



2024

Annual Budget

📍 220 Water Avenue
Berthoud, CO 80513

🌐 www.NorthernWater.org





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GENERAL MANAGER TRANSMITTAL LETTER

To the President and Board of Directors,

We are pleased to present a fiscally sound operating and capital budget for fiscal year 2024. The spending plan is just one part of a long-term commitment to provide quality services while preserving long-term financial viability of the Municipal Subdistrict. This budget is designed to fulfill the Municipal Subdistrict's mission: "To provide water resources management, project operations and water conservation services for our project beneficiaries."

After receiving the final federal permit needed for the Windy Gap FIRMING Project in fiscal year 2017 and breaking ground on construction of the Chimney Hollow Reservoir in August 2021, the focus for fiscal year 2024 remains to advance the construction project. This project is needed to meet a portion of the existing and future wholesale water supply demands within the boundaries of the Municipal Subdistrict. This project aligns with the Municipal Subdistrict's vision to ensure a secure water future for Northern Colorado. The Municipal Subdistrict is pleased with the progress of the project, which has surpassed 50 percent completion and remains on schedule for operational activities in 2025.

Planning, design and funding of the Colorado River Connectivity Channel ensued during fiscal year 2021, and construction began in 2023. This project is also on schedule for operational activities in 2024. Other activities and programs for the Windy Gap Project will be consistent with the past.

Fiscal Year 2024 Budget Summary and Highlights

Windy Gap Water Activity Enterprise Fund

Total Sources of Funds are estimated to be \$16.7 million, or approximately 21.7 percent lower than fiscal year 2023, due to:

- No change in O&M assessment charge – \$36 per acre-foot
- No funds will be collected from participants for the Colorado River Connectivity Channel due to sufficient grant funds being awarded
- Operating expenses of \$7.1 million reflect an increase of \$326,799, or approximately 5.0 percent higher than fiscal year 2023, due to:
 - Pump plant, pipeline, reservoir and dam expenses increasing by approximately \$88,000
 - Program expenses increasing by approximately \$131,000

Capital project expenditures of \$13.5 million are planned primarily for the Colorado River Connectivity Channel.

Windy Gap FIRMING Project Water Activity Enterprise Fund

Total Sources of Funds are estimated to be \$24.6 million, \$12.9 million more than fiscal year 2023, due to:

- Debt service contributions of approximately \$19.1 million will be collected from participants
- Interest income is forecasted to increase significantly
- Capital Project expenditures of \$201 million are planned for mitigation, enhancements and construction of the Chimney Hollow Reservoir

We believe the budget for the Municipal Subdistrict's fifty-fourth year of operation meets the Board's conservative fiscal vision, management's commitment to accountability, and strong overall operational and capital financial management.

Respectfully,



Bradley D. Wind
General Manager

DISTINGUISHED BUDGET PRESENTATION AWARD



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Municipal Subdistrict, Northern Water
Colorado**

For the Fiscal Year Beginning

October 01, 2022

Christopher P. Morill

Executive Director

ABOUT THE MUNICIPAL SUBDISTRICT



The Municipal Subdistrict was organized as a subdistrict of the Northern Colorado Water Conservancy District (Northern Water) by decree of the District Court of Weld County, Colorado, on July 6, 1970, pursuant to the Water Conservancy Act. Under the Water Conservancy Act, a subdistrict is a separate and independent conservancy district with the same powers and legal standing as its parent district and is an independent political subdivision of the State of Colorado. The Municipal Subdistrict has the authority to undertake projects separate from those undertaken by Northern Water. The Municipal Subdistrict has an agreement with Northern Water whereby Northern Water provides all administrative, operation and maintenance functions for the Municipal Subdistrict, and is reimbursed by the Municipal Subdistrict for the services rendered.

The Board of the Municipal Subdistrict is, by statute, the same as the Board of Northern Water. It has been the practice of the Municipal Subdistrict to elect a different slate of officers from those chosen by Northern Water. The staff of Northern Water serves as the staff of the Municipal Subdistrict, with the Municipal Subdistrict reimbursing Northern Water for the actual time of such staff plus an additional percentage to cover costs and overhead. In March 2019, Northern Water engaged a third-party consultant to conduct an Indirect Cost Allocation study. Working closely with Northern Water staff, the consultant has identified and quantified indirect costs applicable to District enterprise funds. The evaluation was intended to establish adequate documentation of indirect costs, an allocation basis and general principles of cost allocation for future application. The purpose of the study was to analyze and support modifications to methods, practices and policies used to allocate labor, overhead, facility and fleet costs to the District Enterprises. The goals of the study were to (1) develop a fair and equitable basis of indirect cost allocation to the U.S. Bureau of Reclamation (Reclamation), the District activity enterprises, the Municipal Subdistrict, and other services, and (2) review the appropriateness of existing indirect costs already charged to enterprise funds such as fleet usage chargebacks. In February 2022, the Municipal

Subdistrict Board of Directors directed the indirect cost allocation methodology be implemented with the fiscal year 2023 budget.

Northern Water does not approve or modify the Municipal Subdistrict's budget, hold title to any of the Municipal Subdistrict's water rights, authorize issuance of Municipal Subdistrict's bonds or appoint the Municipal Subdistrict's Board or management. Therefore, the Municipal Subdistrict is not under control of Northern Water and is not included in Northern Water's financial reports. The Municipal Subdistrict's fiscal year end is September 30.

The Windy Gap Project

The Windy Gap Project is located just west of the Town of Granby on Colorado's Western Slope. It consists of a diversion dam on the Colorado River that creates a current active storage 255-acre-foot Windy Gap Reservoir, a pump plant and a six-mile pipeline to Lake Granby. This system was designed to deliver an average of 48,000 acre-feet of water annually, diverted primarily during the spring runoff season between April and July. During these periods of high flows in the Colorado and Fraser rivers, water is pumped from Windy Gap Reservoir to Lake Granby, where it is stored for delivery through the Colorado-Big Thompson Project (C-BT Project) facilities to water users on the Front Range.

Water Allotment Contracts

The Municipal Subdistrict has entered into water allotment contracts with each of the initial participants and participating transferees. Allotment contracts provide participants with their annually proportional share of Windy Gap Water. The Subdistrict has issued 480 units of water for the Windy Gap Project and each unit is equivalent to 1/480th of the Subdistrict Water supply annually made available by the Northern Water Board of Directors. Each water allotment contract requires participants to make annual payments equal to the corresponding share of the costs related to the Municipal Subdistrict's acquisition of water rights and operation, maintenance and replacement of Windy Gap Project features, as well as carriage charges to Northern Water and Reclamation for using the C-BT Project for storing and delivering Windy Gap water.

A benefit to Municipal Subdistrict allottees is that allotment contract holders are granted total consumptive use of their Windy Gap water. Allottees can use and reuse Windy Gap water because it is imported water not native to the South Platte Basin. After first use within Municipal Subdistrict boundaries, participants may lease, transfer or sell the reuse or successive use rights for use within or outside Municipal Subdistrict boundaries.

Carriage Contract

The Municipal Subdistrict has a Carriage Contract with Reclamation and Northern Water specifying how Windy Gap water will be stored and carried to the East Slope through the C-BT Project using the unused capacity of the existing C-BT Project's storage and conveyance facilities. Windy Gap's largest annual operating expense is carriage charges, which is 55 percent of the operating budget or \$4.0 million.

In-lieu Deliveries

In abnormally dry years, water may not be available because other water users in the Colorado River hold water rights senior in priority to Municipal Subdistrict's water rights. In abnormally wet years, storage space may not be available in Lake Granby. Pursuant to the Carriage Contract and the related Integrated Operations Criteria, C-BT system water may be delivered by the Municipal Subdistrict in-lieu of Municipal Subdistrict water during times when water would not otherwise be available. In-lieu deliveries are subject to requirements, including replacement water to assure C-BT system beneficiaries are not injured as the result of in-lieu deliveries. The use of unused capacity/in-lieu cost for fiscal year 2024 will be \$37.15 per acre-foot.

HISTORY

A Coalition of Six Cities

Formal efforts to develop and construct the Windy Gap Project began in the summer of 1967 when Longmont Mayor Ralph Price filed for water rights on the Colorado River near Granby. Price was acting as trustee for a coalition of six Northern Colorado cities: Boulder, Estes Park, Fort Collins, Greeley, Longmont and Loveland.

A Geologic Cut Called Windy Gap

The Windy Gap Project the coalition pursued is located on the West Slope near a natural geologic cut called Windy Gap, just below the confluence of the Colorado and Fraser rivers. The cities envisioned Windy Gap as a water source to meet the future needs of the rapidly growing Northern Front Range. After studying growth rates and water supply demand projections, the six cities chose to pursue the Windy Gap Project to meet their future municipal needs.



Construction of Windy Gap Reservoir.

Municipal Subdistrict Formed

In 1969, the participants realized that the work and expertise needed to build the Windy Gap Project required a stronger organization than they could provide independently. The Municipal Subdistrict was formally established on July 6, 1970, with the same powers and legal standing as the parent Northern Water. Following completion and approval of an Environmental Impact Statement and acquisition of 23 permits and licenses, Windy Gap Project construction began in July 1981. The Windy Gap Project was completed in 1985 and began delivering water to Municipal Subdistrict allottees in July.

Today, the Windy Gap Project consists of a diversion dam on the Colorado River that creates the current active storage 255-acre-foot Windy Gap Reservoir, a pump plant and a six-mile pipeline to Lake Granby.

Windy Gap Project Mitigation

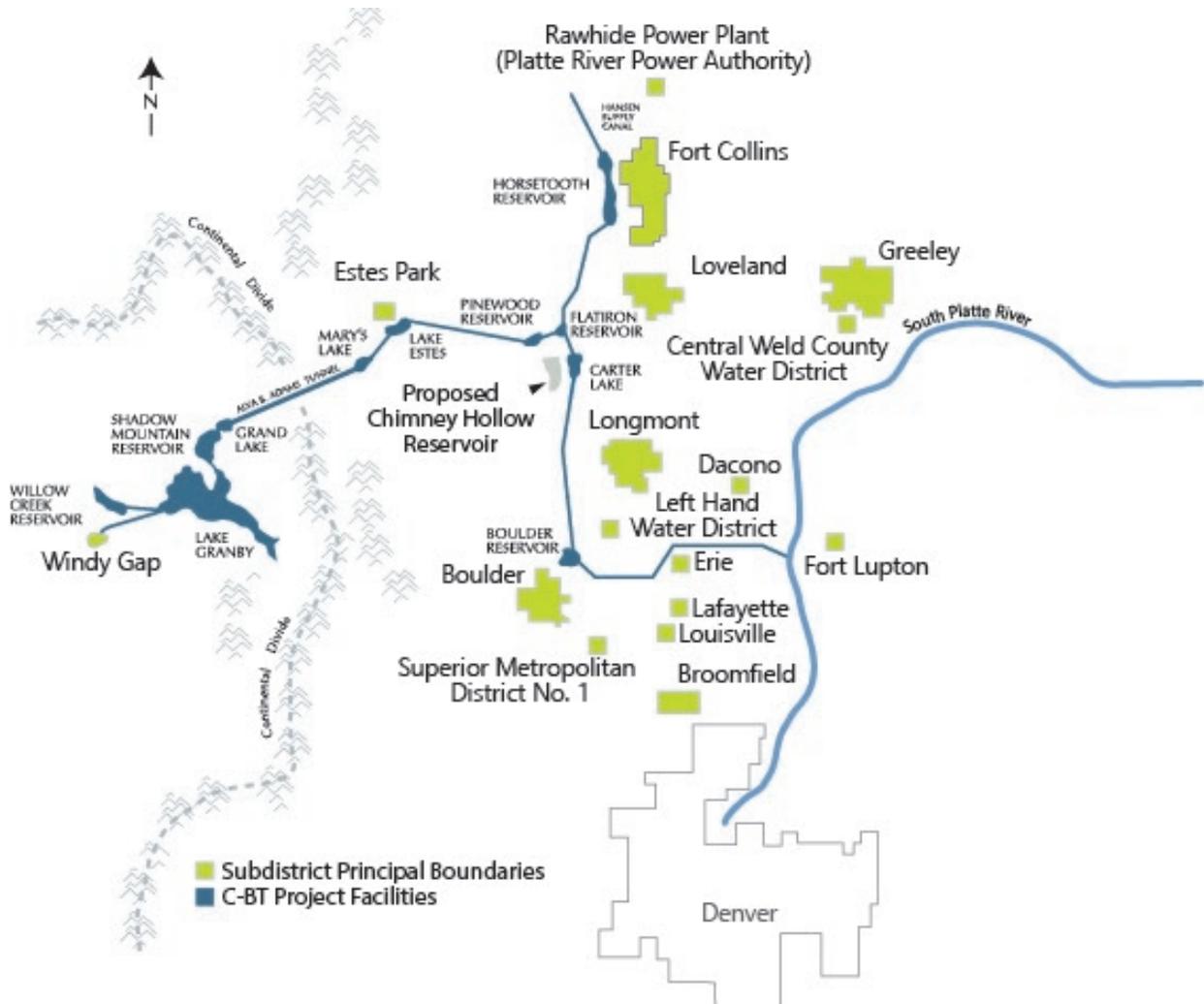
The Municipal Subdistrict is required by the Water Conservancy Act to design, construct and operate the Windy Gap Project in a manner that will not impair the Colorado River Basin or increase costs to its water users. To satisfy the requirement of the 1981 Environmental Impact Statement, the Municipal Subdistrict provided mitigation measures and additional benefits to the West Slope. These included:

- \$10.2 million payment to the Colorado River Water Conservation District used as seed money to construct Wolford Mountain Reservoir
- \$550,000 to the U.S. Fish and Wildlife Service for endangered fish species studies
- \$500,000 to upgrade and provide new irrigation pumpers in the vicinity of Kremmling Colorado
- \$420,000 to Hot Sulphur Springs for upgrading water and wastewater treatment facilities

Windy Gap Firming Project

The Windy Gap Firming Project is being implemented to provide more reliable Windy Gap water deliveries. The Windy Gap Firming Project will include a 90,000-acre-foot reservoir at Chimney Hollow in the foothills west of Carter Lake. Not all the owners of the Windy Gap Project are participating in the Windy Gap Firming Project. The City of Boulder and Town of Estes Park own Subdistrict units but are not participating in the Windy Gap Firming Project because they have other storage for Subdistrict water or other water supplies that currently meet their needs. The City of Dacono and towns of Firestone and Frederick also purchased Subdistrict units after Windy Gap Firming Project storage was allocated and so are not participating in the project. The final federal permit needed to construct the Chimney Hollow Reservoir was signed on May 17, 2017. Groundbreaking for the project was on August 6, 2021, and construction began on August 16, 2021. Construction is anticipated to take approximately 48 months.

