

Northern Colorado Water Conservancy District

Municipal Subdistrict

Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED

SEPTEMBER 30,

2019



Comprehensive Annual Financial Report

Year ended September 30, 2019

**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*



This aerial photo captures a portion of Northern Colorado's rapidly growing Front Range.

Comprehensive Annual Financial Report

Year ended September 30, 2019

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INTRODUCTORY SECTION



February 25, 2020

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

We are pleased to transmit the Comprehensive Annual Financial Report of the Municipal Subdistrict, Northern Colorado Water Conservancy District (Subdistrict) for the fiscal year ended September 30, 2019. 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. The evaluation of costs and benefits requires estimates and judgments by management.

Plante & Moran, PLLC, 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, 2019. Their independent auditors' report is located on page 1 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 Subdistrict Board of Directors. These requirements have been met.

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

Comprehensive Annual Financial Report

The report is presented in three sections as follows:

- **Introductory Section** - Includes this letter of transmittal, a profile of the Subdistrict Board of Directors, an organizational chart and the Certificate of Achievement for Excellence in Financial Reporting for the previous year's report
- **Financial Section** - Includes the independent auditors' report on the financial statements, MD&A, the basic financial statements and supplemental schedules
- **Statistical Section** - Includes information as to financial trends, revenue capacity, demographics, economics and operations

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 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 two water activity enterprises are legally distinct and financially independent.

The Board of Directors of the Subdistrict is, by statute, the same as the Board of Northern Water. However, the Subdistrict elects its own slate of officers. 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 its potential losses. The Subdistrict is not self insured.

The Subdistrict was established to develop a water supply for participating Northern Colorado Front Range communities through the Windy Gap Project. The number of Subdistrict participants has grown from its original 6 participants to a total of 17 municipalities, water providers and a power authority. Of these 17 participants, 12 are also participants in Windy Gap Firming Project. Subdistrict participants span the Front Range from Platte River Power Authority, in the Northern Region, to the City and County of Broomfield in the metro Denver area and include participants from Boulder, Broomfield, Larimer and Weld counties.

The Subdistrict has a Carriage Contract with the U.S. Bureau of Reclamation (Reclamation) and Northern Water. The contract defines 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, Windy Gap participants are entitled to receive their annual proportionate share of Windy Gap Project water. Participants are required to make annual assessment payments equal to their corresponding share of the Subdistrict costs.

The Subdistrict financial statements include 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 on the West Slope. The Windy Gap Project water is then conveyed from Lake Granby through the C-BT Project's Adams Tunnel for distribution to the Windy Gap participants along the Front Range. The project is operationally capable of delivering an average of 48,000 acre-feet of water annually. 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, 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 12 participants to improve the reliability of 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. This project aligns with the Subdistrict's vision to ensure a secure water future for Northern Colorado.

Local Economy

The Colorado Economic Outlook, published in December 2019 by the Colorado Office of State Planning and Budgeting, provides an economic overview of the area in which the Subdistrict operates. This narrative is summarized from that report.

The Colorado Economic Outlook describes two regions, the metro Denver Region and the Northern Region, both of which are served in part by the Subdistrict and are characterized by strong, diversified economies. The metro Denver region includes Boulder and Broomfield Counties. The Northern Region includes Larimer and Weld Counties. Contributors to the economic growth of the regions are broad-based with information, energy, retail and health care sectors being the largest. In particular, Larimer County's economy continues to grow with population drawn to the Fort Collins area. Weld County's economic activity is expanding driven largely by the oil and gas industries.

The Colorado economy continues to outpace the nation, ranking the seventh fastest in the nation. In 2019, Colorado's economy grew 3.4 percent, compared to the nation's economy at 2.3 percent. Colorado employment growth and labor markets remain strong with unemployment rates near historic lows. Professional and business services comprise almost 20 percent of statewide employment and continue to be the main employment drivers. Employment levels of the metro Denver Region and the Northern Region continue to grow faster than the state average, increasing at 1.9 percent and 2.6 percent, respectively. Unemployment rates for the two regions average 2.6 percent, below the statewide rate of 3.2 percent.

Personal income in Colorado is expected to outpace the nation, growing 6.1 percent in 2019 and 5.2 percent in 2020, compared to 4.6 percent and 4.5 percent for the U.S. overall. Per capita income increased 5.8 percent in 2019 to \$61,287 and is expected to increase 4.0 percent to \$63,709 in 2020.

Oil production in the Northern Region, particularly in Weld County, has dominated statewide production for over a decade. While drilling

activity has declined due to relatively low oil prices, crude oil production increased 8.4 percent in 2019. Natural gas production increased by 18.9 percent.

Colorado's residential real estate market has steadied after several years of robust growth. Labor and land shortages have constrained new construction. In the Northern Region, building permits declined on average 17 percent in 2019. Though housing construction has dampened, home prices continue to rise with median home values reaching \$385,300 and \$329,400 in Fort Collins and Greeley, respectively.

Major Initiatives and Long-Term Financial Planning Windy Gap - Colorado River Connectivity Channel

The Subdistrict is in the permitting, final design and funding stages of this project, which will consist of constructing a channel to connect the Colorado River above and below the Windy Gap Reservoir. The project will allow for a more natural aquatic habitat in the area and is being constructed in support of Subdistrict mitigation requirements and in accordance with the Subdistrict's Carriage contract with Reclamation and Northern Water. The project is expected to cost \$18 million.

The majority of the construction funding for the project is currently in place. Funders include the U.S. Department of Agriculture Natural Resources Conservation Service (NRCS) Regional Conservation Partnership Program, the Colorado Water Conservation Board (CWCB), Grand County, Colorado Parks and Wildlife, Northern Water and other stakeholders. Under the NRCS program, the Subdistrict is the sponsoring lead organization and a subgrantee of Trout Unlimited, the lead partner and coordinator of the project. Fundraising efforts are continuing for the remainder of project costs. Permitting for the project under the NRCS Watershed Plan Environmental Assessment program is expected in 2020 with construction to begin in 2021.

Windy Gap FIRMING Project

In January 2020, final design of the Chimney Hollow Reservoir project was completed and approved by the Subdistrict Board. The Subdistrict Board has also approved a \$485 million construction contract with a notice to proceed authorizing \$2 million for preconstruction work. In addition, the Subdistrict Board has approved establishing a \$48 million contingency fund. Construction is expected to begin in 2020. Total project costs, including the reservoir and appurtenances, are expected to total \$660 million.

Funding to date has been provided by participant contributions. Future funding for construction is expected to be provided from a combination of sources: participant contributions, a CWCB loan approved in November 2017 and revenue bonds to be issued by WGFP. Included in the \$660 million are mitigation and enhancement measures that will work toward improving aquatic habitat and flow conditions on the Colorado River and supporting endangered species on the West and East Slope. Chimney Hollow Reservoir is expected to be operational in 2024.

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

Comprehensive Annual Financial Report

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, 2018. 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 report, 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 September 30, 2019, Subdistrict CAFR 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.

Annual Budget

The Subdistrict received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2018. 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.

Both the CAFR and Annual Budget are available at northernwater.org.

The preparation of this CAFR 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
Bernice Rupp	Judy Skram, CPA
Rosemary Torres	Kristyn Unrein

In addition, we would like to recognize the leadership of the Board of Directors of the Subdistrict 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

/s/ Bradley D. Wind

Bradley D. Wind, P.E.
General Manager
Municipal Subdistrict,
Northern Colorado Water Conservancy District

Subdistrict Board of Directors⁽¹⁾

**Dennis Yanchunas, President and
Subdistrict Board Chairman**

Retired Securities Broker, Boulder County
Term: August 20, 2010 - September 28, 2020
Committees: 1,2

**Bill Emslie, Vice President and
Subdistrict Board Vice Chairman**

Retired Electrical Engineer and Farmer, Larimer County
Term: September 28, 2005 - September 28, 2021
Committees: 1,2,3

Jennifer Gimbel

Attorney, Larimer County
Term: August 8, 2019 - September 28, 2020
Committees: 1,3

David Nettles

Water Engineer, Weld County
Term: November 8, 2018 - September 28, 2022
Committees: 2,3

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, 2023
Committees: 1,2,3

Committees

- 1 Audit
- 2 Finance and Benefit
- 3 Legal and Legislative

Mike Applegate

Engineer, Larimer County
Term: September 28, 1991 - September 28, 2023
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

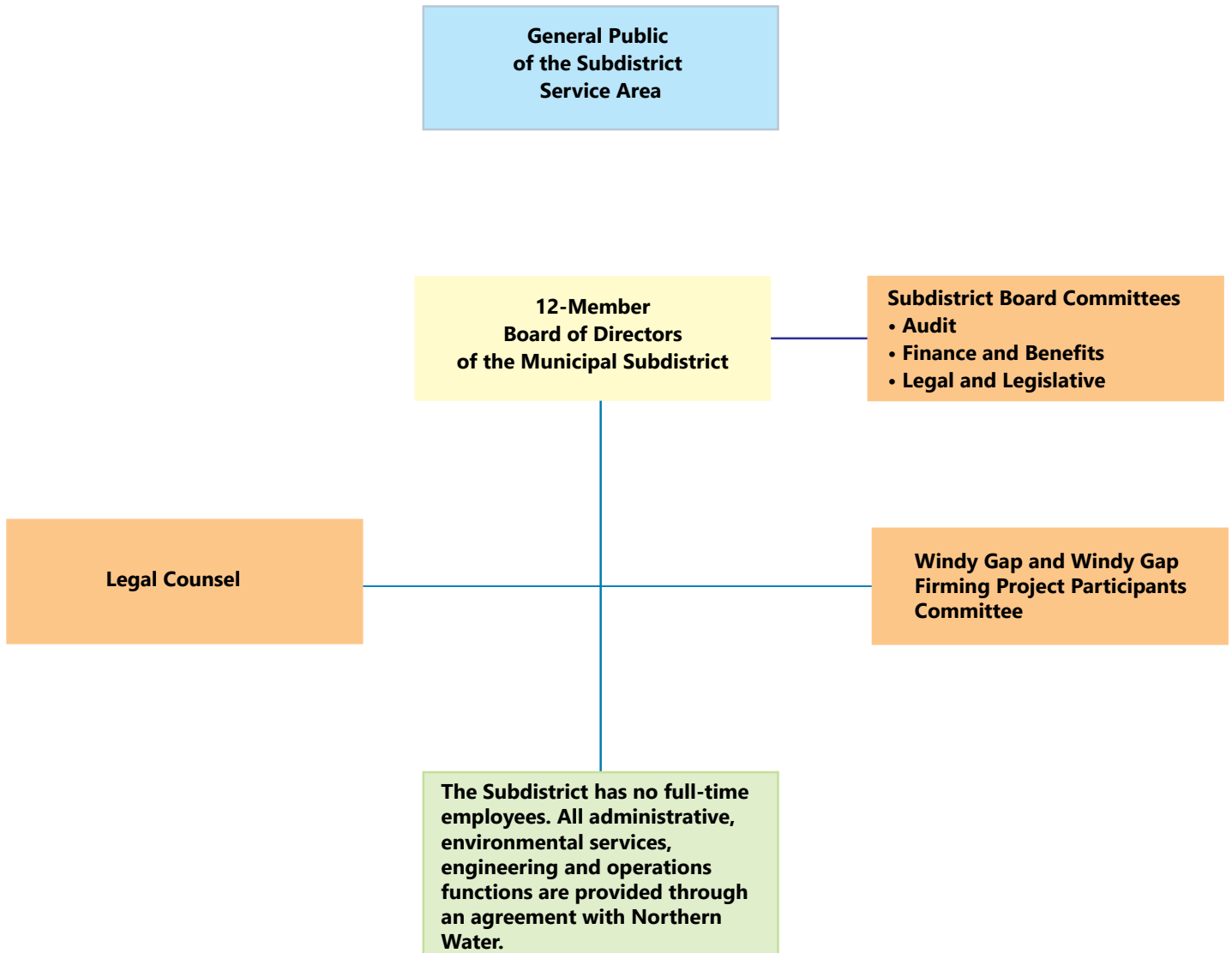
Irrigation District President, Logan County
Term: September 28, 2018 - September 28, 2022
Committee: 3

Rob McClary

Farmer, Sedgwick County
Term: September 28, 2011 - September 28, 2023
Committees: 1,2,3

⁽¹⁾ Effective September 28, 2019

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, 2018

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



Plante & Moran, PLLC

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8181 E. Tufts Avenue
Denver, CO 80237
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Fax: 303.740.9009
plantemoran.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Municipal Subdistrict, Northern Colorado Water Conservancy District (the "Subdistrict") as of and for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprise the Subdistrict'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.

