42	66.01	64.80	55.81
Carriage charges	105.82	94.44	86.41	167.22	102.05	87.05	101.12	96.14	83.20	79.60
Energy and wheeling charges	22.45	-	-	-	35.99	33.30	22.93	28.67	26.67	24.04
Carriage, energy and wheeling charges	\$ 128.27	\$ 94.44	\$ 86.41	\$ 167.22	\$ 138.04	\$ 120.35	\$ 124.05	\$ 124.81	\$ 109.87	\$ 103.64
Water pumped (acre-feet) ⁽⁵⁾	26,235	-	-	-	-	45,061	5,145	-	6,758	26,365
Water delivered (acre-feet) ⁽⁶⁾	15,119	13,049	11,294	13,964	12,627	19,536	16,774	18,023	22,461	22,713
Adams Tunnel total conveyance (acre-feet)	236,479	240,304	243,543	113,856	203,467	236,268	289,890	245,284	225,917	242,832

⁽¹⁾ References are to the appropriate section in the Subdistrict carriage contract with Reclamation.

⁽²⁾ Excludes fixed annual carriage charge from Reclamation of \$84,525.

⁽³⁾ Carriage charges are calculated, in part, based on total water conveyed through the C-BT Project Adams Tunnel, which increased from an abnormally low 113,856 acre-feet in 2015 to 243,543 acre-feet in 2016.

⁽⁴⁾ Increase in Reclamation operations and maintenance charges due to repair and extraordinary maintenance items (RAX).

⁽⁵⁾ No water pumped in 2014 - 2017 as a result of the lack of available storage capacity for Windy Gap Project water in the C-BT Project.

⁽⁶⁾ Includes only water delivered to participants.

Population and Economic Statistics by Principal Cities Served by the Subdistrict (2009 - 2018)

Unaudited

	2018 ⁽¹⁾	2017	2016	2015
Boulder, City of				
Estimated population	109,000	107,000	105,000	105,000
Unemployment rate	2.5%	2.2%	2.8%	3.2%
School enrollment ⁽²⁾	13,134	13,312	13,352	13,486
Per capita income ⁽³⁾	N/A	\$ 63,707	\$ 60,200	\$ 58,627
Personal income (000s) ⁽³⁾	N/A	\$ 20,528,000	\$ 19,233,000	\$ 18,370,000
Broomfield, City and County of⁽⁴⁾				
Estimated population	68,552	67,093	65,907	63,860
Unemployment rate	2.5%	2.5%	4.3%	4.2%
School enrollment ⁽²⁾	4,246	4,314	4,317	4,319
Per capita income	N/A	\$ 73,129	\$ 73,000	\$ 73,686
Personal income (000s)	N/A	\$ 4,906,444	\$ 4,811,211	\$ 4,705,588
Greeley, City of				
Estimated population	104,557	103,037	101,048	98,423
Unemployment rate ⁽³⁾	2.8%	2.6%	3.5%	4.0%
School enrollment ⁽²⁾	17,953	18,294	17,613	17,713
Per capita income ⁽³⁾	N/A	\$ 50,483	\$ 42,787	\$ 38,664
Personal income (000s) ⁽³⁾	N/A	\$ 5,201,617	\$ 4,323,541	\$ 3,805,427
Longmont, City of				
Estimated population	94,777	93,933	92,852	91,911
Unemployment rate	2.6%	2.2%	2.6%	3.1%
School enrollment ⁽²⁾	14,415	14,660	14,707	15,448
Per capita income	\$ 63,707	\$ 60,220	\$ 58,627	\$ 54,968
Personal income (000s)	\$ 6,037,958	\$ 5,656,645	\$ 5,443,634	\$ 5,052,164
Loveland, City of				
Estimated population	75,655	74,427	74,349	71,985
Unemployment rate	2.5%	3.2%	3.8%	4.8%
School enrollment ⁽²⁾	15,593	15,714	15,597	15,520
Per capita income ⁽⁵⁾	\$ 47,117	\$ 45,318	\$ 43,584	\$ 42,866
Personal income (000s)	\$ 3,564,637	\$ 3,372,883	\$ 3,240,427	\$ 3,085,709
Estimated population in Subdistrict Area ⁽⁶⁾	982,678	959,455	922,233	893,145

Source: Data taken from the governments' most recent CAFR unless otherwise indicated.