SERVICE AREA AND PARTICIPANTS



Windy Gap Participants	Water Units	Percentage
Platte River Power Authority	110	22.9%
Longmont	80	16.7%
Broomfield	56	11.7%
Greeley	49	10.2%
Loveland	40	8.3%
Boulder	37	7.7%
Erie	20	4.2%
Little Thompson Water District	19	4.0%
Superior Metro District No. 1	15	3.1%
Fort Lupton	13	2.7%
Louisville	9	1.9%
Berthoud	8	1.7%
Frederick	7	1.5%
Firestone	5	1.0%
Dacono	5	1.0%
Lafayette	3	0.6%
Estes Park	3	0.6%
Central Weld County Water District	1	0.2%

LARGEST EMPLOYERS

Rank	Larimer County Employer	Employment
1	Colorado State University	7,554
2	UC Health: Poudre Valley Hospital	7,520
3	Poudre School District	4,176
4	Thompson School District R2-J	2,399
5	Larimer County	2,048
6	City of Fort Collins	2,000
7	Columbine Health Systems	1,690
8	Banner Health: McKee Medical Center	1,530
9	Broadcom Inc.	1,500
10	Woodward Inc	1,300
Sum of largest employers		31,717
Full labor force December 2021		212,087

Rank	Weld County Employer	Employment
1	JBS Swift Beef Company	6,000
2	Banner Health: Northern Colorado Medical Center	3,560
3	Vestas	2,710
4	Greeley/Evans School District 6	2,258
5	Weld County Government	1,823
6	University of Northern Colorado	1,488
7	City of Greeley	1,145
8	UC Health	1,060
9	State Farm Insurance	950
10	Aims Community College	934
Sum of largest employers		21,928
Full labor force December 2021		168,716

Rank	Boulder County Employer *	Employment
1	Medtronic PLC	2,530
2	Boulder Community Health	1,950
3	Ball Aerospace & Technologies Corp.	1,780
4	Seagate Technology	1,600
5	Google	1,500
6	Good Samaritan Medical Center	1,450
7	IMB Corporation	1,280
8	Centura Health: Longmont United and Avista Adventist Hospitals	1,210
9	Sierra Nevada Corporation	800
10	Kaiser Permanente	760
Sum of largest employers		14,860
Full labor force December 2020		201,999

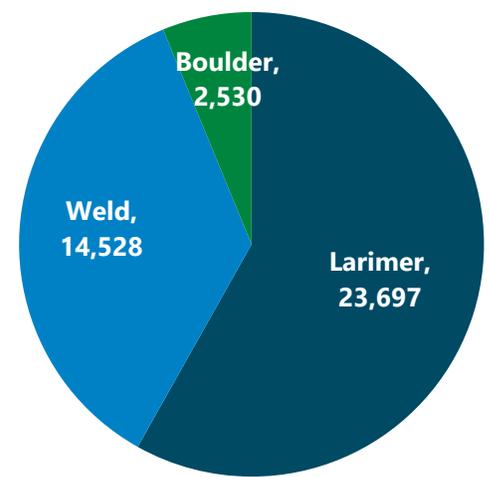
Rank	Broomfield City and County Employer	Employment
1	Lumen (formerly CenturyLink)	1,800
2	Oracle	1,650
3	SCL Health Revenue Service Center	1,550
4	Ball Corporation	1,100
5	Hunter Douglas Window Fashions	950
6	City and County of Broomfield	900
7	Vail Resorts	750
8	Danone Wave Foods	600
9	Broadcom, Inc.	500
10	VMware	450
	Crocs	450
Sum of largest employers		10,700
Full labor force December 2021		42,050

Source of largest employers: Reporting Entity 2022 Annual Comprehensive Financial Report

* Source of largest Boulder County Employer: 2022 Annual Comprehensive Financial Report, private employers only

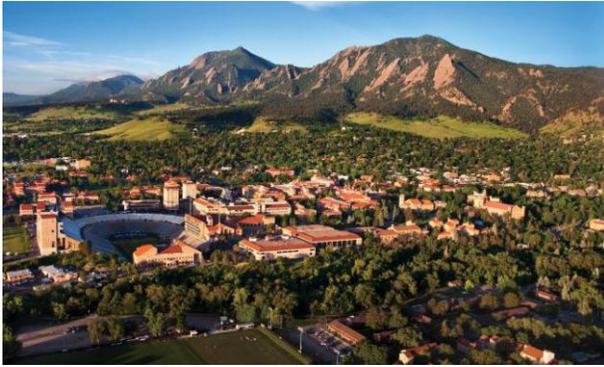
Top Ten Employers – Combined

Rank	Employer	County	Employment
1	Colorado State University	Larimer	7,554
2	UC Health: Poudre Valley Hospital	Larimer	7,520
3	JBS Swift Beef Company	Weld	6,000
4	Poudre School District	Larimer	4,176
5	Banner Health	Weld	3,560
6	Vestas	Weld	2,710
7	Medtronic PLC	Boulder	2,530
8	Thompson School District R2-J	Boulder	2,399
9	Greeley/Evans School District 6	Weld	2,258
10	Larimer County	Larimer	2,048
Sum of largest employers			40,755



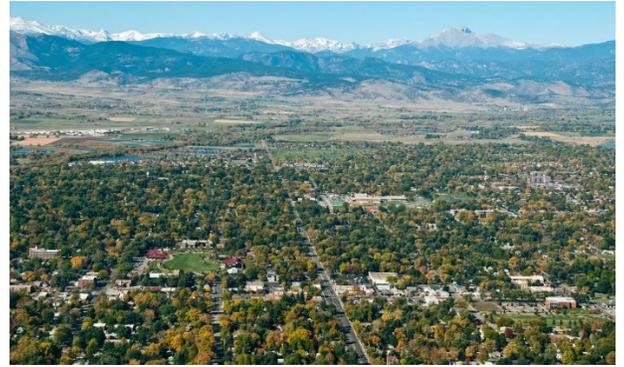
■ Larimer ■ Weld ■ Boulder

LARGEST PROJECT PARTICIPANTS



City of Boulder

Established	1871
Estimated Populations for 2022	107,000
Unemployment Rate for 2021	3.5%
Per Capita Income for 2021	\$89,593
Land Area (square miles)	26



City of Longmont

Established	1871
Estimated Populations for 2022	101,764
Unemployment Rate for 2022	2.2%
Per Capita Income for 2022	\$89,593
Land Area (square miles)	22



City and County of Broomfield

Established	2001
Estimated Populations for 2022	76,121
Unemployment Rate for 2022	2.6%
Per Capita Income for 2022	\$76,121
Land Area (square miles)	33.6



City of Greeley

Established	1870
Estimated Populations for 2021	113,906
Unemployment Rate for 2021	3.8%
Per Capita Income for 2021	\$56,553
Land Area (square miles)	30

Sources: Municipal Annual Consolidated Financial Report (Most Recent Data Available)



City of Loveland

Established	1881
Estimated Populations for 2022	82,788
Unemployment Rate for 2022	5.0%
Per Capita Income for 2022	\$73,907
Land Area (square miles)	35.5



Town of Erie

Established	1874
Estimated Populations for 2022	31,420
Unemployment Rate for 2022	2.7%
Per Capita Income for 2022	\$89,503
Land Area (square miles)	19.8



Platte River Power Authority

Established 1975
 Colorado political subdivision established to provide wholesale generation and transmission to municipal utilities of its owner communities – Estes Park, Fort Collins, Longmont and Loveland.



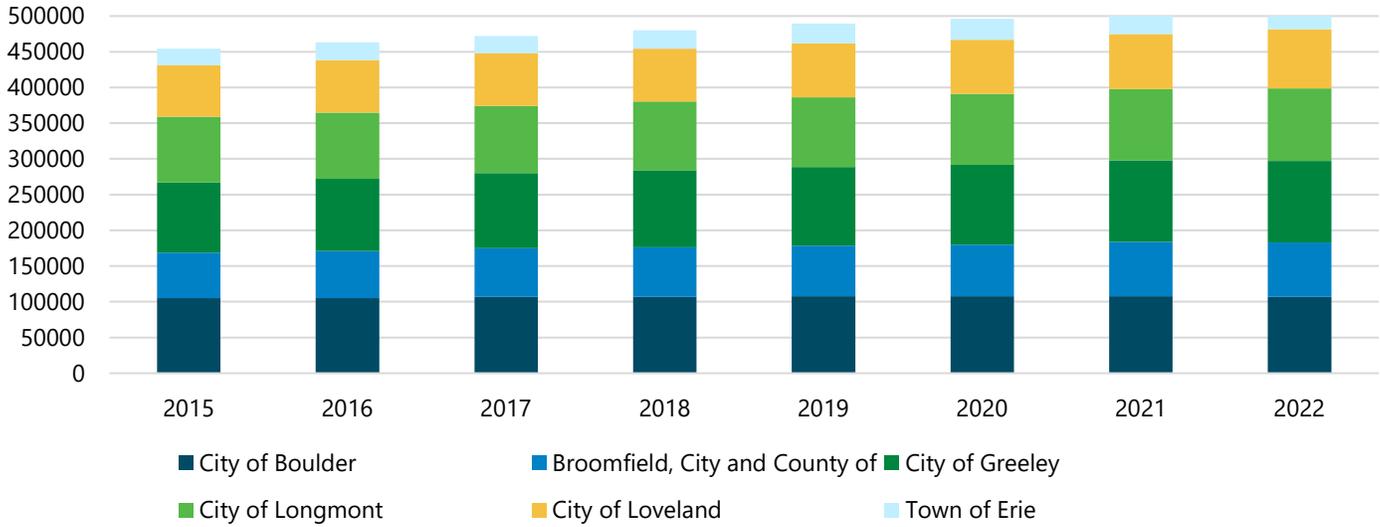
Little Thompson Water District

Established 1960
 Colorado special district established to provide high-quality drinking water to rural residents in a 300-square-mile services area in Larimer, Weld and Boulder counties.

Sources: Sources: Municipal Annual Consolidated Financial Report (Most Recent Data Available)

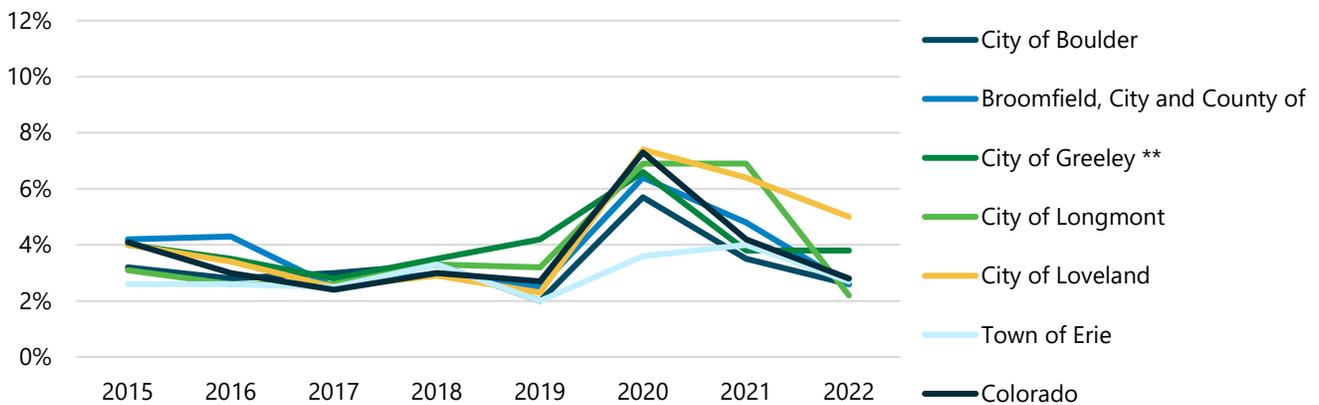
Population Trends

Six Largest Windy Gap Project Participants - Municipalities



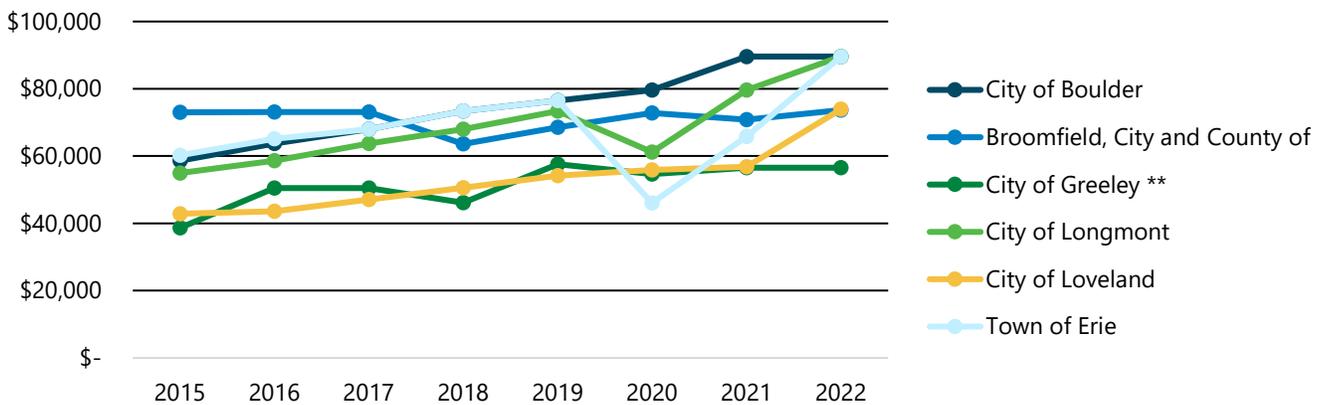
Unemployment Rate

Six Largest Windy Gap Project Participants Municipalities



Per Capita Income

Six Largest Windy Gap Participants Municipalities

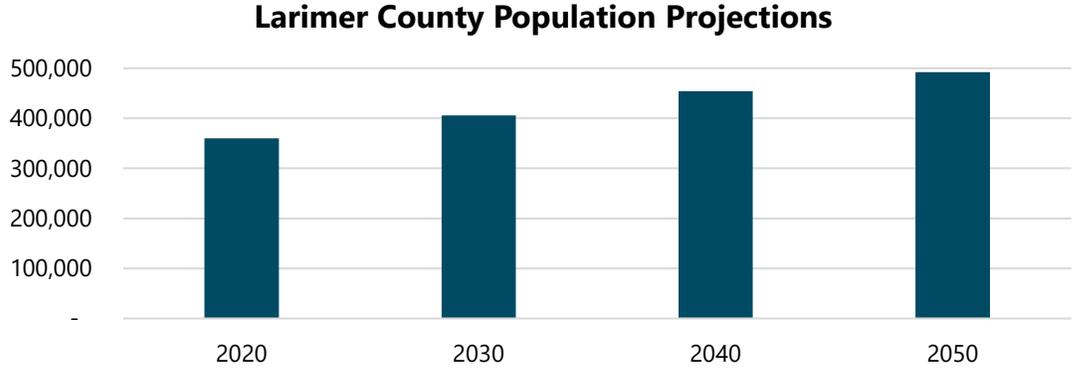


Sources: Colorado Department of Local Affairs, State Demography Office, County websites, Bureau of Labor Statistics, U.S. Census - extrapolated from 2010 by U.S. Census, County ACFRs. 2021 Municipal Consolidated Financial Reports. Greeley data based on 2020 Consolidated Financial Report.