Auditor's 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 auditor's 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 financial position of each major fund of the Municipal Subdistrict, Northern Colorado Water Conservancy District as of September 30, 2019 and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditors' Report (continued)

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

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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, which 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 supplemental 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 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Municipal Subdistrict, Northern Colorado Water Conservancy District's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory and statistical sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

The Municipal Subdistrict, Northern Colorado Water Conservancy District's basic financial statements for the year ended September 30, 2018 (not presented herein) were audited by other auditors whose report thereon dated February 25, 2019 expressed unmodified opinions on the respective financial statements of each major fund. The report of the other auditors dated February 25, 2019 stated that the other supplemental information for the year ended September 30, 2018 was subjected to the auditing procedures applied in the audit of the September 30, 2018 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or the those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2018.

Plante & Moran, PLLC

February 25, 2020



This bypass outlet structure at Windy Gap Reservoir allows for required water releases into the Colorado River.

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, 2019. 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, 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.

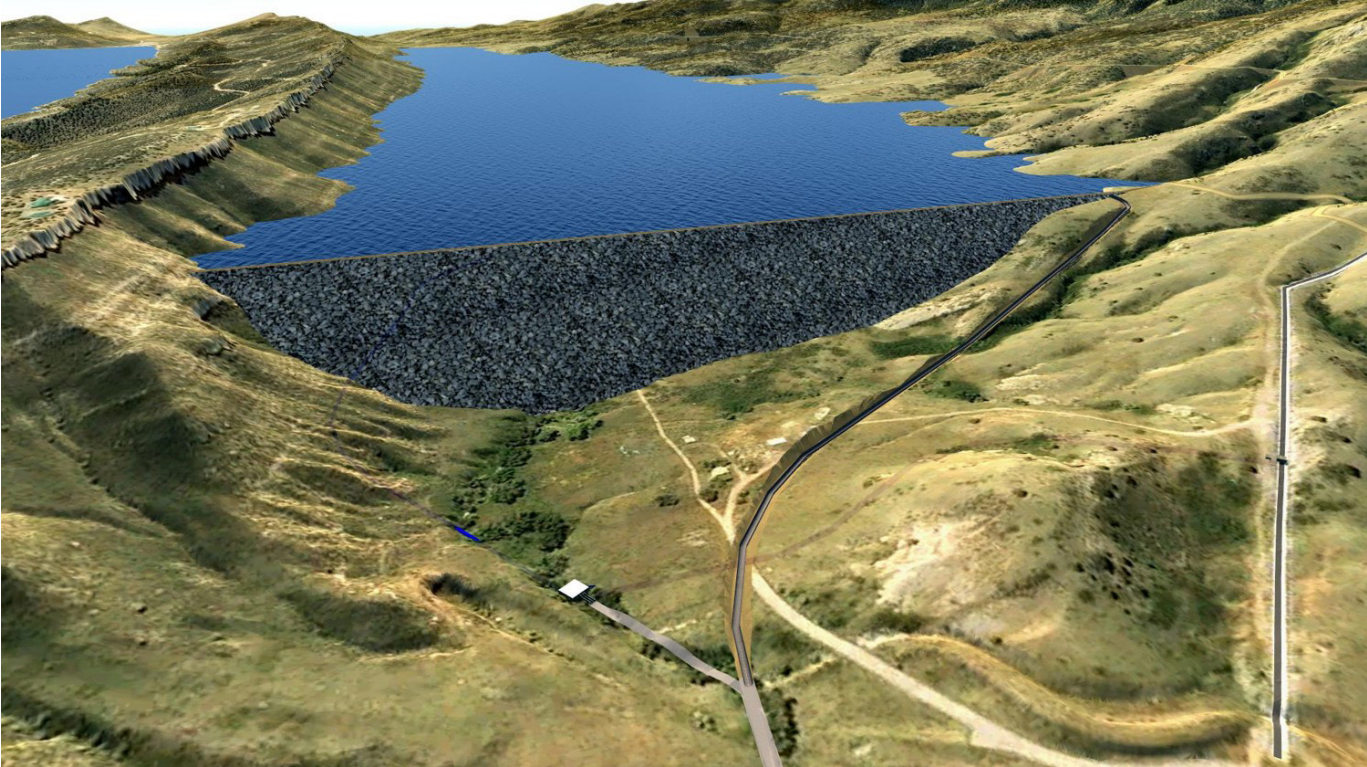
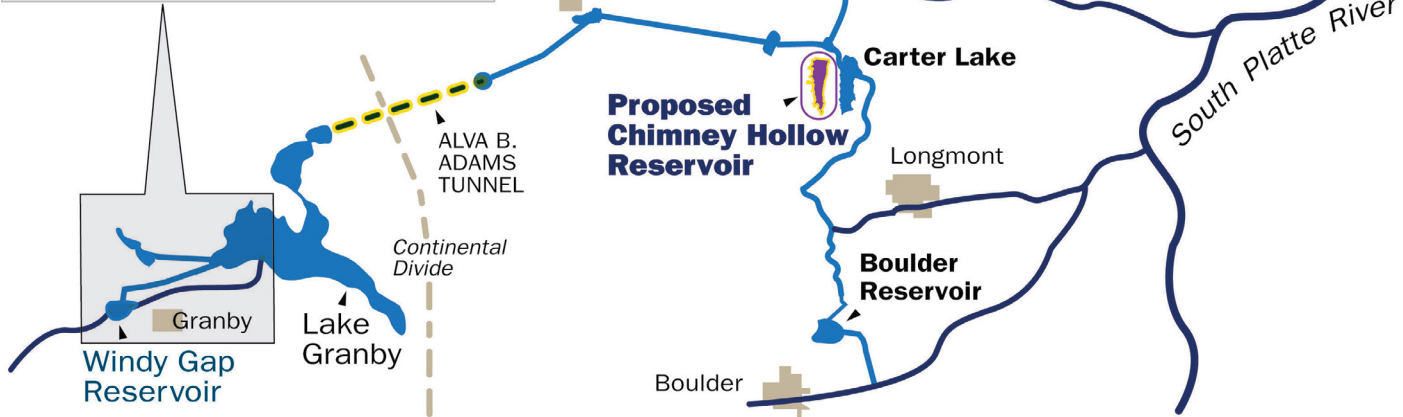
HIGHLIGHTS

- Approximately 12,500 acre-feet of Windy Gap water was pumped in 2019 adding to the prior year water inventory of 9,330 acre feet. Of this, 13,842 acre-feet was delivered to allottees and the remainder was spilled because Lake Granby capacity was needed for C-BT Project water.
- Windy Gap Firming Project final design has been completed and a vendor selected for project construction. Work is expected to begin in 2020 and it is anticipated that Chimney Hollow Reservoir will be operational by 2024. Total project costs are currently budgeted at \$660 million. Costs incurred to date have been fully funded by WGFP participants, including current year contributions of \$10 million.
- The Subdistrict continued design work of the \$18 million Colorado River Connectivity Channel in support of the WGFP mitigation and enhancement plan. Project costs are being partially funded through a NRCS Regional Conservation Partnership Program of which the Subdistrict is a subgrantee to a \$5.8 million grant with Trout Unlimited.
- In support of mitigation and enhancement, the Subdistrict invested \$4 million under a cost-sharing agreement for improvements to the Town of Fraser wastewater treatment plant.



Windy Gap Reservoir

Windy Gap Project and Proposed Windy Gap Firing Project



3D rendering of Chimney Hollow Reservoir

Management's Discussion and Analysis (continued)

FINANCIAL ANALYSIS STATEMENT OF NET POSITION

(condensed)
September 30,

	(\$000s)		Change in Net Position	Percentage Change
	2019	2018		
Assets				
Current assets	\$ 20,939	\$ 20,780	\$ 159	0.8%
Noncurrent cash equivalents and investments	7,872	7,450	422	5.7%
Capital assets, net of depreciation	73,557	64,861	8,696	13.4%
Assets	\$ 102,368	\$ 93,091	\$ 9,277	10.0%
Liabilities	\$ 4,657	\$ 4,245	\$ 412	9.7%
Net position	\$ 97,711	\$ 88,846	\$ 8,865	10.0%

REVENUES, EXPENSES AND CHANGES IN NET POSITION

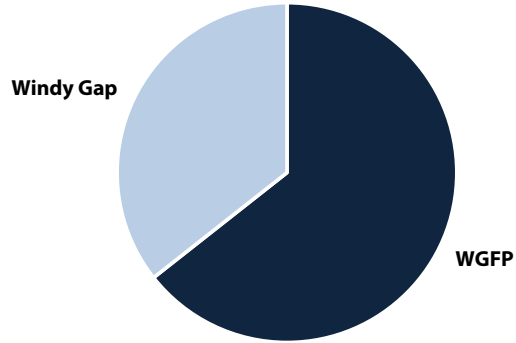
(condensed)
Years ended September 30,

	(\$000s)		Change in Net Position	Percentage Change
	2019	2018		
Operating revenues	\$ 3,414	\$ 3,645	(\$ 231)	(6.3%)
Operating expenses	(5,628)	(5,618)	(10)	(0.2%)
Operating loss	(2,214)	(1,973)	(241)	(12.2%)
Nonoperating revenues				
Earnings on investments	673	121	552	456.2%
Nonoperating revenues	20	45	(25)	(55.5%)
Nonoperating revenues	693	166	527	317.5%
Loss before contributions	(1,521)	(1,807)	286	(15.8%)
Capital contributions	10,386	9,182	1,204	13.1%
Increase in net position	8,865	7,375	1,490	20.2%
Net position, beginning of year	88,846	81,471	7,375	9.0%
Net position, end of year	\$ 97,711	\$ 88,846	\$ 8,865	10.0%

The Subdistrict's net position consisted primarily of its cash and investment balances and capital assets. The 2019 increase in net position of \$8.8 million primarily consisted of WGFP capital contributions of \$10 million.