⁽¹⁾ N/A Certain data not yet available.

⁽²⁾ Information compiled from school district websites for schools within Subdistrict boundaries.

⁽³⁾ Data for the Metropolitan Statistical Area.

⁽⁴⁾ Data provided for the entire City and County of Broomfield, only a portion of which is within Subdistrict boundaries. In 2018 Broomfield restated its per capital income and personal income statistics to reflect a new data source.

⁽⁵⁾ Data for Larimer County. Separate municipal statistics not available.

⁽⁶⁾ Data from the Northern Water current year CAFR.

2014	2013	2012	2011	2010	2009
102,000	101,000	98,000	97,000	104,000	104,000
4.7%	5.6%	5.9%	6.5%	5.3%	4.6%
13,331	12,627	13,471	13,583	13,258	13,129
\$ 54,968	\$ 54,502	\$ 51,893	\$ 50,031	\$ 48,891	\$ 50,714
\$ 17,042,000	\$ 16,639,000	\$ 15,536,000	\$ 14,786,000	\$ 14,334,000	\$ 15,237,000
60,885	57,865	57,336	56,543	55,284	54,586
6.8%	7.8%	8.5%	8.9%	8.1%	4.8%
4,260	4,102	4,034	4,034	4,165	4,151
\$ 74,119	\$ 76,158	\$ 73,428	\$ 70,094	\$ 70,984	\$ 73,392
\$ 4,512,735	\$ 4,406,883	\$ 4,210,068	\$ 3,963,325	\$ 3,924,279	\$ 4,006,176
97,320	96,093	95,453	94,358	91,759	90,249
7.6%	8.7%	9.7%	11.1%	9.1%	5.2%
21,183	20,450	19,821	17,278	19,851	19,444
\$ 33,393	\$ 31,657	\$ 29,986	\$ 28,447	\$ 27,109	\$ 28,402
\$ 3,249,807	\$ 3,042,016	\$ 2,862,254	\$ 2,684,202	\$ 2,487,495	\$ 2,563,252
90,219	87,854	87,850	87,461	86,303	86,194
4.4%	5.5%	6.1%	6.8%	6.0%	5.0%
15,512	15,381	14,404	14,132	13,997	15,953
\$ 53,772	\$ 51,893	\$ 50,697	\$ 47,489	\$ 52,719	\$ 48,324
\$ 4,851,256	\$ 4,559,008	\$ 4,453,731	\$ 4,153,435	\$ 4,549,808	\$ 4,165,239
72,846	68,825	67,581	66,572	65,800	64,800
6.5%	7.7%	8.7%	8.2%	5.4%	3.7%
15,621	15,577	15,420	15,043	14,734	14,747
\$ 41,311	\$ 39,767	\$ 37,844	\$ 37,368	\$ 37,481	\$ 36,956
\$ 3,009,341	\$ 2,736,964	\$ 2,557,535	\$ 2,487,662	\$ 2,466,250	\$ 2,394,749
878,100	859,913	858,565	842,494	842,447	828,350

Largest Employers by Principal Cities Served by the Subdistrict (2009 and 2018) (continued)