POPULATION AND JOB TRENDS

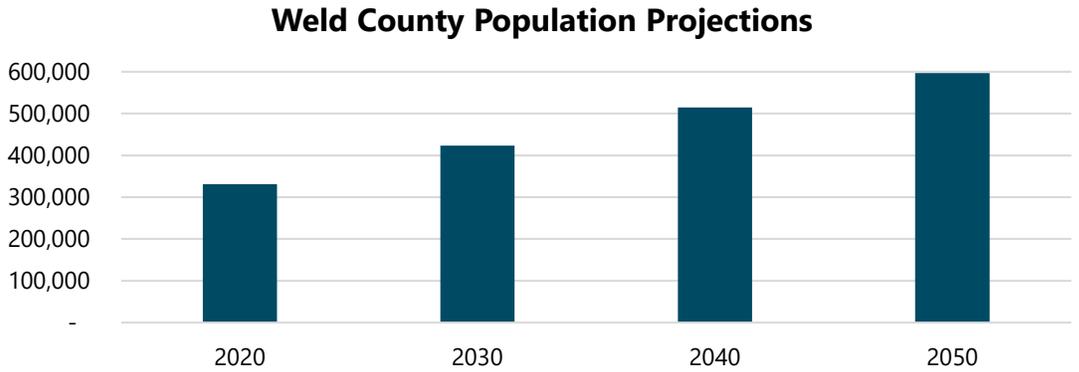
Larimer County

	Population
2020	359,920
2030	406,062
2040	453,945
2050	492,123



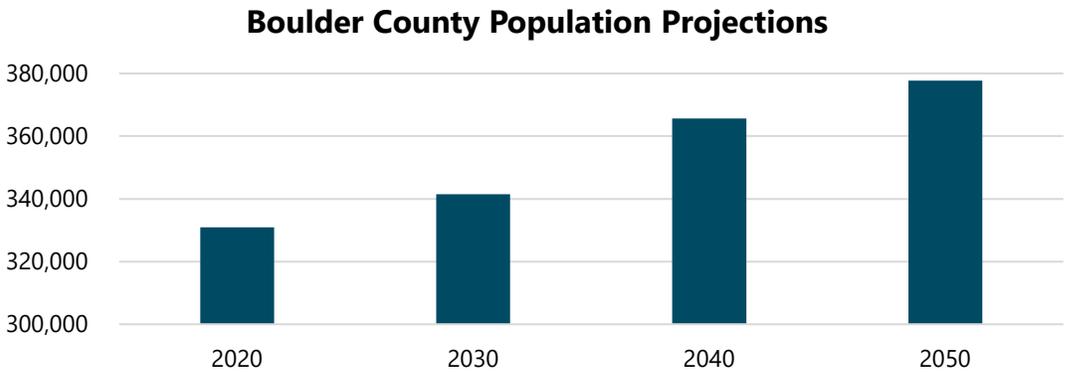
Weld County

	Population
2020	331,423
2030	423,208
2040	514,801
2050	597,004

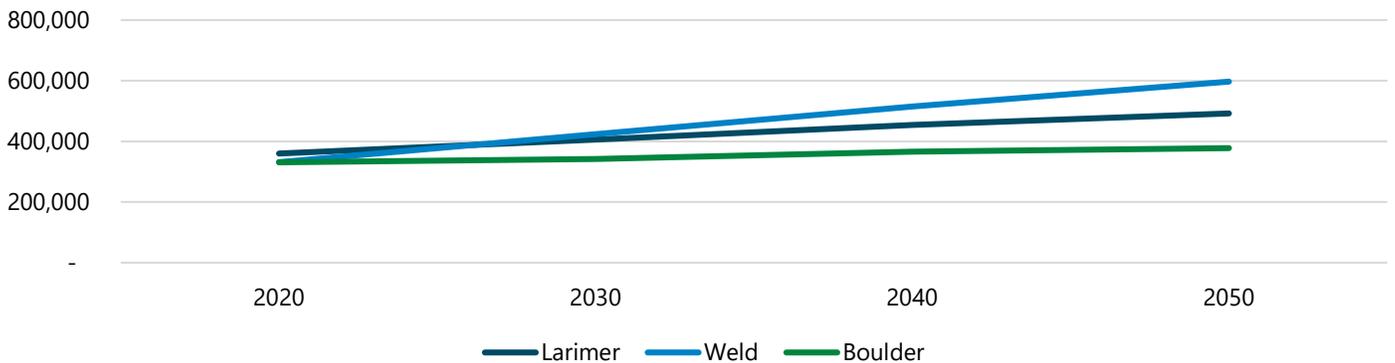


Boulder County

	Population
2020	330,923
2030	341,451
2040	365,616
2050	377,706



Projected Population of Larimer, Weld and Boulder Counties



BOARD OF DIRECTORS

The 13-member Board is responsible for establishing policy and strategic direction. Directors from the eight counties within the Municipal Subdistrict boundaries are appointed to four-year terms by district court judges. Three Board seats are up for appointment every year. When a director's term expires, he or she continues to serve until the judge reappoints or replaces him or her. The Municipal Subdistrict's Board officers are elected by the Board at its annual organizational meeting each October. The Board holds its public meetings twice a month. On September 28, 2023, a new Board member was appointed after the retirement of Mike Applegate.

Past Presidents

William D. Farr	1970-1995	25 years	Dennis Yanchunas	2013-2023	10 years
Ray Joyce	1995-2000	5 years			
Les Williams	2000-2013	13 years			

Current Board of Directors



Bill Emslie
President
Boulder County
Aug. 20, 2010 – Sept. 28, 2024



Dick Wolfe
Vice President
Broomfield County
April 7, 2022 – Sept. 28, 2025



Jennifer Gimbel
Larimer County
July 15, 2019 – Sept. 28, 2024



Sue Ellen Harrison
Boulder County
Sept. 28, 2009 – Sept. 29, 2026



Don Magnuson
Weld County
Sept. 28, 2004- Sept. 28, 2024



Gene Manuello
Logan County
Sept. 28, 2018 – Sept. 28, 2026



Rob McClary
Sedgwick County
Sept. 28, 2011 – Sept. 28, 2027



David Nettles
Weld County
Oct. 18, 2018 – Sept. 28, 2026



John Rusch
Morgan and Washington Counties
April 12, 2002 – Sept. 28, 2025



Dave Stewart
Larimer County
Sept. 28, 2023 – Sept. 28, 2027



Dale Trowbridge
Weld County
Aug. 15, 2014 – Sept. 28, 2027



Todd Williams
Boulder County
Sept. 28, 2017 – Sept. 28, 2025

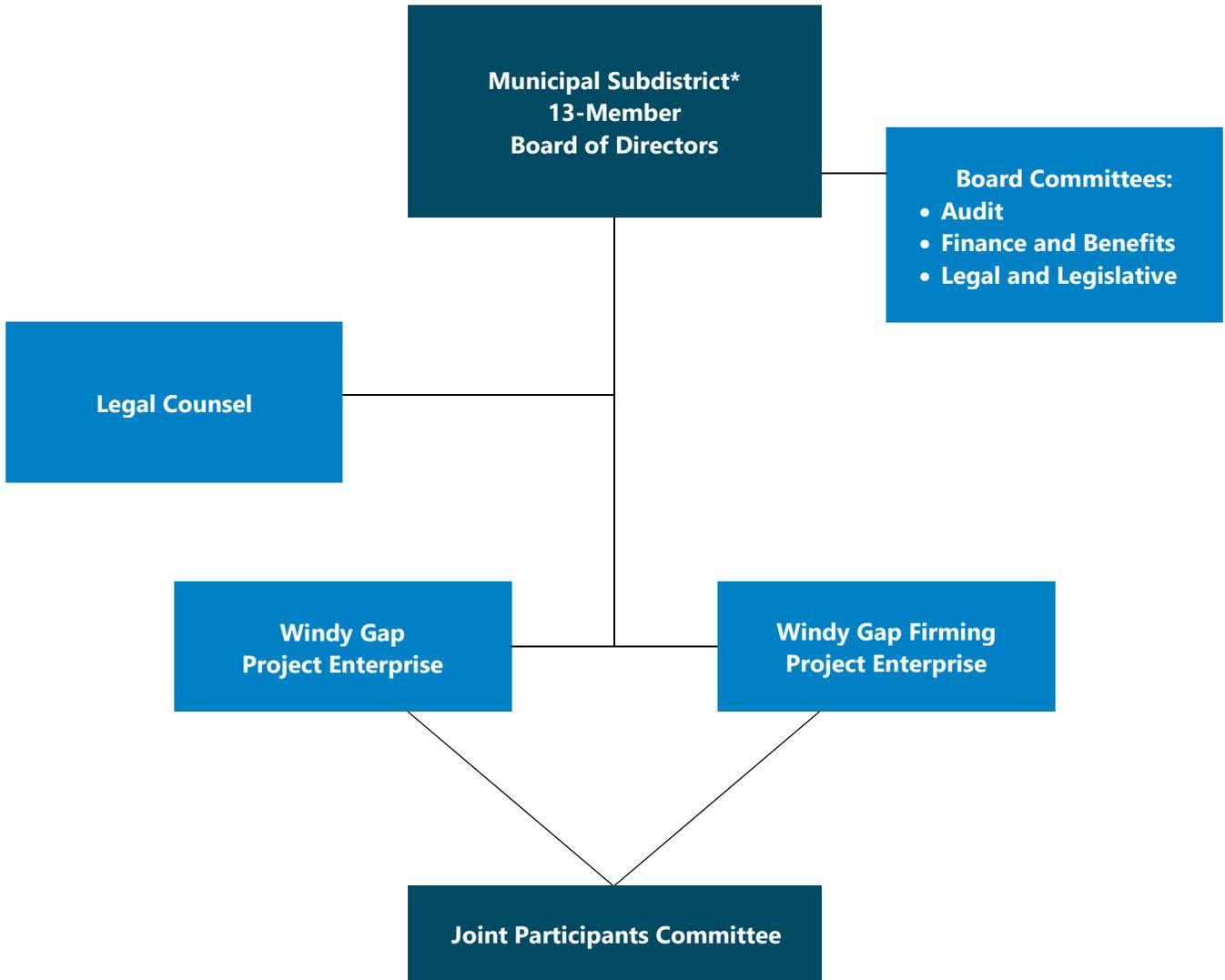


Dennis Yanchunas
Boulder County
Aug. 20, 2010 – Sept. 28, 2024



Mike Applegate
Larimer County
Sept. 28, 1991 – Sept. 28, 2023
Seated on the Board for budget adoption.
Mr. Applegate retired after 35 years of service to the Board in late September.

ORGANIZATIONAL CHART



*The Municipal Subdistrict has no full-time employees. All day-to-day functions are provided through an agreement with Northern Water.

*For convenience throughout this document, references to staff are Northern Water staff acting on behalf of the Municipal Subdistrict through this agreement.

OUR BUSINESS PLAN

The following mission, values, priorities and principles were developed by Northern Water and shared with the Municipal Subdistrict.

Our Mission

Provide water resources management, project operations and conservation services for project beneficiaries.

Our Vision

The Municipal Subdistrict will be a leader in ensuring a secure water future for Northern Colorado.

Our Priorities

- Collect and deliver water
- Protect and conserve water supplies
- Plan and implement new water supply projects
- Cultivate operational and organizational excellence
- Maintain and strengthen relationships

Our Values and Principles

- Collaborative, proactive and progressive leadership
- Water resources conservation
- Environmental stewardship
- Personal and corporate ethical integrity and professionalism
- Solution-oriented service
- Regional cooperation



BUDGET PROCESS

The budget process provides an opportunity to align short-term objectives and actions at the program level to the Municipal Subdistrict’s long-term mission and values. The Board, General Manager, Directors and staff participate in the development of the budget.

The budget is presented to the Board for consideration and adoption in August to align it with the adoption of water assessments which are also approved. The Board, at its regular meeting of May 11, 2023, appointed Bradley Wind, Jerry Gibbens, Sander Blackburn, Kristyn Persichitte-Unrein and Myles Baker as budget officers and directed them to prepare and submit the requisite budgets of Northern Water for fiscal year 2024. A notice is published, as required by law, in all the counties located wholly or partly within Northern Water boundaries stating the annual budget is available for inspection by the public, including the date and time for public hearing. This year’s budget review process included a Board workshop on June 29, 2023. The 2024 budget was prepared utilizing the accrual method of accounting. This is the same basis of accounting used for the Municipal Subdistrict’s audited financial statements.

Budget Schedule

Task	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct
Budget instructions issued to all department managers											
Formulate key goals and objectives											
Identify major budget assumptions											
Review and final recommendations of budget by Senior Management team											
Appointment of budget officers and prepare budget reports											
Deliver budget to the Board											
Board holds public hearing and adopts the budget											
File budget with the State of Colorado											

Amending the Budget

Senior Management is authorized to add or revise budget amounts between operating expenses and projects. Any revisions that exceed the total appropriation for the fund, must be approved by the Municipal Subdistrict Board. All contracts over \$100,000, whether budgeted or unbudgeted, must be authorized by the Municipal Subdistrict Board. Purchase of capital assets over \$100,000, whether budgeted or unbudgeted must be authorized by the General Manager.

FISCAL POLICIES

Balanced Budget

The Municipal Subdistrict has not adopted a fiscal policy on a balanced budget. The Municipal Subdistrict considers the budget to be balanced when the sources of funds equal the uses of funds. On occasion, the planned use of reserves, along with budgeted operating revenues are equal to or greater than budgeted expenditures.

Reserve Fund Policy

The Windy Gap Water Activity Enterprise Fund (Windy Gap Fund) accumulates reserves sufficient to pay operation, maintenance, pumping energy, capital additions and working capital. These reserves may be drawn upon if unusual or unplanned events occur, or they may not be used at all. In the future, the Board will review and update the types and amounts of the reserves.

The Windy Gap Fund practice is to maintain reserves that are sufficient to provide:

- 150 percent of expected operation and maintenance expenses
- 100 percent of the energy costs to pump 35,000 acre-feet of water
- Minimum of 360 unrestricted days cash on hand

Revenues

The Windy Gap Fund is fully funded through assessments for wholesale water provided by the Windy Gap Project.

Expenditures

The Municipal Subdistrict continues to find new ways to operate efficiently while setting high standards in maintaining its facilities.

Risk Management

The Municipal Subdistrict is exposed to various risks of loss related to torts, (Colorado Governmental Immunity Act limits general liability to \$387,000 per person and \$1,093,000 per occurrence) theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Municipal 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 years. The Municipal Subdistrict utilizes a third-party risk management consultant.

Investments

The Board established an Investment Policy Statement (IPS) for funds not used to meet current liquidity requirements. The purpose of the IPS is to establish the investment restriction standards, investment objectives, delegation of authority, prudence, ethics and conflicts of interest, authorized securities and transactions, portfolio maturities and liquidity, safekeeping and custody, portfolio performance and reporting. The investment objectives in order of priority are safety, liquidity, return and diversification.

Capital Policy

Assets that have a service life of more than one year and have an initial cost of \$5,000 or more are capitalized. Assets not meeting these criteria are expensed. Depreciation is computed using the straight-line method over the estimated useful life.

Basis of Accounting

The Municipal Subdistrict financial statements are prepared using the accrual basis of accounting with the economic resources measurement focus as prescribed by the Governmental Accounting Standard Board (GASB). Under this approach, all assets, deferred outflow of resources, liabilities and deferred inflow of resources are reported in the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Capital Contributions

Capital contributions consist of payments from participants for the funding of the Windy Gap Firing Project. Also, payments received for the Colorado River Connectivity Channel are accounted for as contributions. In the Statement of Revenues, Expenses and Changes in Net Position, capital contributions are recognized after nonoperating revenues.