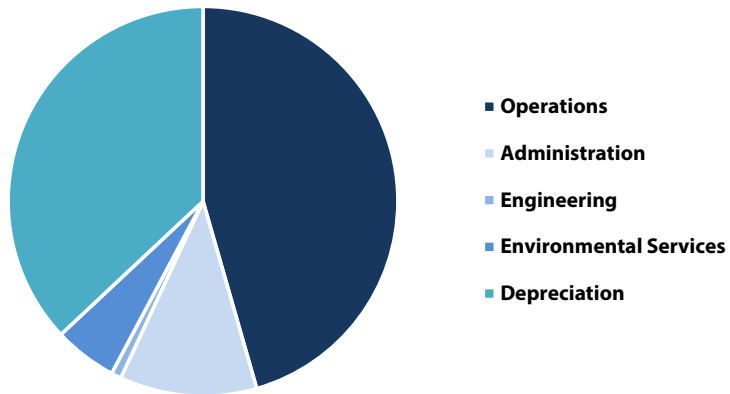
Management's Discussion and Analysis (continued)

Net Position by Enterprise Fund



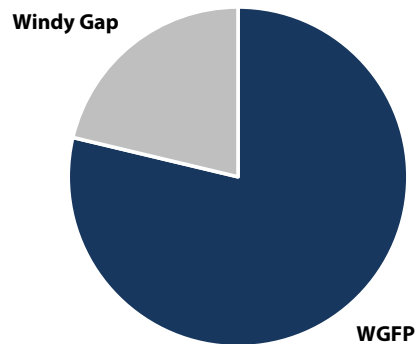
Operating results for Windy Gap were consistent with prior years. The increase in earnings on investments was primarily due to higher rates of returns.

2019 Operating Expenses



Management's Discussion and Analysis (continued)

Capital Assets by Enterprise Fund



CAPITAL ASSETS

September 30,

Capital assets, net of depreciation

Land and water rights
 Water diversion project, equipment and improvements
 Construction in progress

Capital assets, net of depreciation

	(\$000s)			Percentage Change
	2019	2018	Increase	
Land and water rights	\$ 2,517	\$ 2,517		
Water diversion project, equipment and improvements	12,551	14,632		
Construction in progress	58,489	47,712		
Capital assets, net of depreciation	\$ 73,557	\$ 64,861	\$ 8,696	13.4%

Windy Gap capital assets included land and water rights totalling \$2.5 million and the Windy Gap water diversion project and operating equipment amounting to \$12.5 million net of depreciation. Construction in progress of \$58.5 million included \$57.9 million for WGFP accumulated project costs. Of the \$57.9 million, \$10.3 million was invested in 2019 and included \$3 million to complete the Chimney Hollow Reservoir final design, \$5 million for mitigation and enhancement and \$2.3 million for project preconstruction costs. Mitigation and enhancement primarily consisted of charges under an intergovernmental agreement to reduce nutrients in the Colorado River by cost sharing in the upgrade of a wastewater treatment plant. All WGFP capital costs incurred to date have been fully funded by its participants. See additional information relating to capital assets at Note 5 to the financial statements.

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, 2019

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	\$ 14,208,176	\$ 6,156,735	\$ 20,364,911
Receivables	76,381	710	77,091
Water inventory	-	-	-
Prepaid carriage costs	497,566	-	497,566
Current assets	<u>14,782,123</u>	<u>6,157,445</u>	<u>20,939,568</u>
Noncurrent assets			
Cash and cash equivalents, unrestricted	120,761	-	120,761
Investments, unrestricted	7,751,394	-	7,751,394
Capital assets	85,718,313	57,908,138	143,626,451
Less accumulated depreciation	(70,069,531)	-	(70,069,531)
Capital assets, net of depreciation	<u>15,648,782</u>	<u>57,908,138</u>	<u>73,556,920</u>
Noncurrent assets	<u>23,520,937</u>	<u>57,908,138</u>	<u>81,429,075</u>
Assets	<u>\$ 38,303,060</u>	<u>\$ 64,065,583</u>	<u>\$ 102,368,643</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 1,960,058	\$ 1,158,781	\$ 3,118,839
Unearned revenue	1,538,448	-	1,538,448
Current liabilities	<u>3,498,506</u>	<u>1,158,781</u>	<u>4,657,287</u>
Liabilities	<u>\$ 3,498,506</u>	<u>\$ 1,158,781</u>	<u>\$ 4,657,287</u>
NET POSITION			
Investment in capital assets	\$ 15,648,782	\$ 57,908,138	\$ 73,556,920
Restricted net position for capital project	-	4,998,664	4,998,664
Unrestricted net position	<u>19,155,772</u>	<u>-</u>	<u>19,155,772</u>
Net position	<u>\$ 34,804,554</u>	<u>\$ 62,906,802</u>	<u>\$ 97,711,356</u>

See accompanying Notes to Financial Statements.

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

Year ended September 30, 2019

	Business-type Activity Enterprise Funds		
	Windy Gap	Windy Gap Firming Project	Total
Operating revenues			
Assessments	\$ 3,407,426	\$ -	\$ 3,407,426
Other operating income	6,286	-	6,286
Operating revenue	<u>3,413,712</u>	<u>-</u>	<u>3,413,712</u>
Operating expenses			
Operations	2,562,743	-	2,562,743
Administration	640,374	-	640,374
Environmental Services	295,559	-	295,559
Engineering	47,585	-	47,585
Depreciation	2,081,291	-	2,081,291
Operating expenses	<u>5,627,552</u>	<u>-</u>	<u>5,627,552</u>
Operating loss	<u>(2,213,840)</u>	<u>-</u>	<u>(2,213,840)</u>
Nonoperating revenues			
Earnings on investments	672,708	-	672,708
Other nonoperating revenues	20,097	-	20,097
Nonoperating revenues	<u>692,805</u>	<u>-</u>	<u>692,805</u>
Loss before contributions	<u>(1,521,035)</u>	<u>-</u>	<u>(1,521,035)</u>
Capital contributions	<u>252,198</u>	<u>10,134,111</u>	<u>10,386,309</u>
Increase (decrease) in net position	<u>(1,268,837)</u>	<u>10,134,111</u>	<u>8,865,274</u>
Net position, beginning of year	<u>36,073,391</u>	<u>52,772,691</u>	<u>88,846,082</u>
Net position, end of year	<u>\$ 34,804,554</u>	<u>\$ 62,906,802</u>	<u>\$ 97,711,356</u>

See accompanying Notes to Financial Statements.

Statement of Cash Flows
Proprietary Funds

Year ended September 30, 2019

Business-type Activity Enterprise Funds

	Windy Gap		
	Windy Gap	Firming Project	Total
Cash flows from operating activities			
Receipts from participants	\$ 3,986,709	\$ -	\$ 3,986,709
Payments to suppliers	(2,522,169)	-	(2,522,169)
Payments for labor charges	(680,232)	-	(680,232)
Other receipts	66,748	-	66,748
Net cash provided by operating activities	851,056	-	851,056
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(425,175)	(10,671,740)	(11,096,915)
Capital contributions ⁽¹⁾	318,232	10,135,801	10,454,033
Net cash used by capital and related financing activities	(106,943)	(535,939)	(642,882)
Cash flows from investing activities			
Investment purchases	(4,202,815)	-	(4,202,815)
Investment sales	4,061,008	-	4,061,008
Interest received on investments	413,848	-	413,848
Net cash provided by investing activities	272,041	-	272,041
Net increase (decrease) in cash and cash equivalents	1,016,154	(535,939)	480,215
Cash and cash equivalents, beginning of year	13,312,783	6,692,674	20,005,457
Cash and cash equivalents, end of year	\$ 14,328,937	\$ 6,156,735	\$ 20,485,672
Reconciliation of operating loss to net cash provided by operating activities			
Operating loss	(\$ 2,213,840)	\$ -	(\$ 2,213,840)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation	2,081,291	-	2,081,291
Nonoperating	36,142	-	36,142
Changes in current assets and current liabilities			
Accounts receivable	24,320	-	24,320
Water inventory	208,151	-	208,151
Prepaid carriage costs	(16,995)	-	(16,995)
Accounts payable and accrued liabilities	152,705	-	152,705
Unearned revenue	579,282	-	579,282
Adjustments	3,064,896	-	3,064,896
Net cash provided by operating activities	\$ 851,056	\$ -	\$ 851,056
Schedule of non-cash activities			
Change in value of investments	\$ 259,063	\$ -	\$ 259,063

⁽¹⁾ Windy Gap and WGFP capital contributions as shown above include cash flows from prior year receivable balances.

See accompanying Notes to Financial Statements.

Notes to Financial Statements

September 30, 2019

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 activities of WGFP aimed at developing a dedicated water storage facility to make 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, 2019.

Assets, Liabilities and Net Position

Cash and Cash Equivalents, 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. There are no limitations or restrictions on withdrawals. The weighted average maturity of the liquid and term portfolios is 39 days and 50 days with ratings of AAAM and AAAF, respectively.

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.

Cash balances have been classified as current and noncurrent consistent with the anticipated uses of the funds. Cash balances not expected to be consumed within one year are classified as noncurrent.

Investments, Unrestricted

The Subdistrict's investments are reported at their fair value. The Subdistrict categorizes its fair value measurements within the fair value level 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.

The Subdistrict Board has adopted an investment policy that establishes investment standards and objectives for funds not required for current liquidity. The investment objectives are the preservation of capital (safety), liquidity, return and diversification. 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

Investment balances have been classified as current and noncurrent consistent with the anticipated uses of the funds.

Notes to Financial Statements (continued)

September 30, 2019

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. In 2019, Windy Gap water inventory was spilled as required by the carriage contract. There was no Windy Gap water inventory at September 30, 2019.

Prepaid Carriage Costs and Unearned Revenue

Windy Gap participants pay carriage costs of 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. Estimates paid by participants over actual costs incurred represent unearned revenue. Prepaid balances represent estimated advance payments made to Reclamation.

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

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 charged to participants in accordance with the terms of their allotment contracts. The annual assessments are independent of whether or not the participants take delivery of water. Operating expenses include operations, engineering, environmental services 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

WGFP participants enter into agreements to fund anticipated current year project costs. Capital contributions relating to the preconstruction period are recognized as voluntary nonexchange transactions as of the effective date of those agreements. 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 budget process is a year-long effort to align the Subdistrict's long-term mission and values with actionable items at a program level.