September 30,

Unaudited

Boulder, City of⁽¹⁾

Employers	2018			2009 ⁽²⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
University of Colorado at Boulder	1	7,531	4.1%	1	6,900	11.2%
St. Vrain Valley School District ⁽³⁾	2	4,661	2.6	-	-	2.1
Boulder Valley School District	3	4,381	2.4	2	4,300	7.0
Boulder County	4	2,008	1.1	7	1,700	2.7
IBM Corporation	5	1,800	1.0	4	2,800	4.5
Ball Corporation	6	1,616	0.9	3	3,100	5.0
Boulder Community Hospital	7	1,543	0.9	5	2,300	3.7
Boulder, City of	8	1,400	0.8	9	1,100	1.8
Seagate Technology, LLC.	9	1,300	0.7	-	-	-
National Center for Atmospheric Research (NCAR)	10	1,187	0.6	-	-	-
Covidien	-	-	-	6	1,750	2.8
University Corporation for Atmospheric Research	-	-	-	8	1,350	2.2
InfoPrint Solutions	-	-	-	10	765	1.3
Top ten principal employers		27,427	15.1%		26,065	42.2%
Employees ⁽⁴⁾		181,636			61,798	

Broomfield, City and County of⁽⁵⁾

Employers	2018			2009 ⁽²⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
CenturyLink	1	2,360	6.3%	3	2,000	6.7
Oracle America	2	2,000	5.4	2	2,900	9.7
SCL Health Care	3	1,200	3.2	-	-	-
Hunter Douglas Window Fashions Division	4	950	2.6	4	776	2.6
Broomfield, City and County of	5	795	2.1	5	564	1.9
Vail Resorts	6	740	2.0	-	-	-
TransFirst Holdings	7	580	1.6	-	-	-
Danone Wave Foods	8	570	1.5	8	385	1.3
Sandoz, Inc.	9	550	1.5	6	550	1.8
Brocade Communications Systems	10	500	1.3	-	-	-
Ball Corporation	-	-	-	1	3,352	11.2
MWH Global	-	-	-	7	430	1.4
Staple Advantage	-	-	-	9	300	1.1
Bestop	-	-	-	10	269	1.0
Top ten principal employers		10,245	27.5%		11,526	38.7
Employees ⁽⁴⁾		37,190			29,786	-

Source: Data taken or calculated from the cities' most recent CAFRs unless otherwise indicated.

⁽¹⁾ The City of Boulder lists the largest employers in Boulder and Broomfield Counties. Employment information specific to the City of Boulder is not available for the years presented. Effective 2017, Broomfield County, as an employer, has been excluded.

⁽²⁾ Data taken from the Subdistrict 2009 CAFR.

⁽³⁾ The St. Vrain Valley School District spans 13 different communities including Eastern Boulder. Also reported under the City of Longmont.

⁽⁴⁾ Calculated based on number of employees for largest employers and percentage employment.

⁽⁵⁾ Data provided for the entire City and County of Broomfield, only a portion of which is within Subdistrict boundaries.

Longmont, City of

Employers	2018			2009⁽²⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
St. Vrain Valley School District	1	3,543	6.8%	1	3,020	7.0%
Longmont, City of	2	1,625	3.1	4	828	1.9
Seagate Technology	3	1,379	2.7	3	1,276	2.9
Longmont United Hospital	4	862	1.7	2	1,324	3.1
West Safety Services Division	5	674	1.3	-	-	-
UC Health Longs Peak Hospital	6	618	1.2	-	-	-
Circle Graphics, Inc.	7	560	1.1	-	-	-
McLane Western	8	446	0.9	9	425	1.0
Federal Aviation Administration	9	444	0.9	7	540	1.3
Crocs	10	375	0.6	-	-	-
Intrado	-	-	-	5	762	1.8
Amgen	-	-	-	6	650	1.5
DigitalGlobe	-	-	-	8	450	1.0
Butterball, LLC	-	-	-	10	400	0.8
Top ten principal employers		10,526	20.3%		9,675	22.3%
Employees ⁽⁴⁾		51,852			43,345	