In August 2021, the Windy Gap Firing Project enterprise secured financing for the Chimney Hollow project. Project costs, estimated at \$593.0 million, were fully funded through a combination of direct capital cash contributions from five participants, and pooled financing by the Municipal Subdistrict on behalf of the remaining participants. Capital cash contributions by the five participants, which included the City and County of Broomfield, Platte River Power Authority, the City of Loveland, the City of Longmont and Central Weld County Water District totaled \$299.8 million. The remaining seven participants joined in a pooled financing consisting of a bond offering and a subordinated loan (see page 49).

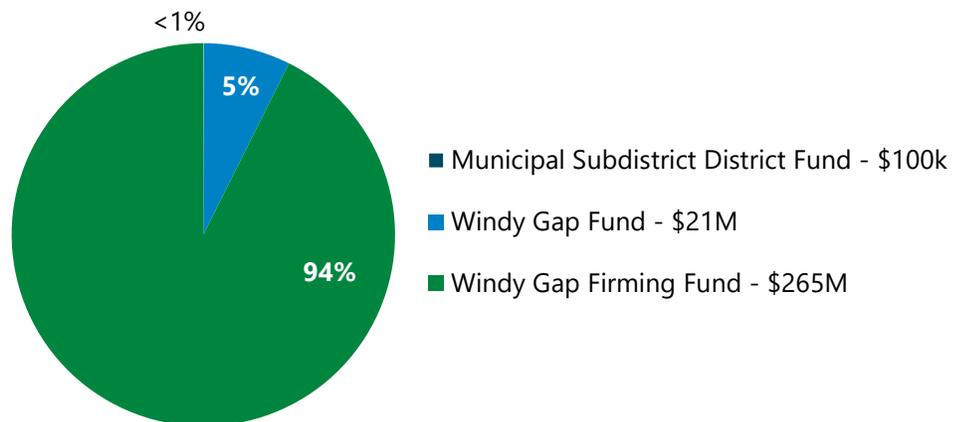
FUND STRUCTURE AND BUDGET APPROPRIATIONS – ALL FUNDS

The Municipal Subdistrict is comprised of three enterprise funds that use activities of the organization to track financial performance and budgetary oversight of its business-like operations. The two major enterprise funds, Windy Gap Water Activity and Windy Gap Firing Project Water Activity, account for the wholesale water operations of the Municipal Subdistrict. The other fund, Municipal Subdistrict District Fund, is the owner of the two water activity enterprise funds. For financial reporting purposes, the Municipal Subdistrict District Fund is included in the Windy Gap Water Activity Enterprise Fund statements. The two water activity enterprise funds are legally distinct and financially independent funds. Both have been established in accordance with Colorado Statutes, as “enterprises” and are excluded from the application of Article X, Section 20, of the Colorado Constitution.

Municipal Subdistrict Budget Appropriations by Fund



Percentage of Appropriation by Fund



ORGANIZATIONAL METRICS

The Senior Management team has begun to establish metrics to measure the major priorities established by the organization. These metrics will be continually developed and refined as we implement an updated strategic plan in 2023 and 2024. Following are the current measurements with explanation and analysis. These metrics do not currently encompass all details of the priorities but are just one of the many tools to ensure the organization is maintaining its priorities and commitments to serve the water needs of Northern Colorado.

Priority: Collect and Deliver Water

As a raw water supplier, it is incumbent that the Municipal Subdistrict deliver water to municipalities and water districts at a reasonable and consistent cost. As a result, one approach the organization has taken is to monitor and measure its efficiencies related to employees, assets, liabilities, debt, revenue and total expenses per average annual volume of water delivered measured in acre-feet. The efficiency metrics for the Windy Gap Water Activity Enterprise Fund include:

- Employees per thousand acre-feet delivered is intended to measure employee efficiency.
- Assets per acre-foot delivered includes all assets divided by water deliveries. This metric is an indicator of asset efficiency of water delivered.
- Liabilities per acre-foot delivered includes all liabilities divided by water deliveries. This metric is an indicator of liability efficiency of water delivered.
- Debt per acre-foot delivered includes all debt divided by water deliveries. This metric is an indicator of debt efficiency of water delivered.
- Revenue/receipts per acre-foot delivered includes all revenues, assessments, charges for services and other receipts divided by water deliveries. This metric is an indicator of revenue efficiency of water delivered.
- Total expenses per acre-foot delivered includes all Distribution and Collection Systems expenses and capital costs divided by water deliveries. This metric is an indicator of cost efficiency of water delivered.

Decreases from 2021 to 2022 were in part due to:

- Increased water deliveries from 11,545 acre-feet to 25,459 acre-feet.
- Increased liabilities and expenses associated with a growing organization.

Fiscal Year	2021	2022
Assets per acre-foot delivered	\$3,586	\$1,697
Liabilities per acre-foot delivered	\$598	\$235
Debt per acre-foot delivered	\$19,971	\$8,844
Revenue/receipts per acre-foot delivered	\$687	\$470
Expenses per acre-foot delivered	\$864	\$363

Sources: Acre-feet delivered reported in Northern Water 2022 Annual Comprehensive Financial Report. 2023 data not available at this time.

Priority: Maintain and Strengthen Relationships

Engaging with stakeholders and the public is an important piece of the Municipal Subdistrict’s goal to maintain and strengthen its relationships. Throughout the last two years, the Municipal Subdistrict has put a focus on pushing information through various channels.

Social Media

Public engagement and transparency are important to Senior Management and the Municipal Subdistrict Board of Directors. The Municipal Subdistrict uses social media as a tool to engage with our stakeholders and keep them current on organizational activities. In terms of social media, the Municipal Subdistrict measures impressions and engagement. Facebook accounted for 97 percent of the Municipal Subdistrict’s social media engagement.

<u>Fiscal Year</u>	<u>Impression</u>	<u>Engagement</u>
2021	55,322	5,857
2022	493,509	45,345
2023	999,273	83,561

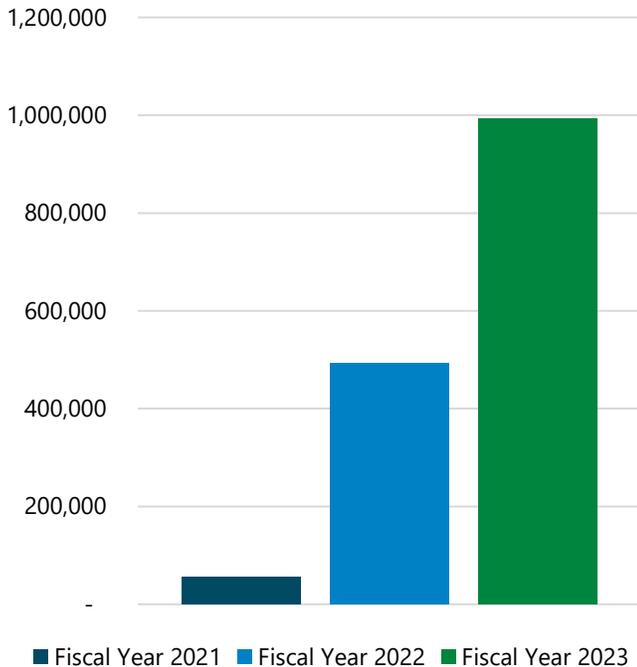
Impressions

Impressions are the number of times a person sees content across social media platforms (Twitter and Facebook). In fiscal year 2023, the Municipal Subdistrict’s total impressions was 992,273. This was an increase of 498,764 from fiscal year 2022. This increase is due to growing interest in the construction of the Chimney Hollow Reservoir and an increased effort to engage with the general public.

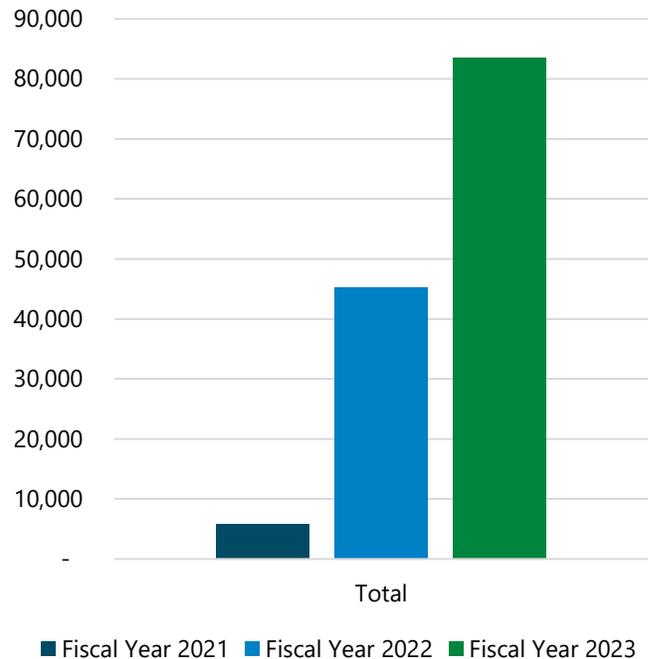
Engagement

Engagement is the number of times people comment, like or share content. Total social media engagement for fiscal year was 83,561, which was an increase of 38,216 or 84 percent. The most engagement came from Facebook, which accounted for 99 percent of all engagement. Just like Impressions, the engagement was due to interest in the continued construction on the Chimney Hollow Reservoir.

Subdistrict Social Media Impressions



Subdistrict Social Media Engagement



Website Analytics

The Municipal Subdistrict's Chimney Hollow Reservoir Project website is a useful tool to provide information to the public. It is a great source for news and information, project details, videos and more. The Municipal Subdistrict tracks the number of users, page views and duration of visits.

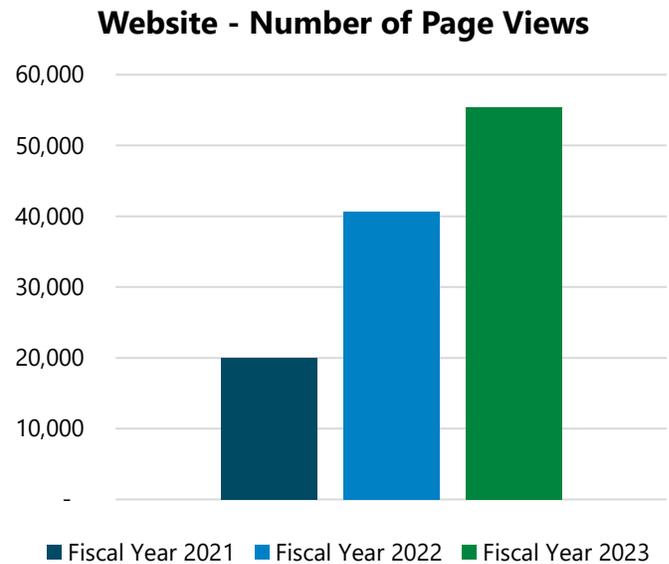
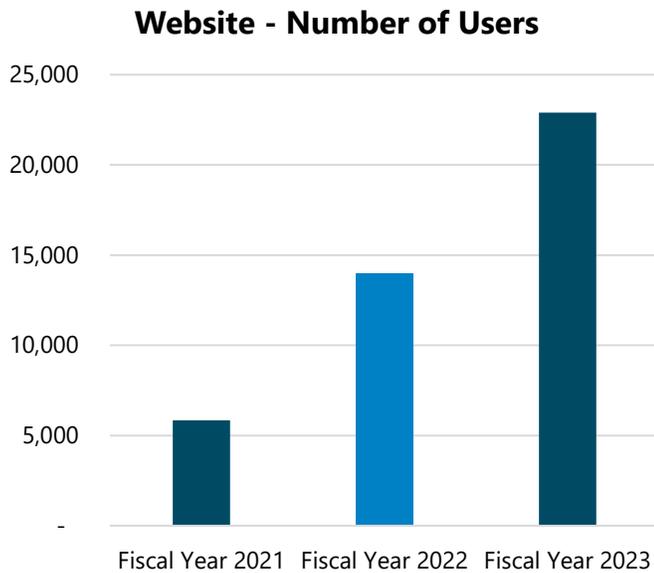
Users

The Municipal Subdistrict had 22,897 users visit the Chimney Hollow website in fiscal year 2023. This was an increase of 8,950 or 64 percent. There were 2.4 page views per user.

Page Views

In fiscal year 2023, website visitors accrued 55,368 page views, which was an increase of 14,710 or 36 percent.

Fiscal Year	Users	Page Views	Duration
2021	5,845	19,996	1.30
2022	13,947	40,658	1.32
2023	22,897	55,368	1.26



Priority: Protect and Conserve Water Supplies

Northern Water views water efficiency as an integral part of its management strategy with long-range planning that encourages appropriate stewardship of water resources. The supplemental water that is provided through the C-BT Project is diverted from the Colorado River. With known pressures on Colorado River water supplies, it is critically important that Northern Water makes the best use of this resource and support regional water resilience by promoting water efficient and drought tolerant landscapes. For example, we have developed metrics around public outreach, education and our water efficiency grant program to help measure a segment of our Protect and Conserve Water Supplies priority.

Environmental Services Outreach and Education

Public outreach and education are an important function of Environmental Services. These outreach opportunities are utilized to educate the public about water savings. In fiscal year 2023, the Environmental Services Department participated in 81 events. This is an increase of 19 from fiscal year 2022.

Environmental Services Impressions

In fiscal year 2023, Northern Water’s Environmental Services made 2,157 impressions at the various events. An impression in this case is the number of times we engage with people. This was an increase of 944 from fiscal year 2022. The annual goal is 1,000 impressions.

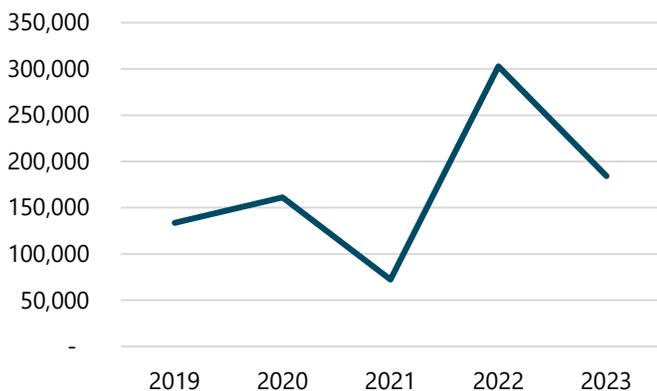
Fiscal Year	Events	Impressions
2021	51	900
2022	62	1,213
2023	81	2,157

Fund Landscape Conversion Projects to Low-Water Alternatives

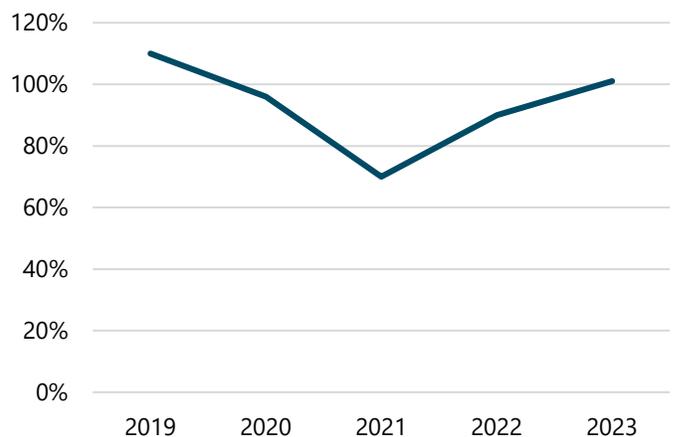
Northern Water offers grants to homeowners’ associations and public agencies to convert their landscape to low water alternatives. This is a competitive process and in fiscal year 2023, 101 percent of the budgeted grant money was distributed to fund the conversion of 184,058 square feet.