- January - Key goals and objectives formulated
- February - Major budget assumptions identified
- April - Final budget recommendations made by division directors
- May/June - Budget officers appointed by the Subdistrict Board and budget reports prepared
- July - Budget delivered to the Subdistrict Board
- August - Public hearing held and budget adopted by the Subdistrict Board

Notes to Financial Statements (continued)

September 30, 2019

- September - Budget filed with the Colorado State Division of Local Government

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 by the Subdistrict 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 Subdistrict 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

3 Cash and Cash Equivalents

Cash and cash equivalents at September 30, 2019, were unrestricted. Balances were as follows:

Type	Cash and Cash Equivalents		Cash and Cash Equivalents
	Current	Noncurrent	
Windy Gap			
Deposits	\$ 7,483,367	\$ -	\$ 7,483,367
Local Government Investment Pool/Money Market Funds	6,724,809	120,671	6,845,570
Windy Gap	14,208,176	120,761	14,328,937
Windy Gap FIRMING Project			
Deposits	6,156,735	-	6,156,735
Cash and cash equivalents	\$ 20,364,911	\$ 120,761	\$ 20,485,672

4 Investments

Investments at September 30, 2019, were unrestricted. Balances by investment type were as follows:

Investment Type	Investments
Windy Gap	
U.S. Government Securities	\$ 3,716,753
Federal Agency Securities	1,202,993
Federal Agency Collateralized Mortgage Obligations	287,585
Supranationals	514,632
Negotiable Certificates of Deposit	727,267
Municipal Obligations	673,090
Corporate Notes	629,074
Windy Gap	7,751,394
Windy Gap FIRMING Project	-
Investments	\$ 7,751,394

Notes to Financial Statements (continued)

September 30, 2019

Investment balances at September 30, 2019, by level hierarchy were as follows:

Investment Type	Fair Value	Level 1	Level 2
U.S. Government Securities	\$ 3,716,753	\$ 3,716,753	\$ -
Federal Agency Securities	1,202,993	-	1,202,993
Federal Agency Collateralized Mortgage Obligations	287,585	-	287,585
Supranationals	514,632	-	514,632
Negotiable Certificates of Deposit	727,267	-	727,267
Municipal Obligations	673,090	-	673,090
Corporate Notes	629,074	-	629,074
Investments	\$ 7,751,394	\$ 3,716,753	\$ 4,034,641

In accordance with the Subdistrict's 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 (continued)

September 30, 2019

At September 30, 2019, the Subdistrict had investments with the following ratings:

Investment Type	Investments	Percentage	Rating
U.S. Government Securities	\$ 3,716,753	47.9%	AA+
Federal Agency Securities	1,202,993	15.5	AA+
Federal Agency Collateralized Mortgage Obligations	287,585	3.7	AA+
Supranationals	514,632	6.6	AAA
Negotiable Certificates of Deposit	276,613	3.6	A-1
Negotiable Certificates of Deposit	150,208	1.9	A+
Negotiable Certificates of Deposit	300,446	3.9	AA-
Municipal Obligations	91,310	1.2	AA-
Municipal Obligations	292,644	3.8	AA
Municipal Obligations	60,757	0.9	AAA
Municipal Obligations	70,917	0.9	AA+
Municipal Obligations	157,462	2.0	Not rated
Corporate Notes	182,477	2.3	AA-
Corporate Notes	241,288	3.1	AA
Corporate Notes	175,295	2.3	AA+
Corporate Notes	30,014	0.4	AAA
Investments	<u>\$ 7,751,394</u>	<u>100.0%</u>	

Summary by Rating	Investments	Percentage
A-1	\$ 276,613	3.6%
A+	150,208	1.9
AA-	574,233	7.4
AA	533,932	6.9
AA+	5,453,543	70.4
AAA	605,403	7.8
Not rated	157,462	2.0
Investments	<u>\$ 7,751,394</u>	<u>100.0%</u>

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, 2019, no investments were greater than 5 percent with any one issuer.

Notes to Financial Statements (continued)

September 30, 2019

At September 30, 2019, the Subdistrict had investments with the following maturities:

Investment Type	Investments	Investment Maturities		
		1 - 2 years	2 - 3 years	3 +
U.S. Government Securities	\$ 3,716,753	\$ -	\$ 689,580	\$ 3,027,173
Federal Agency Securities	1,202,993	95,371	277,455	830,167
Federal Agency Collateralized Mortgage Obligations	287,585	-	39,534	248,051
Supranationals	514,632	-	272,950	241,682
Negotiable Certificates of Deposit	727,267	276,613	150,282	300,372
Municipal Obligations	673,090	-	218,758	454,332
Corporate Notes	629,074	-	426,580	202,494
Investments	<u>\$ 7,751,394</u>	<u>\$ 371,984</u>	<u>\$ 2,075,139</u>	<u>\$ 5,304,271</u>
Percent of total	100%	4.8%	26.8%	68.4%

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.

5 Capital Assets

Capital asset activity for the Subdistrict enterprise funds for the year ended September 30, 2019, was as follows:

	2018	Additions	Retirements	2019
Windy Gap				
Non-depreciable assets				
Construction in progress	\$ 155,883	\$ 425,174	\$ -	\$ 581,057
Land	2,046,198	-	-	2,046,198
Water rights	470,921	-	-	470,921
Depreciable assets				
Buildings, equipment and improvements	464,428	-	(11,877)	452,551
Water diversion project	82,167,586	-	-	82,167,586
Capital assets	<u>85,305,016</u>	<u>425,174</u>	<u>(11,877)</u>	<u>85,718,313</u>
Less accumulated depreciation				
Buildings, equipment and improvements	(444,570)	(2,290)	11,877	(434,983)
Water diversion project	(67,555,549)	(2,078,999)	-	(69,634,548)
Accumulated depreciation	<u>(68,000,119)</u>	<u>(2,081,289)</u>	<u>11,877</u>	<u>(70,069,531)</u>
Capital assets, net	17,304,897	(1,656,115)	-	15,648,782
Windy Gap Firing Project				
Construction in progress	47,555,955	10,352,183	-	57,908,138
Capital assets, net of accumulated depreciation	<u>\$ 64,860,852</u>	<u>\$ 8,696,068</u>	<u>\$ -</u>	<u>\$ 73,556,920</u>

Notes to Financial Statements (continued)

September 30, 2019

6 Windy Gap Principal Participants Based on Assessments

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

	<u>2019</u>
Platte River Power Authority	25.7%
Broomfield, City and County of	17.2
Greeley, City of	12.9
Longmont, City of	11.1
Erie, Town of	5.7
Boulder, City of	<u>5.2</u>
Principal participants	<u>77.8%</u>

7 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.

8 Intergovernmental Transactions

For the year ended September 30, 2019, total charges from Northern Water for operations, engineering, environmental and administrative services amounted to \$2,758,286 including carriage costs of \$1,064,884. Of the total balance, \$1,686,469 was payable at year end and included in accounts payable on the accompanying financial statements.

9 Commitments and Contingencies

The Subdistrict has remaining commitments to fund approximately \$15 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, the measures are performance based and costs to be incurred reflect management's best estimates to achieve those objectives. Committed funds are expected to be paid over the next several years; however, certain of these costs are contingent upon WGFP becoming operational.

In addition, the Subdistrict has entered into a \$5.8 million subgrant agreement with Trout Unlimited under the NRCS Regional Conservation Partnership Program to partially fund development of the Colorado River Connectivity Channel. Under the terms of the agreement, Trout Unlimited, as grantee of the program, will reimburse the Subdistrict for

costs incurred for the project. As of September 30, 2019, grant requests totalling \$357,768 has been submitted and received, of which \$252,198 related to the current year.

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, 2019			Year ended
	(unaudited) Budget	Actual	Variance	September 30, 2018 Actual
Operating revenue sources				
Assessments	\$ 5,152,525	\$ 3,407,426	(\$ 1,745,099)	\$ 3,615,652
Operating revenue, other	-	6,286	6,286	29,785
Operating revenue sources	5,152,525	3,413,712	(1,738,813)	3,645,437
Operating expense uses				
Operations	(4,000,316)	(2,357,143)	1,643,173	(2,411,520)
Programs	(1,264,083)	(900,103)	363,980	(1,116,106)
Facilities	-	(24,396)	(24,396)	-
Operating expense uses	(5,264,399)	(3,281,642)	1,982,757	(3,527,626)
Operating revenue sources over (under) expense uses	(111,874)	132,070	243,944	117,811
Nonoperating revenue sources				
Capital contributions	540,000	252,198	(287,802)	105,571
Earnings on investments	172,120	672,708	500,588	120,867
Other nonoperating revenues	26,100	20,097	(6,003)	44,957
Nonoperating revenue sources	738,220	945,003	206,783	271,395
Nonoperating expense uses				
Capital purchases and project expenditures	(555,000)	(425,174)	129,826	(155,882)
Other capital project expenditures	(353,325)	(264,619)	88,706	(9,580)
Contingency appropriation	(250,000)	-	250,000	-
Nonoperating expense uses	(1,158,325)	(689,793)	468,532	(165,462)
Nonoperating revenue sources over (under) expense uses	(420,105)	255,210	(675,315)	105,933
Revenue sources over (under) expense uses	(\$ 531,979)	387,280	\$ 919,259	223,744
Adjustments to reconcile budgetary basis to GAAP basis				
Capital purchases and project expenditures under GAAP		425,174		155,882
Depreciation		(2,081,291)		(2,081,291)
Decrease in net position		(\$ 1,268,837)		(\$ 1,701,665)

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

Non-GAAP Budgetary Basis

	Year ended September 30, 2019			Year ended
	(unaudited) Budget	Actual	Variance	September 30, 2018 Actual
Nonoperating revenue sources				
Capital contributions ⁽¹⁾				
Participant contributions	\$ 521,600,000	\$ 10,000,000	(\$ 511,600,000)	\$ 9,002,701
Earnings on investments	-	104,111	104,111	46,142
Rental revenue	30,000	30,000	-	27,500
Nonoperating revenue sources	521,630,000	10,134,111	(511,495,889)	9,076,343
Nonoperating expense uses				
Capital project expenditures ⁽¹⁾	(122,546,783)	(10,352,183)	112,194,600	(13,014,404)
Nonoperating revenue sources over (under) expense uses	\$ 399,083,217	(218,072)	(\$ 399,301,289)	(3,938,061)
Adjustment to reconcile budgetary basis to GAAP basis				
Capital project expenditures under GAAP		10,352,183		13,014,404
Increase in net position		\$ 10,134,111		\$ 9,076,343

⁽¹⁾ Budgeted amounts anticipated construction costs in 2019. Construction was delayed due to permitting and preconstruction work.