Greeley, City of

Employers	2018			2009⁽²⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
JBS Swift & Company	1	4,520	9.5%	1	3,650	97.5%
Banner Health Care (formerly North Colorado Medical Center)	2	3,600	7.6	2	2,700	5.6
Greeley/Evans School District Six	3	1,923	4.1	3	2,400	5.0
University of Northern Colorado	4	1,623	3.4	4	1,701	3.5
Weld County	5	1,615	3.4	5	1,490	3.1
State Farm Insurance Companies	6	1,300	2.7	6	1,310	2.7
Greeley, City of	7	812	1.7	7	1,160	2.4
TeleTech Services	8	780	1.6	-	-	-
Noble Energy	9	500	1.1	-	-	-
Leprino Foods	10	450	1.0	-	-	-
StarTek, Inc.	-	-	-	8	1,134	2.3
Aims Community College	-	-	-	9	874	1.8
Wal-Mart Supercenter	-	-	-	10	856	1.7
Top ten principal employers		17,123	36.1%		17,275	35.6%
Employees ⁽⁴⁾		47,448			48,518	

Largest Employers by Principal Cities Served by the Subdistrict (2009 and 2018) (continued)

September 30,
Unaudited

Loveland, City of

Employers	2018			2009 ⁽¹⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Thompson School District R2-J	1	2,322	4.9%	2	2,113	6.4%
Medical Center of the Rockies	2	1,548	3.3	-	-	-
Wal-Mart Distribution Center	3	1,226	2.6	6	1,050	3.2
Nutrein/Crop Production Services	4	900	1.9	-	-	-
Loveland, City of	5	807	1.7	8	692	2.1
Hach Company	6	750	1.6	5	1,200	3.6
McKee Medical Center	7	646	1.4	7	950	2.9
U.S. Bank	8	500	1.1	-	-	-
Associates in Family Medicine	9	320	0.6	-	-	-
Woodward Governor	10	320	0.6	-	-	-
Poudre Valley Health System	-	-	-	1	4,224	12.8
Promenade Shops at Centerra	-	-	-	3	1,927	5.8
Larimer County	-	-	-	4	1,500	4.5
Wal-Mart Supercenter	-	-	-	9	607	1.8
Kroll Factual Data	-	-	-	10	262	0.8
Top ten principal employers		9,339	19.7%		14,525	43.9%
Employees ⁽²⁾		47,263			33,084	