Fiscal Year	Square Feet	% of Budget Used
2019	133,445	110.0%
2020	161,120	96.0%
2021	72,303	70.0%
2022	302,803	90.0%
2023	184,058	101.0%

Low Water Landscape Conversions (Sq. Ft.)



Percent of Budgeted Grant Dispersed



Priority: Cultivate Operational and Organizational Excellence

The Municipal Subdistrict uses various financial ratios to measure organizational excellence, as well as the overall financial health. As a result, the organization monitors the following ratios for the Windy Gap Water Activity Enterprise Fund:

- Asset-to-Liabilities is a credit granting ratio that is useful in determining an organization's borrowing ability. Ideally the ratio should be at least 2.0 or higher.
- Debt-to-Assets is a leverage ratio that measures the degree to which an organization has used debt to finance its assets. The lower the ratio, the less debt that has been utilized to finance its assets.
- Operating Ratio is a ratio that measures an organization's operational efficiency.
- Current Ratio is a liquidity ratio that measures an organization's ability to pay short-term obligations.
- Current Assets as a Percent of Revenues is another liquidity ratio that measures an organization's ability to pay its obligations, particularly those resulting from unexpected events. The higher the current assets as a percent of revenue, the more capable the organization is of paying unforeseen events.

In comparing fiscal year 2021 to fiscal year 2022, there is an increase in the Assets-to-Liabilities. This is a result of increased investment balances.

Additionally, the Current Ratio decreased in fiscal year 2022 as compared to 2021 as a result of more cash being used toward expenses. Finally, the Current Assets as a Percent of Revenues decreased as a result of maintaining higher investment balances on hand and realizing less revenues.

Fiscal Year	2021	2022
Assets-to-Liabilities	6.0	7.2
Debt-to-Assets	5.5	5.2
Operating Ratio	1.3	0.8
Current Ratio	2.5	0.1
Current Assets as a Percent of Revenues	219.3%	252.2%

The Windy Gap Water Activity Enterprise Fund's liquidity position has historically been strong. At fiscal year-end 2022, unrestricted cash and investments totaled \$18.5 million, representing about 766 days of operating expenses on hand and during the past five fiscal years, this metric has been not lower than 400 days.

MUNICIPAL SUBDISTRICT DISTRICT FUND OVERVIEW

The Municipal Subdistrict District Fund, in accordance with Colorado statutes, is the owner of the Windy Gap Water Activity Enterprise Fund and the Windy Gap Farming Project Water Activity Enterprise Fund.

Budget Summary

	Fiscal Year 2022 Actual	Fiscal Year 2023 Budget	Fiscal Year 2023 Estimated Actual	Fiscal Year 2024 Budget	Dollar Change from Fiscal Year 2023 Budget	Percentage Change from Fiscal Year 2023 Budget
Beginning cash	\$20,282	\$22,529	\$24,383	\$76,676		
Sources of Funds						
Revenues						
Contributions	\$61,000	\$100,050	\$100,050	\$100,050	-	n/a
Earnings on investments	2	2	5,000	2	-	n/a
Total Sources	\$61,002	\$100,052	\$105,050	\$100,052	-	n/a
Balance sheet source (use)						
Total funds available	\$81,284	\$122,581	\$129,433	\$176,728		
Uses of Funds						
Expenses						
Board of Directors	\$56,901	\$100,050	\$52,757	\$100,050	-	n/a
Total Uses	\$56,901	\$100,050	\$52,757	\$100,050	-	n/a
Ending cash	24,383	22,531	76,676	76,678		
Total funds accounted for	\$81,284	\$122,581	\$129,433	\$176,728		
Board expenses						
FICA	\$1,580	\$2,200	\$918	\$2,200	-	n/a
Legal Fees	12,640	37,950	7,343	37,950	-	n/a
Directors' fees	25,200	28,800	28,800	28,800	-	n/a
Travel /lodging/meals/data	17,381	25,500	10,096	25,500	-	n/a
Bonds	100	5,600	5,600	5,600	-	n/a
Total	\$56,901	\$100,050	\$52,757	\$100,050	-	-



WINDY GAP WATER ACTIVITY ENTERPRISE FUND



Fund Overview

Windy Gap is self-supporting through water assessments. The purpose of Windy Gap is to account for the wholesale water activities of the Windy Gap Project which provides water supplies to Northern Colorado municipalities, rural domestic suppliers and industry. The Windy Gap Project consists of a diversion dam on the Colorado River, a pump plant and a pipeline to pump and transport diverted Windy Gap Project water to the C-BT Project for storage and distribution to the eighteen participants. Construction of the \$81.7 million Windy Gap Project commenced in July 1981 with operation commencing in July 1985. The fiscal year 2024 operating and capital budget totals \$20,955,236. This represents a decrease of \$1,732,768 or 7.6 percent from the fiscal year 2023 budget. The decrease is primarily due to a combination of a drop in Colorado River Connectivity Channel project costs and an increase in capital projects of \$887,000. Total revenues of \$16,745,410 represents a decrease of \$4,659,015 from the 2023 budget. The decrease was related to the lower contributions for the Colorado River Connectivity Channel in fiscal year 2024.

**Beginning Cash
and Reserves**
\$21,070,813

**Sources
of Funds**
\$16,745,410

**Uses
of Funds**
\$20,955,236

**Ending Cash
and Reserves**
\$17,110,987

Budget Summary

	Fiscal Year 2022 Actual	Fiscal Year 2023 Budget	Fiscal Year 2023 Estimated Actual	Fiscal Year 2024 Budget	Dollar Change from Fiscal Year 2023 Budget	Percentage Change from Fiscal Year 2023 Budget
Beginning Cash & Reserves						
Unrestricted	\$17,031,349	\$27,157,411	\$18,449,080	\$21,070,813		
Total	\$17,031,349	\$27,157,411	\$18,449,080	\$21,070,813		
Sources of Funds						
Revenue Sources						
Operating Revenues						
Water Assessments	\$6,336,467	\$6,233,000	\$6,385,354	\$6,307,071	\$74,071	1.2%
Other operating revenue	702	950	338,000	1,007	57	6.0%
Total operating revenues	\$6,337,169	\$6,233,950	\$6,723,354	\$6,308,078	\$74,128	1.2%
Other Revenues						
Earnings on Investments						
Other Nonoperating Revenue						
Intergovernmental Revenue -						
Connectivity Channel	4,606,393	14,820,000	14,820,000	9,742,000	(5,078,000)	-34.3%
Total other revenues	\$6,079,003	\$15,170,475	\$15,635,074	\$10,437,332	(\$4,733,143)	-31.2%
Contributions						
Colorado River Connectivity Channel	-	-	-	-	-	-
Total Contributions	-	-	-	-	-	-
Total Sources	\$12,416,171	\$21,404,425	\$22,358,428	\$16,745,410	(\$4,659,015)	-21.8%
Balance Sheet Source (Use)	6,613,529	-	-	-		
Total Funds Available	\$36,061,049	\$48,561,836	\$40,807,508	\$37,816,223		

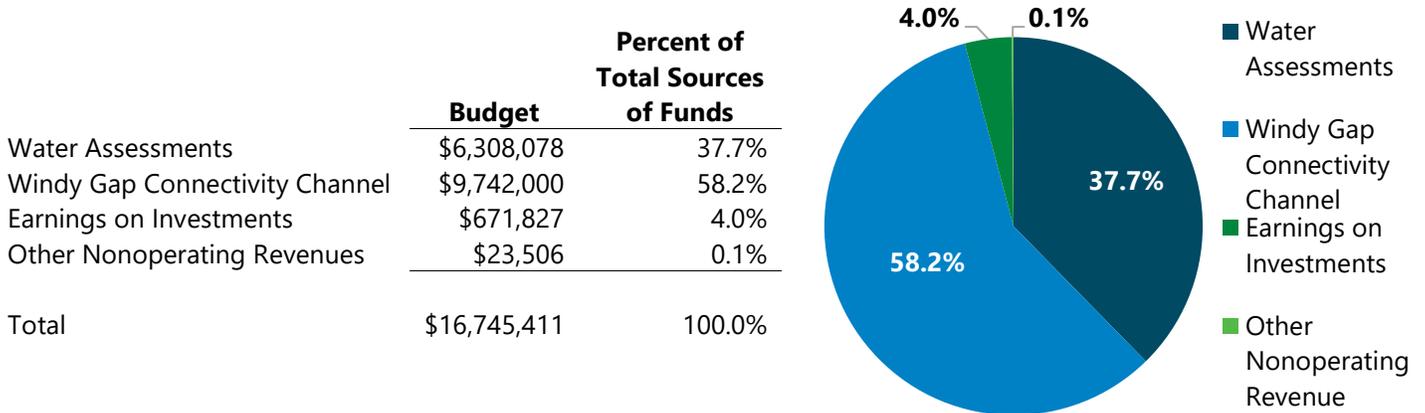
Budget Summary (continued)

	Fiscal Year 2022 Actual	Fiscal Year 2023 Budget	Fiscal Year 2023 Estimated Actual	Fiscal Year 2024 Budget	Dollar Change from Fiscal Year 2023 Budget	Percentage Change from Fiscal Year 2023 Budget
Uses of Funds						
Operating Expenses						
Carriage Delivery	\$3,757,326	\$4,027,850	\$4,153,051	\$4,125,350	\$97,500	2.4%
Pumping Energy and Wheeling	107,269	990,000	37,000	1,000,098	10,098	1.0%
Pump Plant and Pipeline	584,312	472,101	304,342	550,000	77,899	16.5%
Reservoir and Dam	39,078	25,000	50,000	35,000	10,000	40.0%
Programs	1,205,924	968,698	1,242,101	1,100,000	131,302	13.6%
Indirect Cost	-	-	338,000	338,000	-	n/a
Total Operating Expenses	\$5,693,909	\$6,483,649	\$6,124,494	\$7,148,448	\$326,799	5.0%
Capital - Projects	\$231,060	\$702,794	\$702,794	\$1,589,788	\$886,994	126.2%
Capital - CRCC	13,100,000	15,067,000	12,724,846	11,967,000	(3,100,000)	-20.6%
Project Studies	87,000	184,561	184,561	-	(184,561)	n/a
Contribution to Connectivity Channel	-1,500,000	-	-	-	-	n/a
Total Capital & Initiatives	\$11,918,060	\$15,954,355	\$13,612,201	\$13,556,788	(\$2,397,567)	-15.0%
Total Expenditures	\$17,611,969	\$22,438,004	\$19,736,695	\$20,705,236	(\$1,732,768)	-9.2%
Contingency Appropriation	-	250,000	-	250,000	-	n/a
Total Uses	\$17,611,969	\$22,688,004	\$19,736,695	\$20,955,236	(\$1,732,768)	-7.6%
Ending Cash & Reserves						
Unrestricted	\$18,449,080	\$25,873,832	\$21,070,813	\$17,110,987		
Total	\$18,449,080	\$25,873,832	\$21,070,813	\$17,110,987		
Total funds accounted for	\$36,061,049	\$48,561,836	\$40,807,508	\$38,066,223		

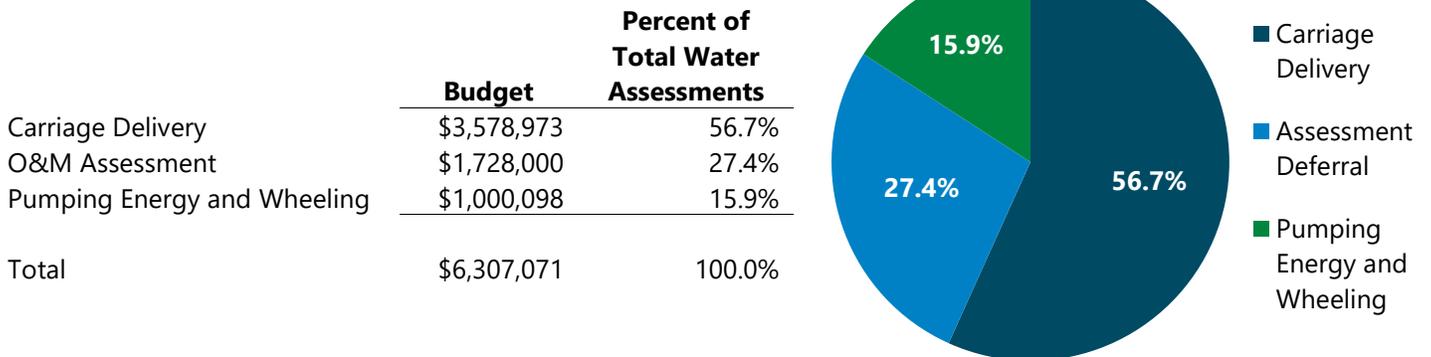
Revenues

Total revenues are expected to be \$16,745,410, which is a decrease of \$4,659,015 from the prior year budget mostly due to less contributions to the Colorado River Connectivity Channel in fiscal year 2024. Revenue from wholesale water assessments is estimated to increase by \$74,128 from the fiscal year 2023 budget. Water assessments are estimated on deliveries of 25,000 acre-feet in fiscal year 2024. Pumping energy and wheeling charges associated with pumping at the Windy Gap Pump Plant are projected to be \$28.00 per acre-foot on 35,000 acre-feet. For fiscal year 2024, the charge for the O&M Assessment will be \$36 per acre-foot of ownership in the Windy Gap Project. Other projected revenues for fiscal year 2024 will include \$9,742,000 to the Colorado River Connectivity Channel via intergovernmental revenues; interest earnings of \$671,827 and other income of \$23,506. A summary of total revenues is provided in the charts and graphs below.