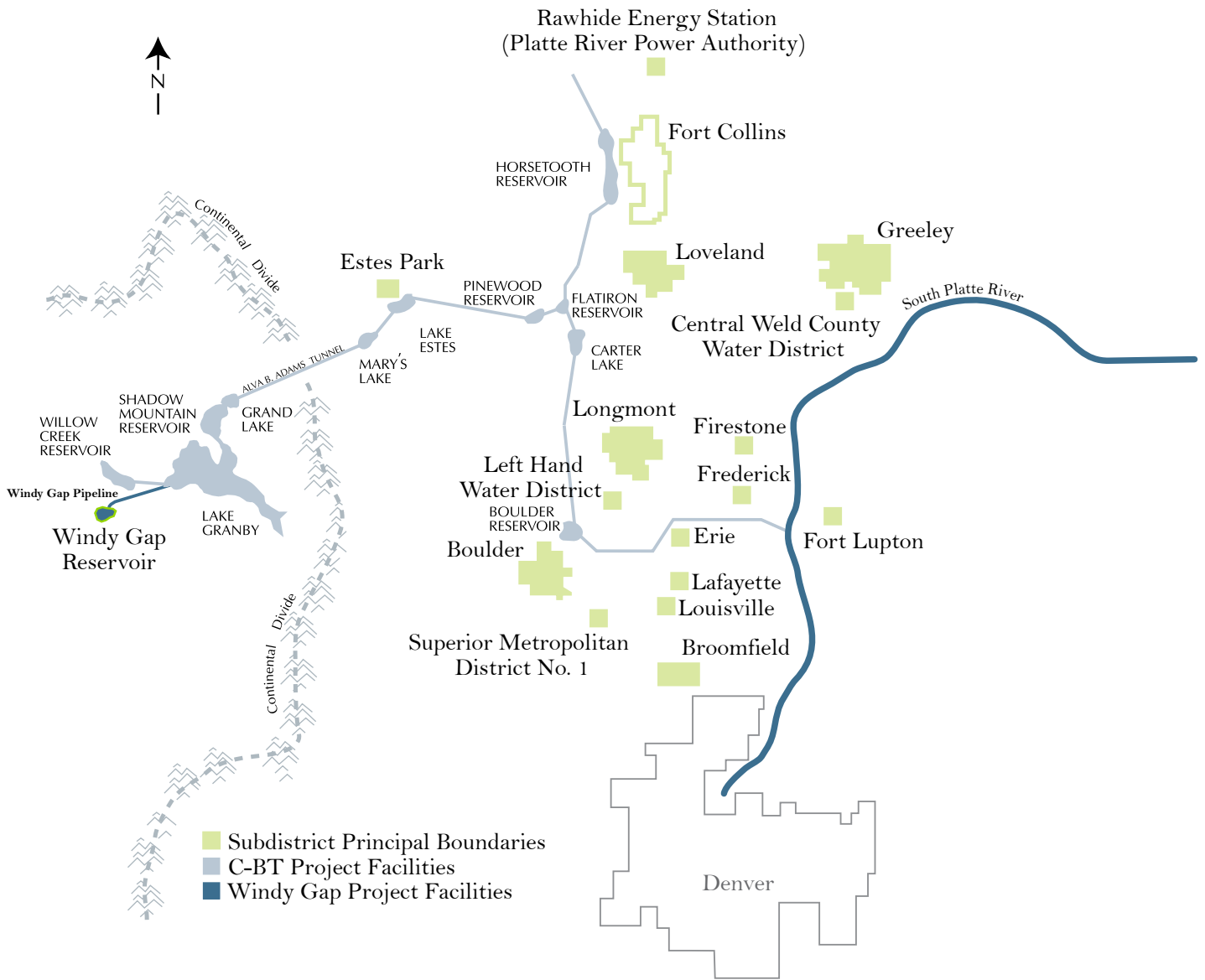
STATISTICAL SECTION

Year ended September 30, 2019

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Area Map of Subdistrict Participants



Statement of Revenues, Expenses and Changes in Net Position and Net Position by Component (2010 - 2019)⁽¹⁾

Years ended September 30,
Unaudited

	2019	2018	2017 ⁽²⁾	2016 ⁽²⁾
Operating revenues				
Assessments	\$ 3,407,426	\$ 3,615,652	\$ 2,959,905	\$ 12,873,962
Other operating income	6,286	29,785	-	-
Operating revenue	<u>3,413,712</u>	<u>3,645,437</u>	<u>2,959,905</u>	<u>12,873,962</u>
Operating expenses				
Operations	2,562,743	2,456,538	1,813,030	1,514,945
Administration	640,374	856,587	894,621	604,070
Environmental Services ⁽³⁾	295,559	-	-	-
Engineering	47,585	224,081	266,694	175,590
Depreciation	2,081,291	2,081,291	2,079,764	2,078,999
Operating expenses	<u>5,627,552</u>	<u>5,618,497</u>	<u>5,054,109</u>	<u>4,373,604</u>
Operating income (loss)	<u>(2,213,840)</u>	<u>(1,973,060)</u>	<u>(2,094,204)</u>	<u>8,500,358</u>
Nonoperating revenues (expenses)				
Earnings on investments	672,708	120,867	129,556	166,206
Interest expense	-	-	-	(638,455)
Loss on defeasance of water revenue bonds	-	-	-	(864,629)
Other nonoperating revenues, net	20,097	44,957	73,820	342,442
Nonoperating revenues, net	<u>692,805</u>	<u>165,824</u>	<u>203,376</u>	<u>(994,436)</u>
Income (loss) before contributions	<u>(1,521,035)</u>	<u>(1,807,236)</u>	<u>(1,890,828)</u>	<u>7,505,922</u>
Capital contributions	<u>10,386,309</u>	<u>9,181,914</u>	<u>10,534,897</u>	<u>14,103,950</u>
Increases in net position	<u>\$ 8,865,274</u>	<u>\$ 7,374,678</u>	<u>\$ 8,644,069</u>	<u>\$ 21,609,872</u>
Net Position				
Investment in capital assets	\$ 73,556,919	\$ 64,860,852	\$ 53,771,856	\$ 41,892,903
Restricted net position				
Debt service	-	-	-	-
Capital project	4,998,664	5,216,736	9,154,797	12,555,702
Unrestricted net position	<u>19,155,773</u>	<u>18,768,494</u>	<u>18,544,751</u>	<u>18,378,730</u>
Net position	<u>\$ 97,711,356</u>	<u>\$ 88,846,082</u>	<u>\$ 81,471,404</u>	<u>\$ 72,827,335</u>

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

⁽²⁾ In 2016 assessments included an amount for debt service. In 2016, Subdistrict water revenue bonds were extinguished and, consequently, beginning in 2017, assessments were reduced.

⁽³⁾ Environmental Services established in 2019.

**Statement of Revenues, Expenses and Changes in Net Position and
Net Position by Component (2010 - 2019) (continued)⁽¹⁾**

Years ended September 30,
Unaudited

	2015	2014	2013 ⁽²⁾	2012	2011	2010
Operating revenues						
Assessments	\$ 13,959,770	\$ 13,524,172	\$ 13,715,876	\$ 13,292,546	\$ 13,538,859	\$ 13,464,062
Other operating income	-	-	-	-	-	-
Operating revenue	13,959,770	13,524,172	13,715,876	13,292,546	13,538,859	13,464,062
Operating expenses						
Operations	2,878,863	2,788,801	3,374,057	2,422,523	2,630,065	3,097,335
Administration	539,622	479,124	642,510	832,077	805,951	1,049,366
Environmental Services	-	-	-	-	-	-
Engineering	117,402	160,445	223,415	166,293	133,176	149,335
Depreciation	2,078,999	2,078,999	2,060,125	2,041,474	2,047,112	2,046,020
Operating expenses	5,614,886	5,507,369	6,300,107	5,462,367	5,616,304	6,342,056
Operating income (loss)	8,344,884	8,016,803	7,415,769	7,830,179	7,922,555	7,122,006
Nonoperating revenues (expenses)						
Earnings on investments	180,024	124,093	117,006	62,237	96,932	105,687
Interest expense	(1,325,146)	(1,784,178)	(2,214,668)	(2,575,659)	(3,001,470)	(3,646,792)
Loss on defeasance of water revenue bonds	-	-	-	-	-	-
Other nonoperating revenues, net	55,695	44,107	275,177	19,704	40,757	23,635
Nonoperating revenues, net	(1,089,427)	(1,615,978)	(1,822,485)	(2,493,718)	(2,863,781)	(3,517,470)
Income (loss) before contributions	7,255,457	6,400,825	5,593,284	5,336,461	5,058,774	3,604,536
Capital contributions	1,469,333	2,336,001	-	1,999,998	-	1,073,180
Increases in net position	\$ 8,724,790	\$ 8,736,826	\$ 5,593,284	\$ 7,336,459	\$ 5,058,774	\$ 4,677,716
Net Position						
Investment in capital assets	\$ 29,565,993	\$ 21,741,075	\$ 13,873,621	\$ 7,923,924	\$ 2,623,507	(\$ 2,506,786)
Restricted net position						
Debt service	12,616,627	12,289,137	12,013,764	12,022,534	11,842,320	11,945,850
Capital project	222,835	756,453	637,669	1,088,872	-	858,839
Unrestricted net position	8,812,008	7,706,008	7,230,793	7,734,372	6,967,416	6,076,566
Net position	\$ 51,217,463	\$ 42,492,673	\$ 33,755,847	\$ 28,769,702	\$ 21,433,243	\$ 16,374,469

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

⁽²⁾ Opening net position restated for GASB No. 65 relating to debt issue costs in 2013.

Windy Gap Assessments by Participant (2010 - 2019)

Years ended September 30,
Unaudited

Participant	2019	2018	2017 ⁽¹⁾	2016
Platte River Power Authority	\$ 770,578	\$ 764,404	\$ 850,402	\$ 4,918,223
Boulder, City of	189,345	163,058	148,469	910,645
Longmont, City of	763,127	(3,661) ⁽²⁾	389,629	1,853,861
Greeley, City of	544,381	489,463	302,637	1,628,167
Loveland, City of	159,181	184,120	153,881	953,243
Superior Metropolitan District No. 1	174,855	164,589	142,135	542,502
Broomfield, City and County of	611,804	588,366	481,468	1,993,171
Estes Park, Town of	24,920	27,681	20,440	79,046
Frederick, Town of	95,869	-	-	-
Berthoud, Town of	41,087	-	-	-
Firestone, Town of	68,478	-	-	-
Erie, Town of	153,531	271,237	108,344	560,716
Louisville, City of	64,969	27,668	22,732	143,911
Central Weld County Water District	10,887	9,039	12,130	39,239
Fort Lupton, City of	211,485	147,221	35,136	120,724
Lafayette, City of	14,532	31,682	3,701	23,897
Little Thompson Water District	87,679	72,176	51,954	302,120
Water rental	-	-	-	-
Unearned revenue adjustment	(579,282)	678,609	236,847	(1,195,503)
Assessments	\$ 3,407,426	\$ 3,615,652	\$ 2,959,905	\$ 12,873,962

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

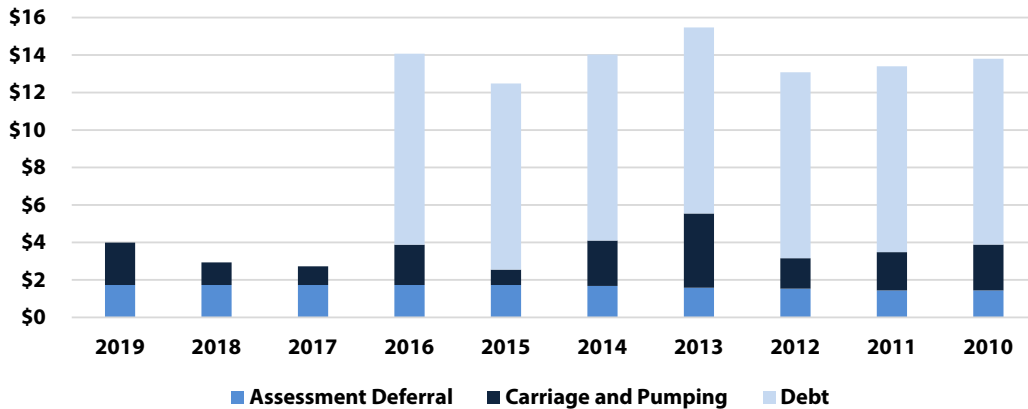
⁽²⁾ Negative assessment in 2018 reflects current year assessment less than prior year estimate to actual adjustment.