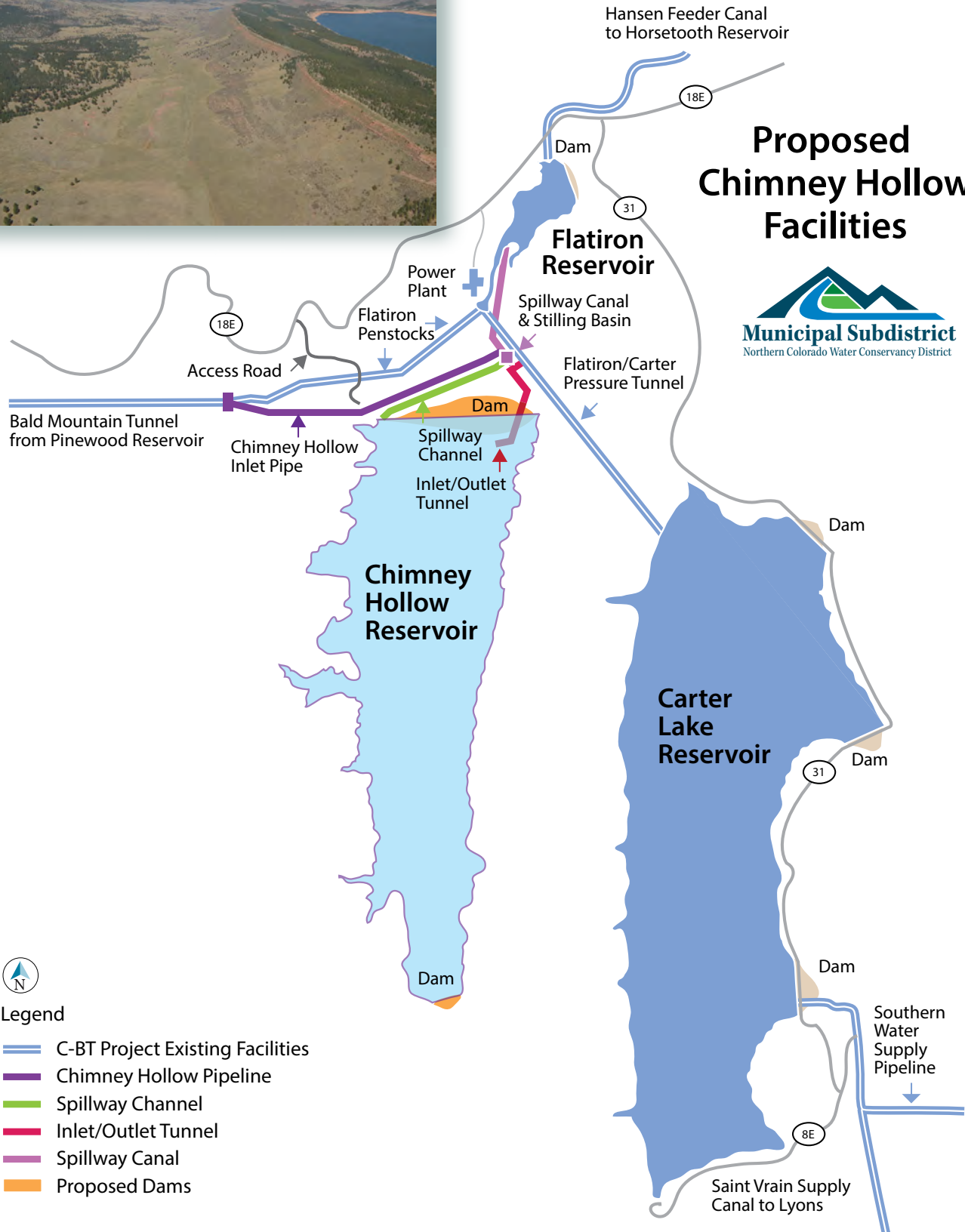
Source: Data taken or calculated from the cities' most recent CAFRs unless otherwise indicated.

⁽¹⁾ Data taken from the Subdistrict 2009 CAFR.

⁽²⁾ Calculated based on number of employees for largest employers and percentage employment.