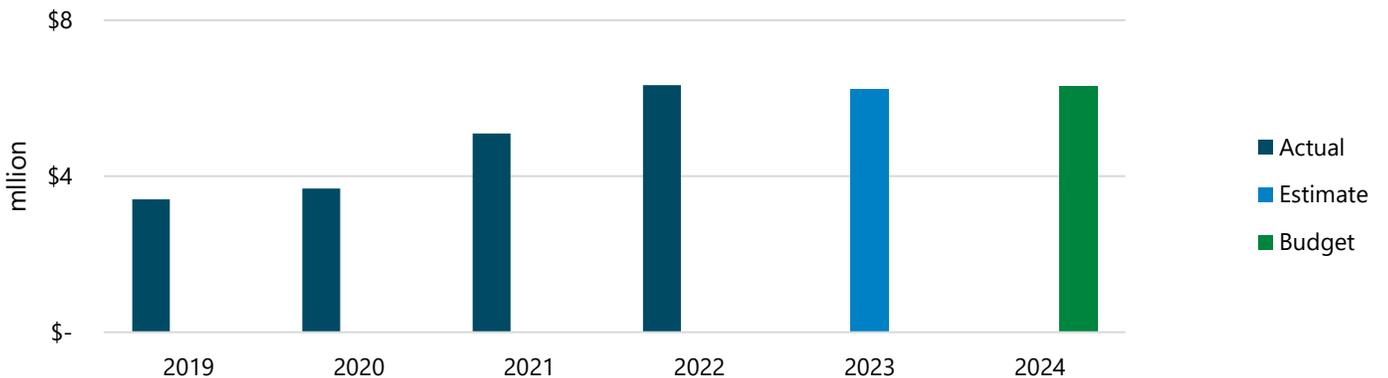
Municipal Subdistrict Fund Revenues



Water Assessments



Windy Gap Annual Assessments Revenues

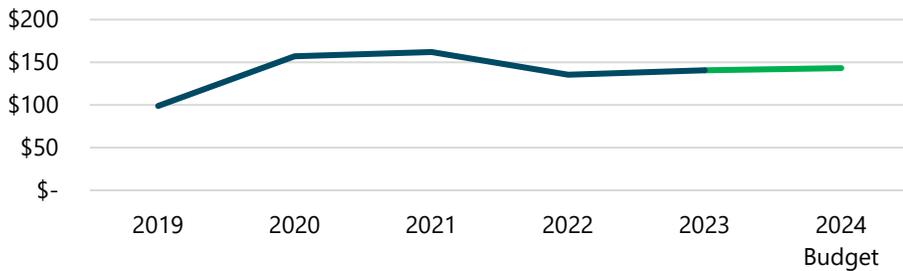


Carriage Delivery Assessment

The carriage delivery assessment is the charge to use the C-BT Project storage system and conveyance to transport Windy Gap Project Water from the West Slope of Colorado to the East Slope through C-BT Project facilities. For fiscal year 2024, the carriage delivery assessment is projected to be \$143.16 per acre-foot of water delivered. This charge is made up of three components: a) a Reclamation Operation, Maintenance and Recovery (OM&R) charge covering Reclamation’s costs to operate and maintain the joint works of the C-BT Project, including pumping at C-BT facilities; b) a Northern Water OM&R charge covering Northern Water’s costs to operate and maintain the joint works of the C-BT Project; and c) an Unused Capacity charge paid to Reclamation to recover previous and future capital costs of the C-BT Project. The OM&R charges are calculated each year based on the pro rata amount of Windy Gap Project Water and the total amount of water carried through the Adams Tunnel. When less water is carried through the tunnel, the Windy Gap Project Water becomes a larger percent of the total, resulting in a higher OM&R charge. The Reclamation OM&R charge is estimated to be \$18.95 per acre-foot in 2024. The Northern Water OM&R charge is estimated to be \$108.91 per acre-foot in 2024. The Unused Capacity charge will be \$37.15 per acre-foot in 2024 per the 2014 Carriage Contract and increases by 1.79 percent each year.

Fiscal Year 2024	Acre-Feet	Charge Per Acre-Foot Per Unit	Total
Carriage Delivery	25,000	\$143.16	\$3,579,000

Windy Gap Carriage Costs Per Acre-Foot

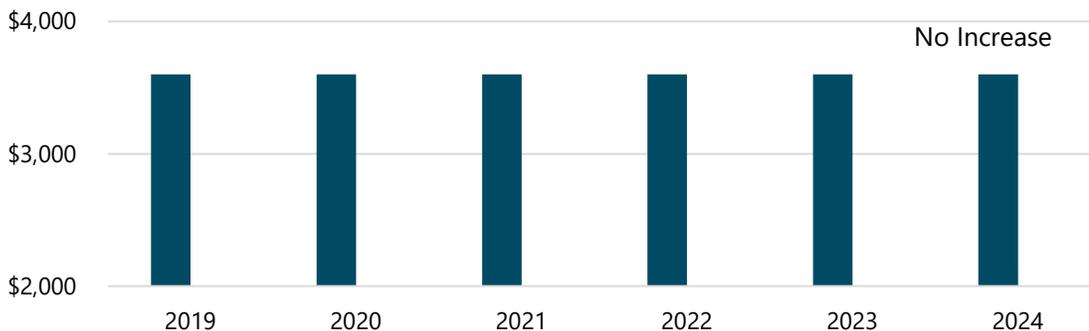


Operations and Maintenance Assessment

The operations and maintenance (O&M) assessment is used to support all program costs and to maintain and operate the pump station, reservoir and dam and stream gauging stations. For fiscal year 2024, the charge is \$3,600 per ownership unit of Windy Gap Project water, no change since fiscal year 2014. This O&M assessment is paid by participants regardless of whether or not the participant takes delivery of water. The Subdistrict is conducting a review to determine if the O&M Assessment should be increased to cover current operating costs. A summary of O&M assessment charges is provided in the table and chart below.

Fiscal Year 2024	Units	Per Acre-Foot	Total
O&M Assessment	3,600	\$36.00	\$1,728,000

Operations & Maintenance Assessment

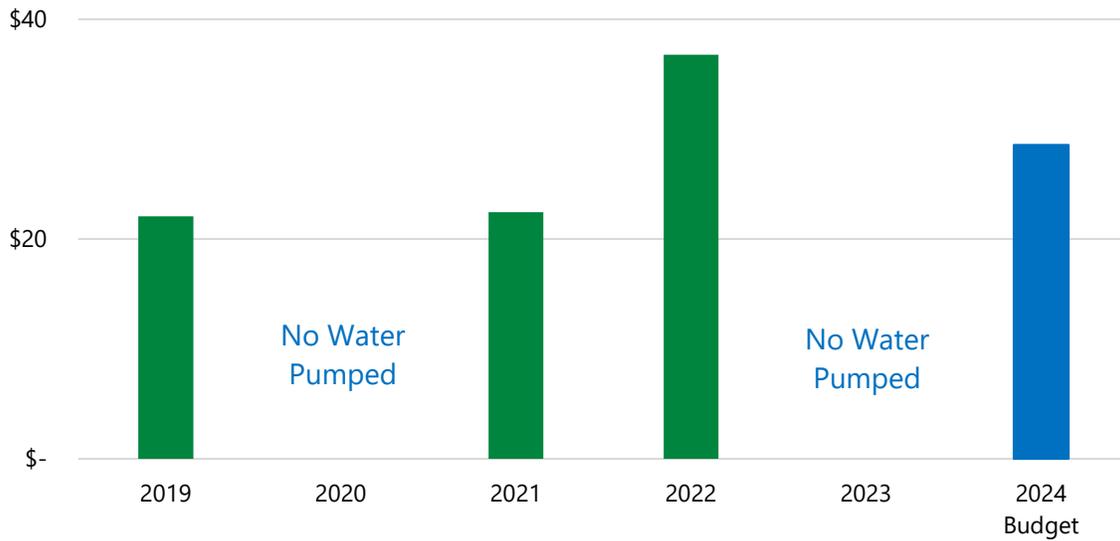


Pumping Energy/Wheeling

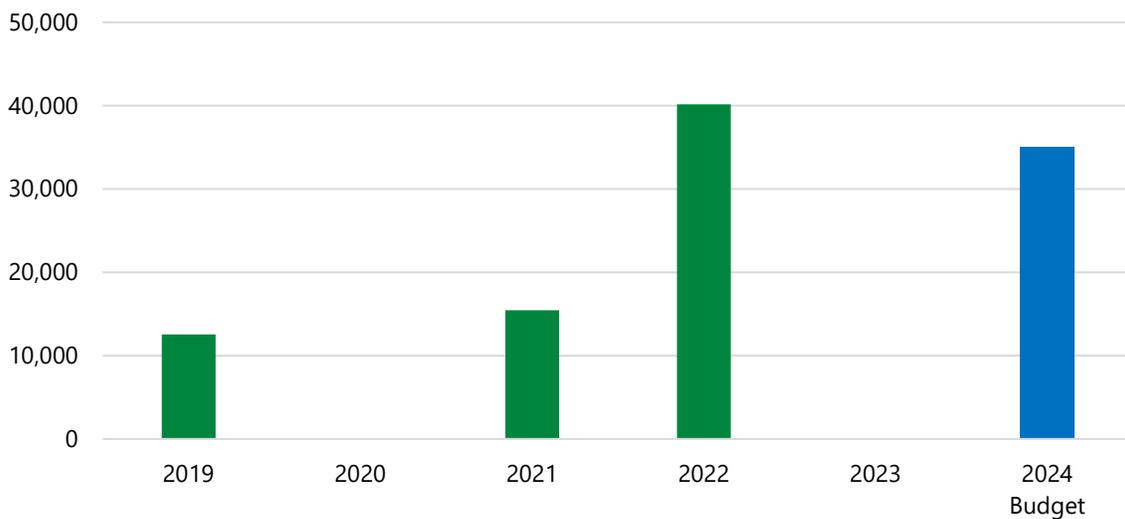
Energy and wheeling assessment are for pumping Windy Gap Project water primarily during April through June from the Windy Gap Reservoir on the Colorado River through a six-mile pipeline to Lake Granby. For fiscal year 2024, the charge is projected to be \$28.57 per acre-foot of water delivered. The amount of water pumped can vary annually based on hydrologic conditions and water storage. During the times when Windy Gap water is not available, C-BT Project water is delivered by the Municipal Subdistrict in-lieu of Municipal Subdistrict water. The in-lieu water deliveries must provide replacement water or can be met by certain C-BT system spill conditions. Also, Windy Gap Project water was spilled in 2011, 2014 and 2023 to increase capacity for C-BT system water. A summary of pumping energy/wheeling charges and pricing structure is provided in the tables and charts below.

Fiscal Year 2024	Units	Per Acre-Foot	Total
Pumping Energy/Wheeling	35,000	\$28.57	\$1,000,098

Energy Weighted Average Cost per Acre-Foot



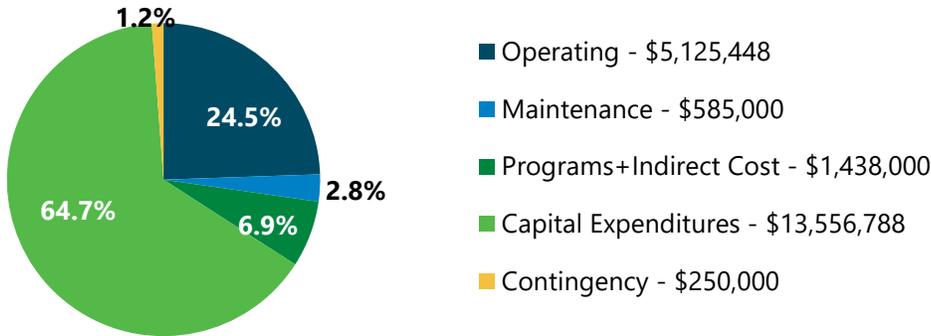
Water Pumped per Acre-Foot



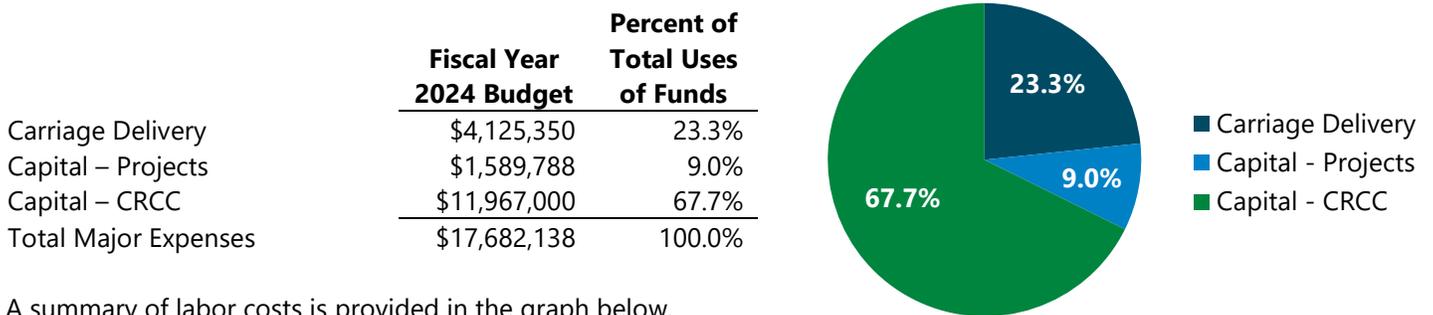
Expenses

The fiscal year 2024 Windy Gap budgeted expenses are \$20,955,236. The fiscal year 2024 budget represents a decrease of \$1,732,768 from the fiscal year 2023 budget of \$22,688,004. Operating and maintenance expenditures total \$5,710,448, a \$195,497 decrease from the 2023 budget. Program and indirect cost expenses are projected to be \$1,438,000. Capital additions total \$13,556,788, a decrease of \$2,397,567. The contingency of \$250,000 is unchanged from the 2023 budget. The Municipal Subdistrict has no full-time staff, and all personnel services are provided by Northern Water. The Municipal Subdistrict reimburses Northern Water for the actual time incurred spent on Windy Gap activities. Labor reimbursement costs are estimated to increase by \$90,208 compared to fiscal year 2023. This increased amount is immaterial and consistent with fiscal year 2023.

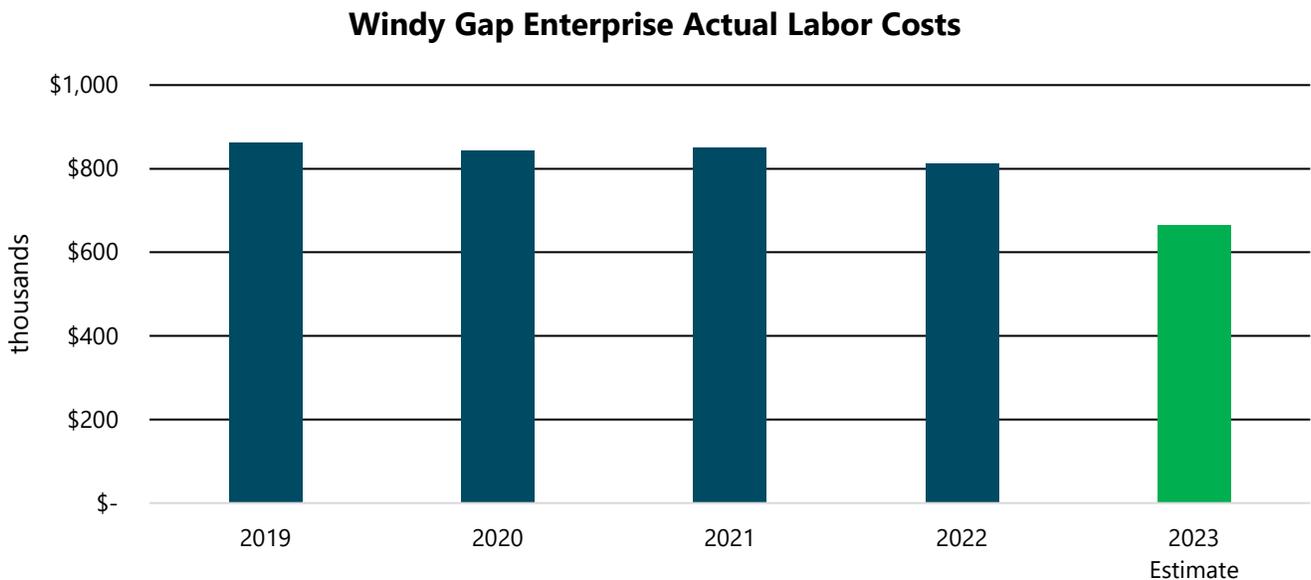
A summary of the total expenditures is provided in the graph below.



A summary of total expenditures by major expense categories is provided in the chart and graph below.



A summary of labor costs is provided in the graph below.