Windy Gap Assessments by Participant (2010 - 2019) (continued)

Years ended September 30,
Unaudited

Participant	2015	2014	2013	2012	2011	2010
Platte River Power Authority	\$ 4,604,577	\$ 4,575,200	\$ 4,869,952	\$ 4,327,875	\$ 4,372,347	\$ 4,466,818
Boulder, City of	956,179	1,693,008	1,972,529	2,251,034	2,340,919	2,461,675
Longmont, City of	1,736,904	2,509,157	2,378,341	1,898,498	2,120,995	2,032,150
Greeley, City of	1,360,400	2,083,128	2,181,730	1,887,647	1,820,399	1,924,617
Loveland, City of	931,557	1,018,408	1,061,399	963,042	999,468	1,072,916
Superior Metropolitan District No. 1	501,778	480,735	531,523	513,991	496,906	493,092
Broomfield, City and County of	1,645,257	823,939	1,020,464	427,794	438,421	467,299
Estes Park, Town of	77,521	82,728	88,707	78,938	84,444	91,228
Frederick, Town of	-	-	-	-	-	-
Berthoud, Town of	-	-	-	-	-	-
Firestone, Town of	-	-	-	-	-	-
Erie, Town of	389,141	474,128	459,202	444,606	416,419	453,203
Louisville, City of	103,659	146,270	167,330	144,341	150,755	171,577
Central Weld County Water District	30,276	28,548	30,779	27,486	27,665	30,149
Fort Lupton, City of	121,213	85,046	110,623	86,295	105,246	111,072
Lafayette, City of	23,285	24,307	27,236	24,002	24,631	26,950
Little Thompson Water District	-	-	-	-	-	-
Water rental	-	-	-	-	-	225,434
Unearned revenue adjustment	1,478,023	(500,430)	(1,183,939)	216,997	140,244	(564,118)
Assessments	\$ 13,959,770	\$ 13,524,172	\$ 13,715,876	\$ 13,292,546	\$ 13,538,859	\$ 13,464,062

Annual Assessments
(millions)



Statement of Windy Gap Participant Units

September 30, 2019

Unaudited

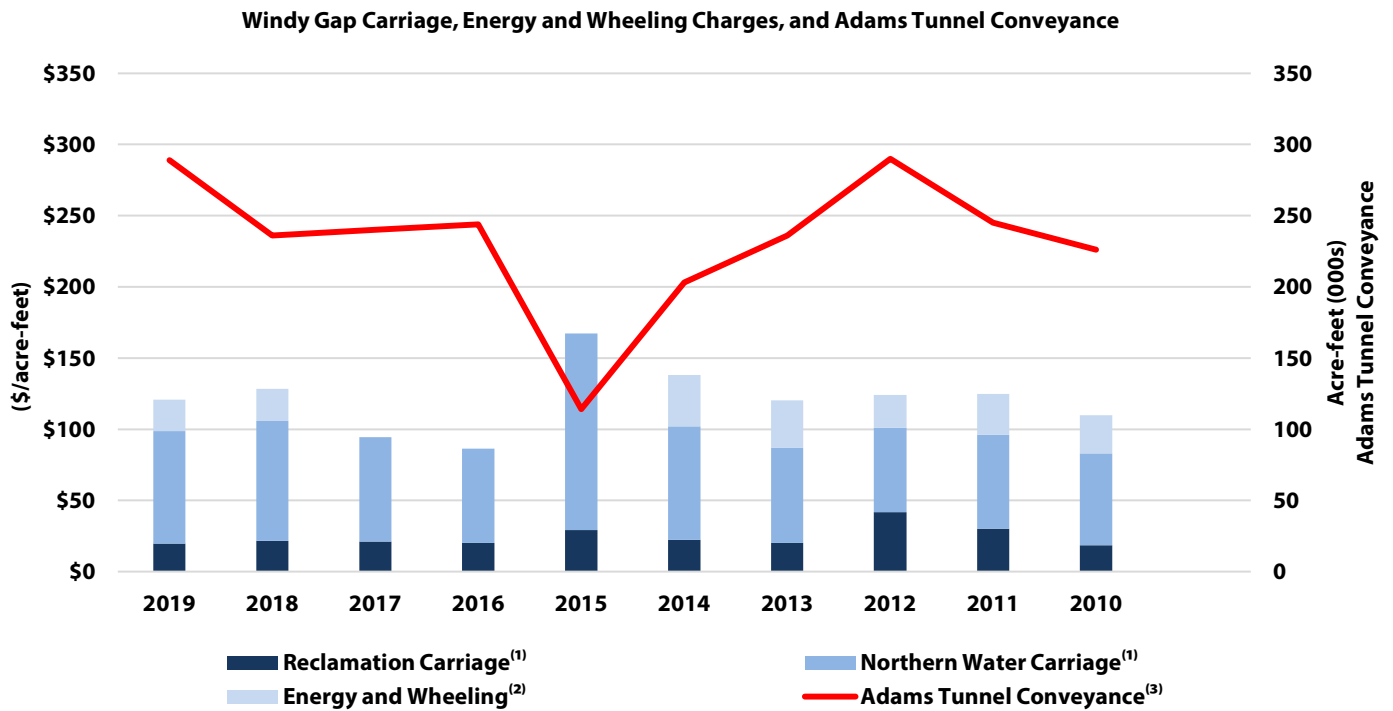
<u>Participants</u>	<u>Units</u>	<u>Acre-Feet</u>	<u>Percentage</u>
Platte River Power Authority ⁽¹⁾	120	12,000	25.0%
Longmont, City of ⁽¹⁾	80	8,000	16.7
Broomfield, City and County of ⁽¹⁾	56	5,600	11.7
Greeley, City of ⁽¹⁾	49	4,900	10.2
Loveland, City of ⁽¹⁾	40	4,000	8.4
Boulder, City of	37	3,700	7.7
Erie, Town of ⁽¹⁾	20	2,000	4.2
Little Thompson Water District ⁽¹⁾	19	1,900	3.9
Superior Metropolitan District No. 1 ⁽¹⁾	15	1,500	3.1
Fort Lupton, City of ⁽¹⁾	13	1,300	2.7
Louisville, City of ⁽¹⁾	9	900	1.9
Frederick, Town of	7	700	1.5
Firestone, Town of	5	500	1.0
Estes Park, Town of	3	300	0.6
Lafayette, City of ⁽¹⁾	3	300	0.6
Berthoud, Town of	3	300	0.6
Central Weld County Water District ⁽¹⁾	1	100	0.2
Total	480	48,000	100.0%

⁽¹⁾ These participants are also participants in WGFP.



Boats docked at Lake Granby, the second largest reservoir in the state and largest in the C-BT Project.

Windy Gap Carriage, Energy and Wheeling Charges (2010 - 2019)



⁽¹⁾ Carriage - Charges are for the use of the C-BT Project storage and conveyance system.

⁽²⁾ Energy and Wheeling - Charges are for pumping Windy Gap Project water from the Windy Gap Reservoir to Lake Granby.

⁽³⁾ Adams Tunnel Conveyance (C-BT and Windy Gap Project water) - Carriage charges are calculated based on total water carried through the Adams Tunnel. As less water is conveyed through the tunnel, carriage costs increase.

Windy Gap Carriage, Energy and Wheeling Charges (2010 - 2019)

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

	2019	2018	2017	2016 ⁽³⁾	2015 ⁽³⁾	2014	2013	2012 ⁽⁴⁾	2011 ⁽⁴⁾	2010
Carriage charges⁽¹⁾										
Reclamation ⁽²⁾										
7(c) ii Farr Pumping Plant	\$ 2.51	\$ 2.42	\$ 2.88	\$ 3.22	\$ 3.07	\$ 3.53	\$ 3.92	\$ 3.29	\$ 3.14	\$ 3.32
7(c) iii Flatiron Pumping Plant	5.25	5.22	6.10	6.89	7.25	6.60	6.63	6.52	6.03	6.84
7(d) Operations and maintenance	9.17	11.00	9.18	7.12	16.05	9.34	9.60	29.04	18.11	8.24
7(e) Service charge	2.85	2.85	2.85	2.85	2.85	2.85	-	2.85	2.85	-
Reclamation carriage charges	19.78	21.49	21.01	20.08	29.22	22.32	20.15	41.70	30.13	18.40
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	75.83	81.22	70.32	63.22	134.89	76.62	66.64	56.31	62.90	64.54
8(e) Service charge	2.85	2.85	2.85	2.85	2.85	2.85	-	2.85	2.85	-
Northern Water carriage charges	78.94	84.33	73.43	66.33	138.00	79.73	66.90	59.42	66.01	64.80
Carriage charges	98.72	105.82	94.44	86.41	167.22	102.05	87.05	101.12	96.14	83.20
Energy and wheeling charges	22.06	22.45	-	-	-	35.99	33.30	22.93	28.67	26.67
Carriage, energy and wheeling charges	\$ 120.78	\$ 128.27	\$ 94.44	\$ 86.41	\$ 167.22	\$ 138.04	\$ 120.35	\$ 124.05	\$ 124.81	\$ 109.87
Water pumped (acre-feet) ⁽⁵⁾	12,538	26,235	-	-	-	-	45,061	5,145	-	6,758
Water delivered to participants (acre-feet)	13,842	16,135	13,049	11,294	13,964	12,627	19,536	16,774	18,023	22,461
Adams Tunnel total conveyance (acre-feet) ⁽⁶⁾	289,294	236,479	240,304	243,543	113,856	203,467	236,268	289,890	245,284	225,917

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

⁽²⁾ Amounts exclude 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 was at an abnormally low level in 2015.

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

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

⁽⁶⁾ Conveyance included C-BT Project water and Windy Gap Project water.