Proposed Chimney Hollow Facilities



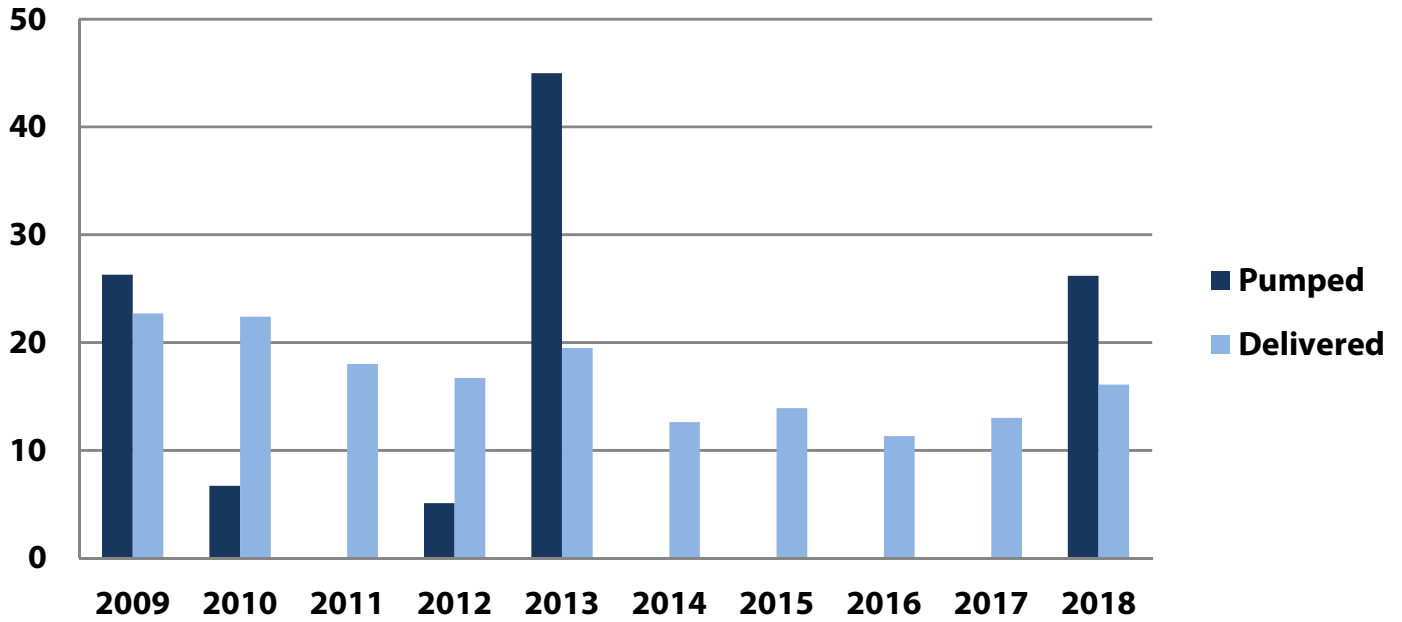
Legend

- C-BT Project Existing Facilities
- Chimney Hollow Pipeline
- Spillway Channel
- Inlet/Outlet Tunnel
- Spillway Canal
- Proposed Dams

Windy Gap Project Water Pumped and Delivered (2009 - 2018)

Water Pumped and Delivered

(thousands of acre-feet)



Schedule of Windy Gap Project Water Pumped and Delivered (Historical)

Years ended September 30,
Unaudited
(Acre-feet)

Years	Pumped	Deliverable ⁽¹⁾	Delivered ⁽²⁾	Losses ⁽³⁾	Spilled ⁽⁴⁾	Delivered In-lieu ⁽⁵⁾	Rented	Inventory
1987	3,700.0	3,330.0	(864.4)	-	-	-	-	2,465.6
1988	19,863.0	17,876.0	(7,316.8)	(146.2)	-	-	-	12,878.6
1989	3,998.2	3,598.4	(7,940.2)	(963.4)	-	-	-	7,573.4
1990	14,519.4	13,068.6	(4,478.8)	(552.5)	-	-	-	15,610.7
1991	19,252.3	18,827.1	(6,213.2)	(1,305.7)	-	-	(15,000.0)	11,918.9
1992	21,856.8	19,671.0	(5,206.8)	(919.9)	-	-	(9,517.0)	15,946.2
1993	21,740.0	19,566.0	(5,619.7)	(971.8)	-	-	(11,089.0)	17,831.7
1994	10,784.0	9,705.6	(5,507.0)	(1,208.0)	-	-	(11,194.0)	9,628.3
1995	14,058.0	12,652.2	(5,400.9)	(728.2)	(10,463.0)	-	-	5,688.4
1996	-	-	(5,652.7)	(350.5)	(1,902.4)	2,217.2	-	-
1997	-	-	(5,911.1)	-	-	5,911.1	-	-
1998	-	-	(5,845.5)	-	-	5,845.5	-	-
1999	-	-	(5,911.1)	-	-	5,911.1	-	-
2000	-	-	(12,105.3)	-	-	12,105.3	-	-
2001	14,250.0	12,825.0	(13,310.1)	-	-	485.1	-	-
2002	-	-	(16,803.0)	-	-	16,803.0	-	-
2003	64,200.0	57,780.0	(14,639.1)	-	-	-	-	43,140.9
2004	327.0	294.3	(15,196.7)	(4,208.6)	-	-	-	24,029.9
2005	41,320.0	37,188.0	(17,239.9)	(2,167.4)	-	-	-	41,810.6
2006	25,022.0	22,519.8	(21,883.8)	(3,499.9)	-	-	-	38,946.7
2007	40,933.0	36,839.7	(24,089.2)	(3,342.4)	-	-	-	48,354.8
2008	33,523.0	30,170.7	(20,889.1)	(4,458.4)	-	-	-	53,178.0
2009	26,365.0	23,728.5	(22,712.5)	(4,746.0)	-	-	-	49,448.0
2010	6,758.0	6,082.2	(22,460.7)	(4,278.9)	-	-	-	28,790.6
2011	-	-	(18,022.6)	(2,034.5)	(11,528.7)	2,795.2	-	-
2012	5,145.0	4,630.1	(16,774.1)	-	-	13,330.1	-	1,186.1
2013	45,061.0	40,554.9	(19,536.0)	(112.1)	-	2,169.0	-	24,261.9
2014	-	-	(12,627.3)	(1,882.6)	(11,448.6)	1,696.6	-	-
2015	-	-	(13,964.1)	-	-	13,964.1	-	-
2016	-	-	(11,294.0)	-	-	11,294.0	-	-
2017	-	-	(13,049.0)	-	-	13,049.0	-	-
2018	26,235.8	24,924.0	(16,134.6)	(405.5)	-	946.7	-	9,330.6