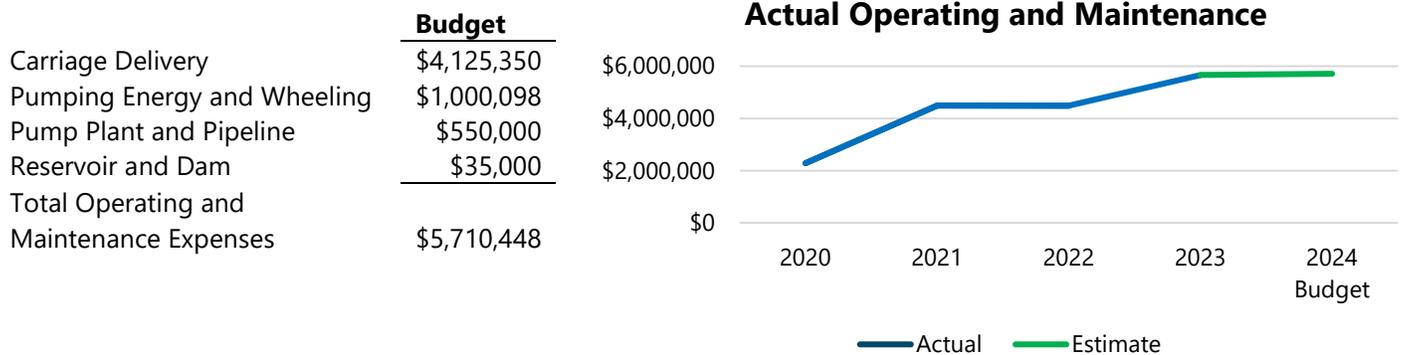


Operating and Maintenance

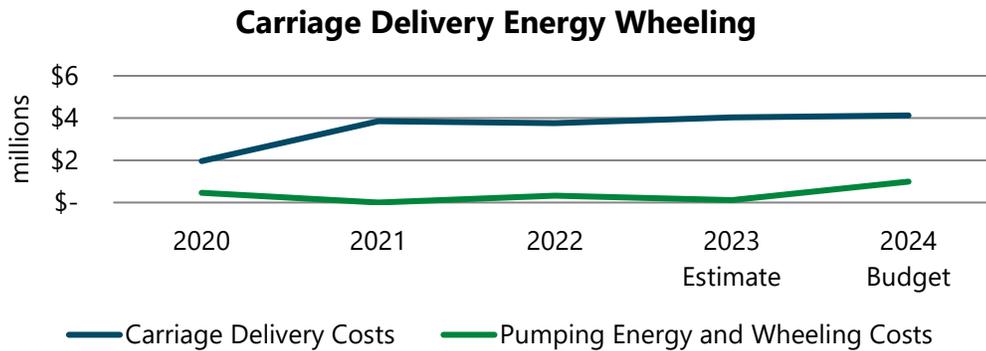
Carriage expenses for the use of the C-BT Project conveyance and storage system to deliver Windy Gap water are expected to be similar compared to fiscal year 2023 budget.

Carriage delivery and pumping energy and wheeling are operating expenses driven by volume of water pumped and delivered. Energy and wheeling costs for pumping 35,000 acre-feet of water are projected to be \$1,000,098, an increase of \$10,098 from the 2023 budget.

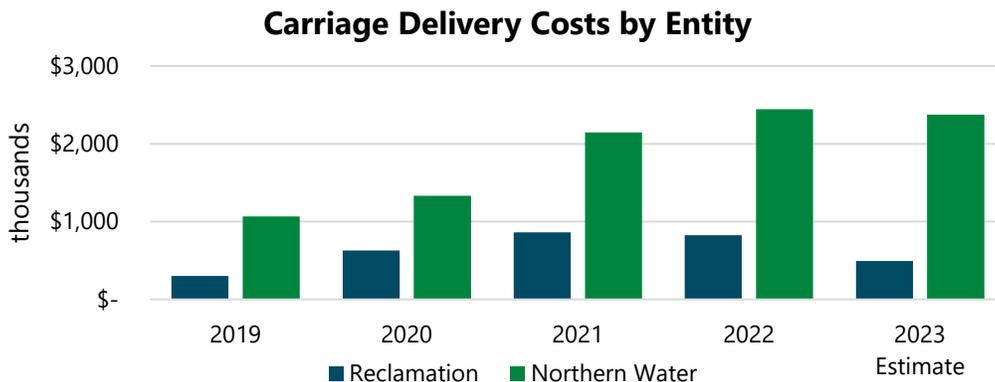
A summary of the operating and maintenance expenses (27.3 percent of the total uses of funds) is provided in the table and chart below.



A summary of carriage delivery costs and pumping energy and wheeling costs is provided in the charts below.

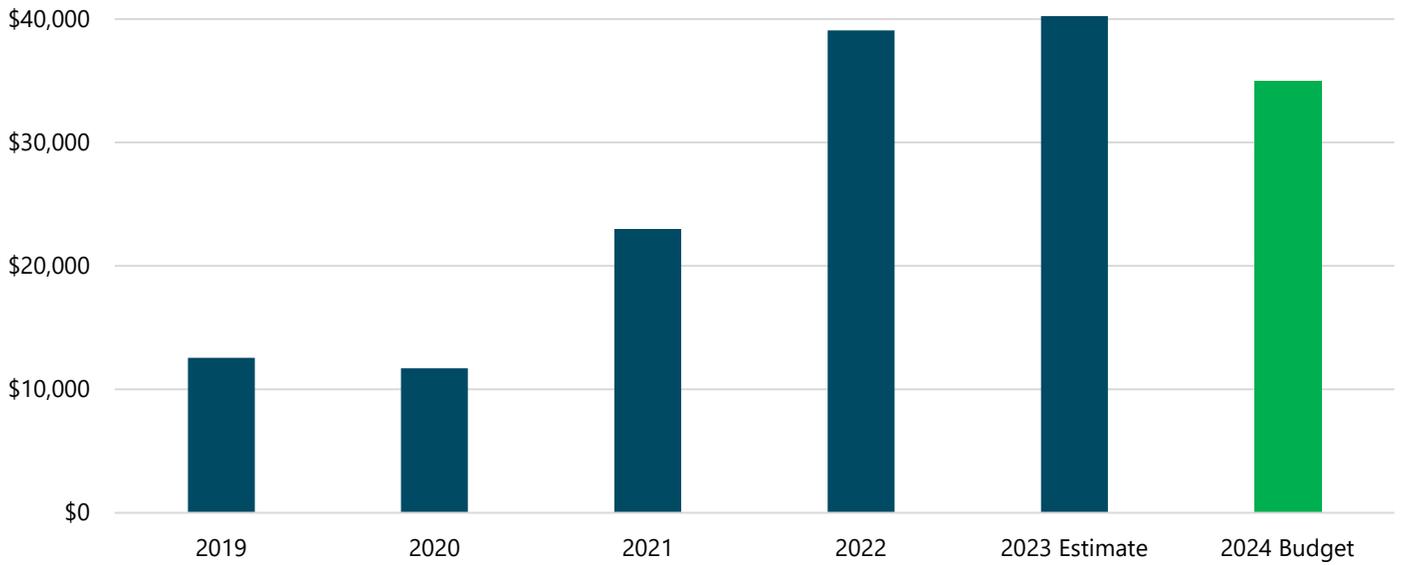


Carriage and delivery costs are paid to Northern Water and Reclamation who both promote operations and maintenance services to the Municipal Subdistrict.

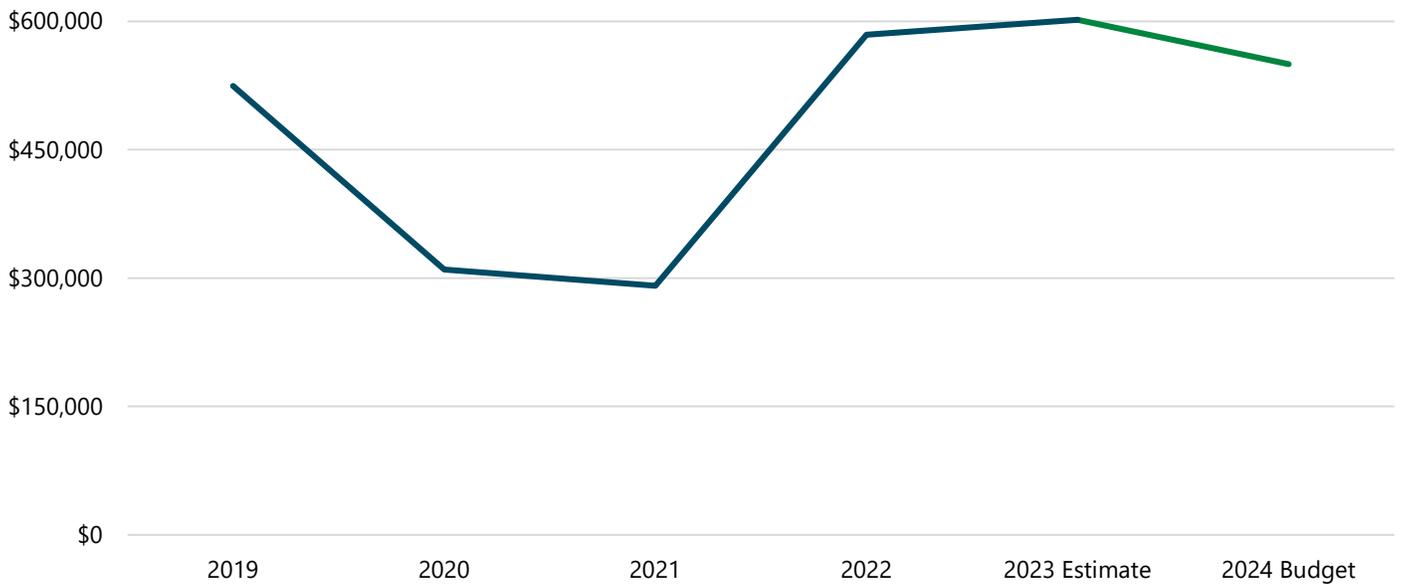


A summary of pump plant, pipeline and reservoir and dams' expenses are provided in the charts below.

Reservoir and Dam Expenses



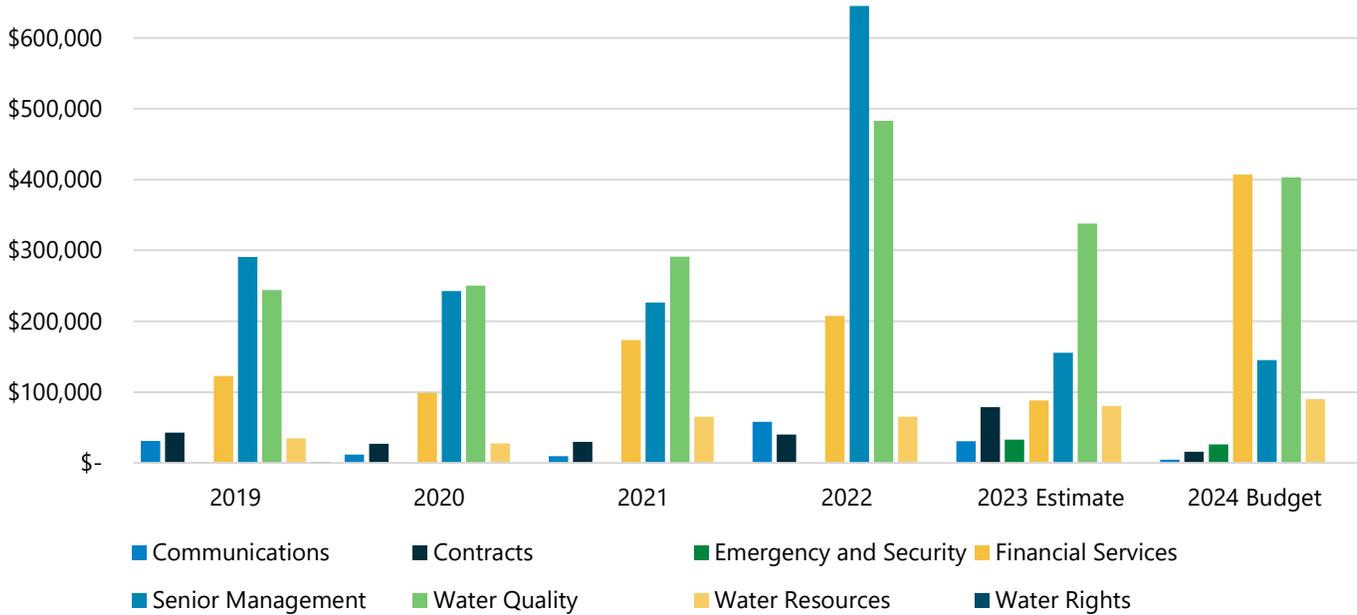
Pump Plant and Pipeline Expenses



PROGRAM EXPENSES

Program Expenses, which comprise 6.9 percent of the total uses of funds, include primarily outside services and labor. The following discussion and tables are provided to show detail for the following Municipal Subdistrict Programs: Senior Management, Communications, Contracts, Emergency and Security, Financial Services, Water Quality, Water Resources and Water Rights Program expenses. A summary of programs expenses is provided in the graph and table below.

Windy Gap Program Expenses



	Budget	Percent of Total Program Expenses
Water Quality	\$403,100	36.6%
Financial Services	\$407,130	37.0%
Senior Management	\$145,000	13.2%
Water Resources	\$89,900	8.2%
Emergency and Security	\$26,000	2.4%
Contracts	\$15,710	1.4%
Water Rights	\$8,660	0.8%
Communications	\$4,500	0.4%
Total Program Expenses	\$1,100,000	100.0%

Senior Management Program

Business Plan Priority: Cultivate operational and organizational excellence and maintain and strengthen relationships.

Northern Water’s Senior Management program oversees all aspects of Northern Water and the Municipal Subdistrict’s day-to-day operations and carries out the directives of the general manager and the Municipal Subdistrict Board of Directors. The Senior Management team also develops long-range strategic plans and is always prepared to respond to unforeseen circumstances.

In 2024, the Senior Management Program intends to:

- Provide general oversight of all Municipal Subdistrict activities and enterprises.
- Participate in statewide, regional and national discussions and strategies related to Colorado River drought conditions.
- Protect and develop water rights assets in regard to Windy Gap.
- Respond to major unforeseen contingency projects and expenses.

Senior Management	Fiscal Year 2022 Actual	Fiscal Year 2023 Budget	Fiscal Year 2023 Estimated Actual	Fiscal Year 2024 Budget	Dollar Change From Fiscal Year 2023 Budget	Percentage Change From Fiscal Year 2023 Budget
Expenditures:						
Program Summary						
General Programs	\$276,173	\$278,706	\$47,500	\$30,000	(\$248,706)	(89.2%)
Partner Programs	222,838	15,035	8,810	4,500	(10,535)	(70.1%)
Legal Matters	98,000	52,928	87,000	80,000	27,072	51.1%
Board of Directors	48,084	41,645	60,500	30,000	(11,645)	(28.0%)
Travel and Training	261	22,000	1,000	500	(21,500)	(97.7%)
Total	\$645,356	\$410,314	\$204,810	\$145,000	(\$265,314)	(64.7%)
Summary by Category						
Labor	\$56,806	\$33,314	\$46,746	\$20,000	(\$13,314)	(40.0%)
Expenses	588,550	377,000	158,064	125,000	(252,000)	(66.8%)
Total	\$645,356	\$410,314	\$204,810	\$145,000	(\$265,314)	(64.7%)

Communications Program

Business Plan Priority: Maintain and strengthen relationships.