Population and Economic Statistics by Principal Cities Served by the Subdistrict (2010 - 2019)

Unaudited

	2019 ⁽¹⁾	2018 ⁽¹⁾	2017	2016
Boulder, City of				
Estimated population	107,000	108,000	107,000	105,000
Unemployment rate	3.3%	2.5%	2.2%	2.8%
School enrollment ⁽²⁾	12,984	13,134	13,312	13,352
Per capita income ⁽³⁾	N/A	68,027	\$ 63,707	\$ 60,200
Personal income (000s) ⁽³⁾	N/A	21,940,000	\$ 20,528,000	\$ 19,233,000
Broomfield, City and County of⁽⁴⁾				
Estimated population	69,531	68,552	67,093	65,907
Unemployment rate	3.0%	2.5%	2.5%	4.3%
School enrollment ⁽²⁾	4,146	4,246	4,314	4,317
Per capita income	\$ 63,596	N/A	\$ 73,129	\$ 73,000
Personal income (000s)	\$ 4,421,893	N/A	\$ 4,906,444	\$ 4,811,211
Greeley, City of				
Estimated population	107,457	104,557	103,037	101,048
Unemployment rate ⁽³⁾	3.5%	2.8%	2.6%	3.5%
School enrollment ⁽²⁾	18,881	17,953	18,294	17,613
Per capita income ⁽³⁾	N/A	44,080	\$ 50,483	\$ 42,787
Personal income (000s) ⁽³⁾	N/A	4,608,873	\$ 5,201,617	\$ 4,323,541
Longmont, City of				
Estimated population	96,192	94,777	93,933	92,852
Unemployment rate	3.3%	2.6%	2.2%	2.6%
School enrollment ⁽²⁾	14,041	14,415	14,660	14,707
Per capita income	\$ 68,027	\$ 63,707	\$ 60,220	\$ 58,627
Personal income (000s)	\$ 6,543,653	\$ 6,037,958	\$ 5,656,645	\$ 5,443,634
Loveland, City of				
Estimated population	75,840	75,655	74,427	74,349
Unemployment rate	2.9%	2.5%	3.2%	3.8%
School enrollment ⁽²⁾	16,000	15,593	15,714	15,597
Per capita income ⁽⁵⁾	\$ 50,539	\$ 47,117	\$ 45,318	\$ 43,584
Personal income (000s)	\$ 3,832,878	\$ 3,564,637	\$ 3,372,883	\$ 3,240,427
Estimated population in Subdistrict Area ⁽⁶⁾	1,000,013	982,678	959,455	922,233

Source: Data taken from the governments' most recent CAFRs 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 capita 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 and represents the estimated population for Northern Water.

Population and Economic Statistics by Principal Cities Served by the Subdistrict (2010 - 2019) (continued)

Unaudited

	2015	2014	2013	2012	2011	2010
Boulder, City of						
Estimated population	105,000	102,000	101,000	98,000	97,000	104,000
Unemployment rate	3.2%	4.7%	5.6%	5.9%	6.5%	5.3%
School enrollment ⁽¹⁾	13,486	13,331	12,627	13,471	13,583	13,258
Per capita income ⁽²⁾	\$ 58,627	\$ 54,968	\$ 54,502	\$ 51,893	\$ 50,031	\$ 48,891
Personal income (000s) ⁽³⁾	\$ 18,370,000	\$ 17,042,000	\$ 16,639,000	\$ 15,536,000	\$ 14,786,000	\$ 14,334,000
Broomfield, City and County of⁽³⁾						
Estimated population	63,860	60,885	57,865	57,336	56,543	55,284
Unemployment rate	4.2%	6.8%	7.8%	8.5%	8.9%	8.1%
School enrollment ⁽¹⁾	4,319	4,260	4,102	4,034	4,034	4,165
Per capita income	\$ 73,686	\$ 74,119	\$ 76,158	\$ 73,428	\$ 70,094	\$ 70,984
Personal income (000s)	\$ 4,705,588	\$ 4,512,735	\$ 4,406,883	\$ 4,210,068	\$ 3,963,325	\$ 3,924,279
Greeley, City of						
Estimated population	98,423	97,320	96,093	95,453	94,358	91,759
Unemployment rate ⁽²⁾	4.0%	7.6%	8.7%	9.7%	11.1%	9.1%
School enrollment ⁽¹⁾	17,713	21,183	20,450	19,821	17,278	19,851
Per capita income ⁽²⁾	\$ 38,664	\$ 33,393	\$ 31,657	\$ 29,986	\$ 28,447	\$ 27,109
Personal income (000s) ⁽²⁾	\$ 3,805,427	\$ 3,249,807	\$ 3,042,016	\$ 2,862,254	\$ 2,684,202	\$ 2,487,495
Longmont, City of						
Estimated population	91,911	90,219	87,854	87,850	87,461	86,303
Unemployment rate	3.1%	4.4%	5.5%	6.1%	6.8%	6.0%
School enrollment ⁽¹⁾	15,448	15,512	15,381	14,404	14,132	13,997
Per capita income	\$ 54,968	\$ 53,772	\$ 51,893	\$ 50,697	\$ 47,489	\$ 52,719
Personal income (000s)	\$ 5,052,164	\$ 4,851,256	\$ 4,559,008	\$ 4,453,731	\$ 4,153,435	\$ 4,549,808
Loveland, City of						
Estimated population	71,985	72,846	68,825	67,581	66,572	65,800
Unemployment rate	4.8%	6.5%	7.7%	8.7%	8.2%	5.4%
School enrollment ⁽¹⁾	15,520	15,621	15,577	15,420	15,043	14,734
Per capita income ⁽⁴⁾	\$ 42,866	\$ 41,311	\$ 39,767	\$ 37,844	\$ 37,368	\$ 37,481
Personal income (000s)	\$ 3,085,709	\$ 3,009,341	\$ 2,736,964	\$ 2,557,535	\$ 2,487,662	\$ 2,466,250
Estimated population in Subdistrict Area ⁽⁵⁾	893,145	878,100	859,913	858,565	842,494	842,447

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

⁽¹⁾ Information compiled from school district websites for schools within Subdistrict boundaries.

⁽²⁾ Data for the Metropolitan Statistical Area.

⁽³⁾ 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.

⁽⁴⁾ Data for Larimer County. Separate municipal statistics not available.

⁽⁵⁾ Data from the Northern Water current year CAFR and represents the estimated population for Northern Water.

Largest Employers by Principal Cities Served by the Subdistrict (2010 and 2019)

September 30,
Unaudited

Boulder, City of⁽¹⁾

Employers	2019			2010 ⁽²⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
University of Colorado at Boulder	1	6,463	3.5%	1	6,827	4.1%
St. Vrain Valley School District ⁽³⁾	2	4,661	2.5	5	3,238	1.9
Boulder Valley School District	3	4,200	2.3	2	4,200	2.5
Boulder County	4	2,008	1.1	-	-	-
Ball Corporation	5	1,600	0.9	6	3,100	1.9
IBM Corporation	6	1,400	0.8	3	3,400	2.0
Boulder, City of	7	1,351	0.7	-	-	-
Seagate Technology, LLC	8	1,300	0.7	-	-	-
National Center for Atmospheric Research (NCAR)	9	1,187	0.6	-	-	-
National Oceanic & Atmospheric Administration (NOAA)	10	867	0.5	-	-	-
Sun Microsystems	-	-	-	4	3,300	2.0
Colorado, State of	-	-	-	7	2,881	1.8
Boulder Community Hospital ⁽⁴⁾	-	-	-	8	2,200	1.3
Level 3 Communications	-	-	-	9	2,016	1.2
Covidien	-	-	-	10	1,750	1.0
Top ten principal employers		25,037	13.6%		32,912	19.7%
Employees ⁽⁵⁾		184,096			167,066	

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 Northern Water 2010 CAFR.

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

⁽⁴⁾ Information not available for 2019.

⁽⁵⁾ Calculated based on number of employees for largest employers and percentage employment.

Largest Employers by Principal Cities Served by the Subdistrict (2010 and 2019) (continued)

September 30,

Unaudited

Broomfield, City and County of⁽¹⁾

Employers	2019			2010 ⁽²⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
CenturyLink (formerly Level 3 Communications)	1	2,360	6.3%	1	2,016	7.3%
Oracle America (formerly Sun Microsystems)	2	2,000	5.2	2	1,900	6.8
SCL Health Care	3	1,200	3.2	-	-	-
Hunter Douglas Window Fashions Division	4	980	2.6	3	787	2.8
Broomfield, City and County of	5	795	2.1	5	581	2.1
Vail Resorts, Inc.	6	740	1.9	-	-	-
TSYS (formerly TransFirst Holdings)	7	580	1.5	-	-	-
Danone Wave Foods (formerly Whitewave Foods)	8	570	1.5	8	385	1.4
Broadcom (Brocade Communications Systems)	9	500	1.3	9	300	1.1
Vmware	10	470	1.2	-	-	-
Ball Corporation	-	-	-	4	659	2.4
Sandoz, Inc.	-	-	-	6	550	2.0
MWH Global	-	-	-	7	430	1.5
Staples/Corporate Express	-	-	-	10	300	1.1
Top ten principal employers		10,195	26.8%		7,908	28.5%
Employees ⁽⁴⁾		38,107			27,798	-

Longmont, City of

Employers	2019			2010 ⁽²⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
St. Vrain Valley School District ⁽³⁾	1	3,543	6.7%	1	4,876	11.3%
Longmont, City of	2	1,625	3.1	4	814	1.9
Seagate Technology	3	1,436	2.7	3	1,160	2.7
Longmont United Hospital	4	671	1.3	2	1,282	2.9
West Safety Services Division	5	598	1.1	-	-	-
UC Health Longs Peak Hospital	6	540	1.0	-	-	-
Federal Aviation Administration	7	484	0.9	7	540	1.3
McLane Western	8	460	0.9	9	425	1.0
Circle Graphics, Inc.	9	400	0.8	-	-	-
Crocs	10	345	0.6	-	-	-
Intrado	-	-	-	5	762	1.8
Amgen	-	-	-	6	645	1.5
DigitalGlobe	-	-	-	8	437	1.0
Butterball, LLC (Longmont Foods)	-	-	-	10	404	0.8
Top ten principal employers		10,102	19.1%		11,345	26.2%
Employees ⁽⁴⁾		52,890			43,302	

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

⁽¹⁾ Data provided for the entire City and County of Broomfield, only a portion of which is within Northern Water boundaries.

⁽²⁾ Data taken from the Northern Water 2010 CAFR.