⁽¹⁾ Effective 2018, 95 percent of water pumped is considered deliverable under the Carriage Contract. Previously, 90 percent of water pumped was considered deliverable.

⁽²⁾ Includes 1,000 acre-feet leased to Northern Water for delivery to Grand Valley Water Users in 2007 and water leased to Grand County in the years 2008 - 2011 and 2018.

⁽³⁾ Effective 2018, 5 percent of all delivered water and an additional 5 percent of all water remaining in storage at March 31 are deducted as shrinkage losses to the system under the Carriage Contract. Previously, 10 percent of all water remaining at March 31 of any year was deducted as a shrinkage loss to the system.

⁽⁴⁾ When Windy Gap Project water is being stored in Lake Granby and Lake Granby's storage capacity is needed for storage of water under C-BT Project water rights, Windy Gap participants are required to take delivery of their stored water or that water is required to be spilled.

⁽⁵⁾ Delivery of C-BT Project water in-lieu of Windy Gap Project water. Repayment may include C-BT Project water, Windy Gap Project water, Windy Gap Project water pumped or cancellation of the in-lieu obligation as the result of Windy Gap Project water spillage.

Subdistrict Capital Assets (2009 - 2018)

September 30,
Unaudited

	2018	2017	2016	2015
Windy Gap				
Non-depreciable assets				
Construction in progress	\$ 155,883	\$ -	\$ -	\$ -
Land	2,046,198	2,046,198	2,046,198	2,046,198
Water rights ⁽¹⁾	470,921	470,921	470,921	470,921
Depreciable assets				
Buildings, equipment and improvements	464,428	499,569	793,558	825,707
Water diversion project	82,167,586	82,167,586	82,167,586	82,167,586
Capital assets	<u>85,305,016</u>	<u>85,184,274</u>	<u>85,478,263</u>	<u>85,510,412</u>
Less accumulated depreciation				
Buildings, equipment and improvements	(444,570)	(477,419)	(793,558)	(825,707)
Water diversion project	(67,555,549)	(65,476,550)	(63,397,551)	(61,318,552)
Accumulated depreciation	<u>(68,000,119)</u>	<u>(65,953,969)</u>	<u>(64,191,109)</u>	<u>(62,144,259)</u>
Capital assets, net	<u>\$ 17,304,897</u>	<u>\$ 19,230,305</u>	<u>\$ 21,287,154</u>	<u>\$ 23,366,153</u>
Windy Gap Firing Project				
Construction in progress	<u>\$ 47,555,955</u>	<u>\$ 34,541,551</u>	<u>\$ 20,605,749</u>	<u>\$ 19,162,666</u>

⁽¹⁾Water rights included under Land in 2012 and prior years.

2014	2013	2012	2011	2010	2009
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,046,198	2,046,198	2,062,566	2,061,352	2,053,298	2,046,198
470,921	470,921	-	-	-	-
825,707	825,707	155,574	155,574	155,574	155,574
<u>82,167,586</u>	<u>82,167,586</u>	<u>81,837,719</u>	<u>81,840,342</u>	<u>81,840,845</u>	<u>81,836,862</u>
<u>85,510,412</u>	<u>85,510,412</u>	<u>84,055,859</u>	<u>84,057,268</u>	<u>84,049,717</u>	<u>84,038,634</u>
(825,707)	(825,707)	(155,574)	(155,574)	(155,574)	(155,574)
<u>(59,239,553)</u>	<u>(57,160,554)</u>	<u>(55,770,562)</u>	<u>(53,731,711)</u>	<u>(51,685,101)</u>	<u>(49,653,287)</u>
(60,065,260)	(57,986,261)	(55,926,136)	(53,887,285)	(51,840,675)	(49,808,861)
<u>\$ 25,445,152</u>	<u>\$ 27,524,151</u>	<u>\$ 28,129,723</u>	<u>\$ 30,169,983</u>	<u>\$ 32,209,042</u>	<u>\$ 34,229,773</u>
<u>\$ 18,629,048</u>	<u>\$ 17,610,297</u>	<u>\$ 15,155,178</u>	<u>\$ 14,325,617</u>	<u>\$ 13,378,785</u>	<u>\$ 12,691,012</u>

Windy Gap Reservoir, Dam, Pump Station Capacity and Pipeline

Unaudited

Windy Gap Reservoir

Capacity - 445 acre-feet

Windy Gap Dam

Embankment section

Length - 0.97 miles

Maximum height - 25 feet

Volume of fill - 249,000 cubic yards

Spillway

Discharge capacity - 32,400 cubic feet per second

Length - 345 feet

Volume of concrete - 15,000 cubic yards

Main bypass outlet works

Discharge capacity - 133 cubic feet per second

Length of 48-inch diameter, reinforced concrete pipe - 245 feet

Auxiliary outlet works

Discharge capacity - 228 cubic feet per second

Windy Gap Pump Station

Maximum discharge capacity - 600 cubic feet per second

Motor horsepower - 12,000 horsepower per pump

Installed capacity - 35,800 KW

Maximum total dynamic head - 521 feet

Number of 150 cfs pumps - 4

Windy Gap - Lake Granby Pipeline

Pipeline

Capacity - 600 cubic feet per second

Length - 6.2 miles

Diameter - 9 feet

Surge Tank

Type - Dual 9-foot diameter pipes

Tank length - 735 feet

Vertical rise - 134 feet

Discharge capacity

Willow Creek - 440 cubic feet per second

Windy Gap - 600 cubic feet per second

Subdistrict Organizational and Contact Information

September 30, 2018
Unaudited

Authority	Water Conservancy Act
Date of Formation	July 6, 1970
Governing Body	The Subdistrict is governed by a 12-member Board of Directors, which is appointed by the presiding district court judges of four of the five judicial districts located wholly or partially within the Northern Colorado Water Conservancy District boundaries.
Organization	The Subdistrict is a public body political and corporate, a quasi-municipal entity and political subdivision of the State of Colorado.
Purpose	The Subdistrict was organized to acquire water; to obtain rights-of-way for certain water works; to provide for construction of water facilities; to incur contractual or bond indebtedness; to administer, operate and maintain physical works; and to conserve, control, allocate and distribute water supplies.
Number of Employees	There are no full-time employees of the Subdistrict. All administrative, engineering and operating functions are provided through an agreement with Northern Water.

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