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

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

Largest Employers by Principal Cities Served by the Subdistrict (2010 and 2019) (continued)

September 30,
Unaudited

Loveland, City of

Employers	2019			2010 ⁽¹⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Thompson School District R2-J	1	2,479	4.9%	1	2,113	6.4%
Medical Center of the Rockies	2	1,621	3.2	4	1,100	3.4
Wal-Mart Distribution Center	3	1,226	2.4	5	1,020	3.1
Nutrein/Crop Production Services	4	900	1.8	-	-	-
Loveland, City of	5	833	1.6	7	692	2.1
Hach Company	6	800	1.6	3	1,200	3.7
McKee Medical Center	7	577	1.1	6	950	2.9
Pinnacle Agriculture Holdings, LLC.	8	200	0.4	-	-	-
The Eye Laser Center of Northern Colorado	8	200	0.4	-	-	-
North Shore Health and Rehab	10	154	0.4	-	-	-
Promenade Shops at Centerra	-	-	-	2	1,927	5.9
Group Publishing	-	-	-	8	311	1.0
Wal-Mart Supercenter	-	-	-	9	307	0.9
Kroll Factual Data	-	-	-	10	292	0.9
Top ten principal employers		8,990	17.8%		9,912	30.3%
Employees ⁽³⁾		50,540			32,740	

Greeley, City of

Employers	2019			2010 ⁽¹⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
JBS Swift & Company	1	4,590	9.2%	1	3,600	4.6%
Banner Health Care (formerly North Colorado Medical Center)	2	3,560	7.1	2	2,700	3.4
Greeley/Evans School District Six	3	2,200	4.4	3	2,400	3.0
University of Northern Colorado ⁽²⁾	4	1,900	3.8	4	1,701	1.8
Weld County	5	1,615	3.2	5	1,490	1.9
State Farm Insurance Companies	6	1,200	2.4	7	1,310	1.8
Greeley, City of	7	900	1.8	8	1,160	1.5
TeleTech Services	8	620	1.2	-	-	-
Noble Energy	9	500	1.0	-	-	-
Leprino Foods	10	450	0.9	-	-	-
U.S. Government	-	-	-	6	1,400	1.8
Wal-Mart Supercenter	-	-	-	9	1,015	1.4
Aims Community College	-	-	-	10	874	1.2
Top ten principal employers		17,535	35.0%		17,650	22.4%
Employees ⁽³⁾		50,070			78,795	

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

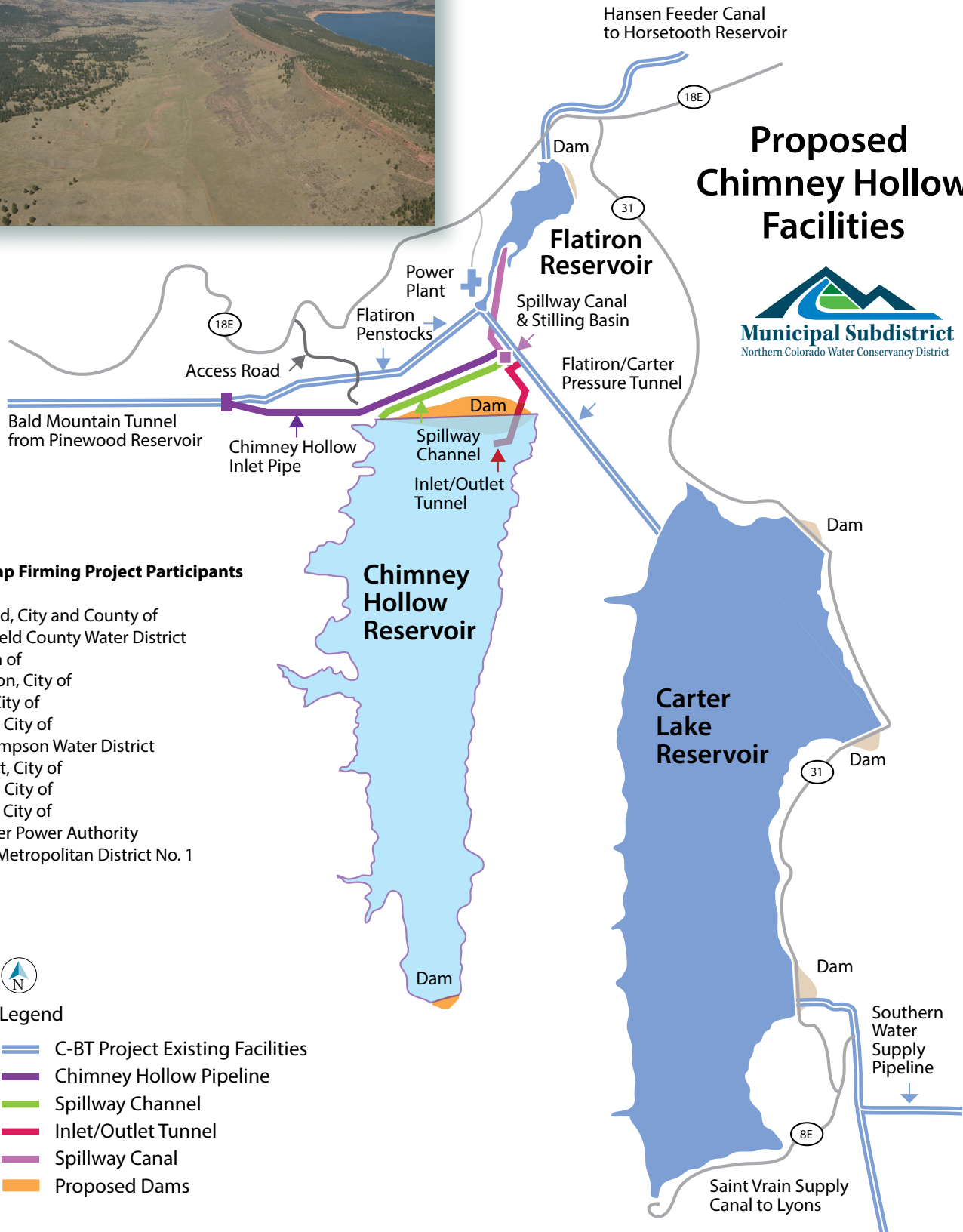
⁽¹⁾ Data taken from the Northern Water 2010 CAFR.

⁽²⁾ Initially reported as State of Colorado.

⁽³⁾ Calculated based on number of employees for largest employers and percentage employment.



Proposed Chimney Hollow Facilities



Windy Gap Firming Project Participants

- Broomfield, City and County of
- Central Weld County Water District
- Erie, Town of
- Fort Lupton, City of
- Greeley, City of
- Lafayette, City of
- Little Thompson Water District
- Longmont, City of
- Louisville, City of
- Loveland, City of
- Platte River Power Authority
- Superior Metropolitan District No. 1



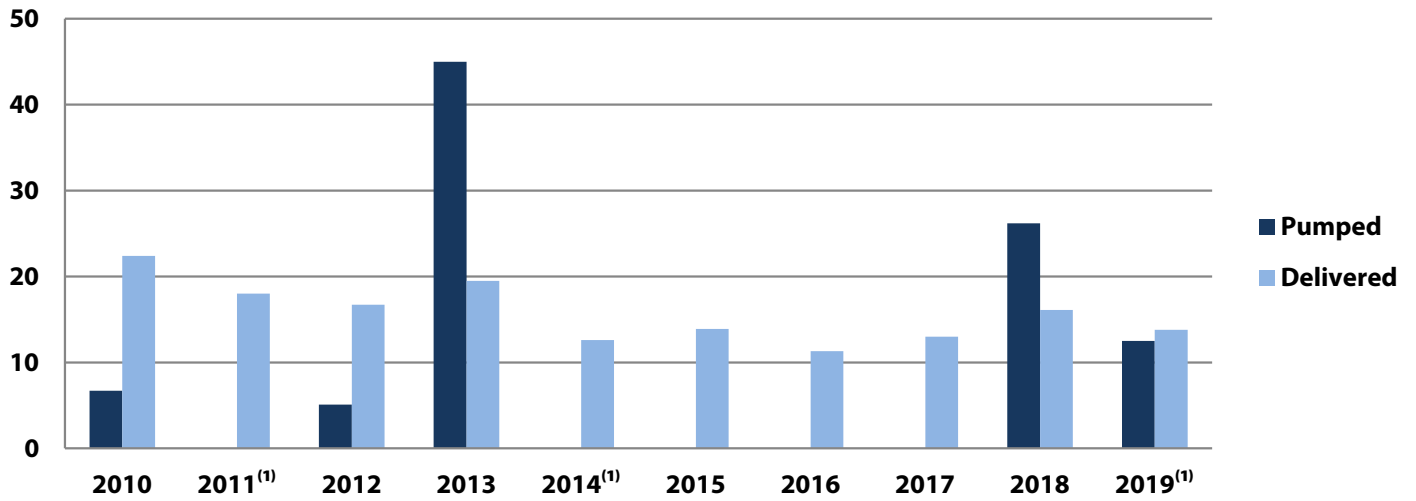
Legend

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

Windy Gap Project Water Pumped and Delivered (2010 - 2019)

Windy Gap Water Pumped and Delivered

(thousands of acre-feet)



⁽¹⁾ Years in which Windy Gap water spilled from Lake Granby.

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
2019	12,538.0	11,911.4	(13,842.5)	(616.10)	(11,788.7)	5,005.3	-	-

⁽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 (2010 - 2019)

September 30,
Unaudited

	2019	2018	2017	2016
Windy Gap				
Non-depreciable assets				
Construction in progress	\$ 581,057	\$ 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	452,551	464,428	499,569	793,558
Water diversion project	82,167,586	82,167,586	82,167,586	82,167,586
Capital assets	<u>85,718,313</u>	<u>85,305,016</u>	<u>85,184,274</u>	<u>85,478,263</u>
Less accumulated depreciation				
Buildings, equipment and improvements	(434,983)	(444,570)	(477,419)	(793,558)
Water diversion project	(69,634,548)	(67,555,549)	(65,476,550)	(63,397,551)
Accumulated depreciation	<u>(70,069,531)</u>	<u>(68,000,119)</u>	<u>(65,953,969)</u>	<u>(64,191,109)</u>
Capital assets, net	<u>\$ 15,648,782</u>	<u>\$ 17,304,897</u>	<u>\$ 19,230,305</u>	<u>\$ 21,287,154</u>
Windy Gap Firing Project				
Construction in progress	<u>\$ 57,908,138</u>	<u>\$ 47,555,955</u>	<u>\$ 34,541,551</u>	<u>\$ 20,605,749</u>

Subdistrict Capital Assets (2010 - 2019) (continued)

September 30,
Unaudited

	2015	2014	2013	2012	2011	2010
Windy Gap						
Non-depreciable assets						
Construction in progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land	2,046,198	2,046,198	2,046,198	2,062,566	2,061,352	2,053,298
Water rights ⁽¹⁾	470,921	470,921	470,921	-	-	-
Depreciable assets						
Buildings, equipment and improvements	825,707	825,707	825,707	155,574	155,574	155,574
Water diversion project	82,167,586	82,167,586	82,167,586	81,837,719	81,840,342	81,840,845
Capital assets	85,510,412	85,510,412	85,510,412	84,055,859	84,057,268	84,049,717
Less accumulated depreciation						
Buildings, equipment and improvements	(825,707)	(825,707)	(825,707)	(155,574)	(155,574)	(155,574)
Water diversion project	(61,318,552)	(59,239,553)	(57,160,554)	(55,770,562)	(53,731,711)	(51,685,101)
Accumulated depreciation	(62,144,259)	(60,065,260)	(57,986,261)	(55,926,136)	(53,887,285)	(51,840,675)
Capital assets, net	\$ 23,366,153	\$ 25,445,152	\$ 27,524,151	\$ 28,129,723	\$ 30,169,983	\$ 32,209,042
Windy Gap Firing Project						
Construction in progress	\$ 19,162,666	\$ 18,629,048	\$ 17,610,297	\$ 15,155,178	\$ 14,325,617	\$ 13,378,785

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

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, 2019
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, environmental services and operating functions are provided through an agreement with Northern Water.

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