The Communications Department provides internal and external communications and public outreach for Northern Water and the Municipal Subdistrict. Major functions and responsibilities include: media relations; website and social media content development and management; creation of printed educational and marketing materials; tours and public speaking activities; photos, graphics, video, and display materials; events and meeting coordination; drafting official Board and committee meeting minutes; and all Municipal Subdistrict internal and external communications activities.

In 2024, the Communications Department intends to:

- Develop written, visual and digital content to continue communication about construction milestones of the Chimney Hollow Reservoir Project.
- Refine and continue with the public tour program for the Chimney Hollow Reservoir Project with a focus on providing tour opportunities for Participants and key partners.
- Continue with messaging and public affairs updates to our Participant communications staff.
- Continue to build relationships and increase communications with neighbors of the Chimney Hollow Reservoir Project.

In 2023, the Communications Department:

- Continued development of the Chimney Hollow Reservoir Project communications plan in year two of construction. Key objectives met included increased content development, video production, virtual tours and a revamped tour program.
- Continued to build social media engagement on Municipal Subdistrict platforms utilizing analytics to determine appropriate tactics; further manage social media advertising opportunities to ensure success and increased engagement of investment.
- Hosted a public affairs workshop and provided ongoing updates to Participant communications staff for the Chimney Hollow Reservoir Project.

	Fiscal Year 2022 Actual	Fiscal Year 2023 Budget	Fiscal Year 2023 Estimated Actual	Fiscal Year 2024 Budget	Dollar Change From Fiscal Year 2023 Budget	Percentage Change From Fiscal Year 2023 Budget
Communications						
Expenditures:						
Program Summary						
Communications Programs	\$57,851	\$9,146	\$28,112	\$4,500	(\$4,646)	(50.8%)
Total	\$57,851	\$9,146	\$28,122	\$4,500	(\$4,646)	(50.8%)
Summary by Category						
Labor	\$9,351	\$7,146	\$16,764	\$2,500	(\$4,646)	(65.0%)
Expenses	48,500	2,000	11,348	2,000	-	0.0%
Total	\$57,851	\$9,146	\$28,112	\$4,500	(\$4,646)	(50.8%)

Contracts Program

Business Plan Priority: Cultivate operational and organizational excellence.

The Contracts Program oversees the entire contracting process for all water allotment contracts, construction contracts, professional services agreements, intergovernmental agreements and transfers for C-BT and Windy Gap projects by facilitating the preparation, approval and management of contracts. The Contracts Program provides administrative guidance in obtaining professional legal and risk management review of all contracts. Allotment contract change applications go through a well-defined review process with the Municipal Subdistrict Board of Directors.

The Contracts Program administers all inclusion petitions for Northern Water and the Municipal Subdistrict, managing the Board of Director approval process and, when applicable, facilitating secretarial assent from the U.S. Bureau of Reclamation, and approval from the Weld County District Court.

The Contracts Program administers Northern Waters property and liability program, including other non-packaged overage lines. The Contracts Program collaborates closely with Northern Water's Risk Manager to protect the organization's interest.

Contracts	Fiscal Year 2022 Actual	Fiscal Year 2023 Budget	Fiscal Year 2023 Estimated Actual	Fiscal Year 2024 Budget	Dollar Change From Fiscal Year 2023 Budget	Percentage Change From Fiscal Year 2023 Budget
Expenditures:						
Program Summary						
Allotments & General						
Management	\$173	\$46,131	\$180	\$5,000	(\$41,131)	(89.2%)
Inclusions	39,928	33,131	-	10,710	(22,421)	(67.7%)
Total	\$40,101	\$79,262	\$180	\$15,710	(\$63,552)	(80.2%)
Summary by Category						
Labor	\$25,101	\$29,262	-	\$14,710	(\$14,552)	(49.7%)
Expenses	15,000	50,000	180	1,000	(49,000)	(98.0%)
Total	\$40,101	\$79,262	\$180	\$15,710	(\$63,552)	(80.2%)

Financial Services Program

Business Plan Priority: Cultivate operational and organizational excellence.

The Financial Services Program consists of budgeting, purchasing, payroll and accounting functions in support of the Municipal Subdistrict Board of Directors, management and staff. The program provides support of matters relating to financial reporting, programs, grants, capital projects, investments, special projects, contracts, retirement, and debt issuance while maintaining adherence to financial policies, procedures and regulatory compliance requirements.

The procurement function secures goods and services using competitive and cooperative purchasing methods as outlined in the Northern Water Procurement and Purchasing Card policies. This function processes requisitions, obtains quotations, administers purchasing cards and manages all solicitations.

The accounting function provides financial services including fund accounting, preparation of the Annual Comprehensive Financial Report, cash disbursements, payroll processing, fixed asset management, cash management, accounts receivable, preparation of monthly reporting to the Municipal Subdistrict Board of Directors and participant committees and managing Northern Water’s investments and retirement plans. The accounting function also maintains, monitors and enforces a system of internal control, segregation of duties and continuity of operations for critical functions. This program also provides financial planning for the annual budget and the five-year capital improvement program, analysis of operational productivity and special projects.

In 2023, the Financial Services Program:

- Earned the Award for Outstanding Achievement in Comprehensive Annual Financial Reporting for the 36th consecutive year for the Municipal Subdistrict from the Government Finance Officers Association (GFOA).
- Earned the Distinguished Budget Presentation Award for the sixth consecutive year for the Municipal Subdistrict from the GFOA.

Financial Services	Fiscal Year 2022 Actual	Fiscal Year 2023 Budget	Fiscal Year 2023 Estimated Actual	Fiscal Year 2024 Budget	Dollar Change From Fiscal Year 2023 Budget	Percentage Change From Fiscal Year 2023 Budget
Expenditures:						
Program Summary						
Accounting Services	\$122,231	\$125,318	\$90,700	\$167,000	\$41,682	33.3%
Audit	43,750	78,300	140,000	160,130	81,830	104.5%
Treasury	26,140	33,247	31,039	55,000	21,753	65.4%
Budget	15,714	24,672	10,000	25,000	328	1.3%
Total	\$207,835	\$261,537	\$271,739	\$407,130	\$145,593	55.7%
Summary by Category						
Labor	\$151,435	\$161,632	\$62,808	\$152,000	(\$11,632)	(7.1%)
Expenses	56,400	97,905	208,931	255,130	157,225	160.6%
Total	\$207,835	\$261,537	\$271,739	\$407,130	\$145,593	55.7%

Security and Emergency Management Program

Business Plan Priority: Cultivate operational and organizational excellence

The Security and Emergency Management Program protects and secures the Municipal Subdistrict’s assets including structures, dams and most importantly the staff, Municipal Subdistrict Board of Directors and guests. In addition, the program develops, plans, and prepares procedures and protocols, training, and exercises for emergency preparedness for the Municipal Subdistrict.

Security and Emergency Management	Fiscal Year 2022 Actual	Fiscal Year 2023 Budget	Fiscal Year 2023 Estimated Actual	Fiscal Year 2024 Budget	Dollar Change From Fiscal Year 2023 Budget	Percentage Change From Fiscal Year 2023 Budget
Expenditures:						
Program Summary						
Water Rights Program	-	-	\$600	\$26,000	\$26,000	n/a
Total	-	-	\$600	\$26,000	\$26,000	n/a
Summary by Category						
Labor	-	-	-	\$5,000	\$5,000	n/a
Expenses	-	-	600	21,000	21,000	n/a
Total	-	-	\$600	\$26,000	\$26,000	n/a

Water Quality Program

Business Plan Priority: Protect and conserve water supplies.

The Water Quality Program serves to monitor, evaluate and manage water quality associated with the Municipal Subdistrict in order to best serve and protect the organization and its allottees and constituents.

Water Quality	Fiscal Year 2022 Actual	Fiscal Year 2023 Budget	Fiscal Year 2023 Estimated Actual	Fiscal Year 2024 Budget	Dollar Change From Fiscal Year 2023 Budget	Percentage Change From Fiscal Year 2023 Budget
Expenditures:						
Program Summary						
Water Quality Programs	\$457,357	\$290,727	\$132,260	\$320,000	\$29,273	6.4%
Watershed Groups	28,694	20,000	31,500	41,100	21,100	73.5%
Regulations	6,771	31,000	7,000	30,000	(1,000)	(14.8%)
Travel and Training	8,802	12,000	8,802	12,000	-	0.0%
Total	\$501,624	\$353,727	\$179,562	\$403,100	\$49,373	9.8%
Summary by Category						
Labor	\$185,049	\$44,172	\$4,679	\$15,000	(\$140,877)	(76.1%)
Expenses	316,575	309,100	174,883	388,100	190,250	60.1%
Total	\$501,624	\$353,272	\$179,562	\$403,100	\$49,373	9.8%

Water Resources Program

Business Plan Priority: Protect and conserve water supplies

The Water Resources Program performs engineering activities that support the Municipal Subdistrict. Specific engineering assignments include projects operations planning and modeling, river basin modeling, water availability studies, water supply quantifications, streamflow forecasting and water rights engineering.

In 2024, the Water Resources Program intends to:

- Provide water resources analysis to Windy Gap participants, operations and management to support Windy Gap project operations.
- Develop operating criteria for the Windy Gap Firing Project in collaboration with Windy Gap Participants and other departments at Northern Water.
- Expand Windy Gap operations modeling in preparation for Chimney Hollow Reservoir operations.

In 2023, the Water Resources Program:

- Provided water resources analysis to Windy Gap Participants, operations and management to support Windy Gap project operations.
- Participated in Windy Gap Firing Project Participant Operations Subcommittee to discuss details of future project operations.

Water Resources	Fiscal Year 2022 Actual	Fiscal Year 2023 Budget	Fiscal Year 2023 Estimated Actual	Fiscal Year 2024 Budget	Dollar Change From Fiscal Year 2023 Budget	Percentage Change From Fiscal Year 2023 Budget
Expenditures:						
Program Summary						
Water Resources General	\$17,997	\$20,817	\$15,000	\$25,000	\$4,813	23.8%
Stream Flow Forecast	39,300	60,867	14,956	44,000	(16,867)	(27.7%)
WG Project Operations	2,889	3,119	1,500	15,900	12,781	409.8%
Travel and Training	-	2,456	2,500	5,000	\$2,544	103.6%
Total	\$60,186	\$86,629	\$33,956	\$89,900	\$3,271	3.8%
Summary by Category						
Labor	\$4,686	\$34,729	\$10,505	\$20,000	(\$14,729)	(42.4%)
Expenses	55,500	51,900	23,451	69,900	18,000	34.7%
Total	\$60,186	\$86,629	\$33,956	\$89,900	\$3,271	3.8%

Water Rights Program

Business Plan Priority: Protect and conserve water supplies

The Water Rights Department is responsible for managing the water right assets owned by Northern Water, the Municipal Subdistrict and its enterprises, oversees the protection of those assets as needed in Water Court in cooperation with Northern Water’s legal counsel, and serves as a voice for Northern Water, the Municipal Subdistrict and Colorado water users to ensure water resources are protected on a district, state, regional and federal level. Overall, this department helps provide oversight and guidance on a variety of recovery, alternative management and water protection programs.

Water Rights	Fiscal Year 2022 Actual	Fiscal Year 2023 Budget	Fiscal Year 2023 Estimated Actual	Fiscal Year 2024 Budget	Dollar Change From Fiscal Year 2023 Budget	Percentage Change From Fiscal Year 2023 Budget
Expenditures:						
Program Summary						
Water Rights Program	-	-	\$5,000	\$8,660	\$8,660	n/a
Total	-	-	\$5,000	\$8,660	\$8,660	n/a
Summary by Category						
Labor	-	-	-	\$2,500	\$2,500	n/a
Expenses	-	-	5,000	6,160	6,160	n/a
Total	-	-	\$5,000	\$8,660	\$8,660	n/a

CAPITAL PROJECTS

The Municipal Subdistrict has the benefit of many long-term employees in its Engineering, Environmental Services, Finance and Administration, and Operations Divisions. Their intimate knowledge of our vast Collection and Distribution Systems is invaluable throughout our capital budget planning process. In addition to this, the Municipal Subdistrict maintains a three- to five-year capital plan. The annual process relies on multiple levels of review and evolves with the entire budget process. Starting the process early in the budget cycle ensures projects are properly vetted in context of the organization's priorities and budget constraints. The Municipal Subdistrict does not currently have a specific revenue source dedicated to capital projects.



Step One

In January, department managers begin submitting their capital budget requests to the Financial Services Department. This process includes a project summary form for each request made and includes information such as the budget, project description and justification.

Step Two

Financial Services compiles the requests and distributes reports to division directors and department managers for review. Many requests are made, and this allows them to see the total for their respective area of responsibility. In addition to department reports, there are also reports for each enterprise fund. This is another lens to review projects through as the enterprises have their own budget.

Step Three

Each budget request is assigned an organizational priority (listed at the beginning of this document) and a capital strategy. This ensures the projects are in line with the organization and the most critical needs are given priority.

Step Four

Financial Services meets individually with division directors and department managers to review each project on its merits and budgetary requirements.

Step Five

Senior Management and Financial Services meet to review the projects in the context of the entire organization's budget. Again, priorities and budget constraints are considered, and discussion leads to the final proposal to be taken to the Municipal Subdistrict Board of Directors. Enterprise participants are presented with their capital budget.

Step Six

Along with the entire budget, Financial Services presents the capital budget to the Municipal Subdistrict Board of Directors for review and discussion at the annual Budget Work Session. Various projects are highlighted and context is given related to the organization's total budget. As required by statute, the Board approves the budget at the August Board Planning Session. Throughout each step in the process, discussions take place on the merit of each project. In addition, the projects that are determined to be delayed are tracked and brought up in the subsequent year as part of the capital outyear plan.

Debt Service Expenditures

There are no future Windy Gap capital projects planned that will be funded by capital financing. All outstanding indebtedness incurred for the construction of the Windy Gap Project was fully defeased in 2016. The Municipal Subdistrict does not have a specific debt limit dollar amount threshold.

Priorities

Northern Water uses a two-pronged approach to the capital and initiative budget. First, each project must relate to one of the five priorities outlined earlier in this document and shown below:

- Collect and deliver water
- Protect and conserve water supplies
- Plan and implement new water supply projects
- Cultivate operational and organizational excellence
- Maintain and strengthen relationships

In addition, each project is assigned a strategy with a value from one to three and shown below:

Strategies

1 – Essential

- A – Health and Safety
- B – Legal Obligation
- C – Core Operations / End of Life

2 – Priority

- A – Upgrade, Rehabilitate or Obsolete Item or Facility
- B – Efficiency – Reduce Future Operating and Maintenance Costs
- C – Maintain Like-New Condition

3 – Value Added

- A – New or Expanded Level of Service / Redundancy / Backup
- B – Promote Regional Cooperation
- C – Enhance Natural Resources

Capital Projects, Initiatives and Studies Details

	Fiscal Year 2024 Budget
Connectivity Channel	\$11,967,000
Windy Gap Pump Plant Forebay Silt Work *	\$381,870
Windy Gap Electrical Study, Design and Final Prints	\$100,000
Windy Gap Breaker Upgrades *	\$1,000,000
Windy Gap Horizontal Lifeline	\$25,000
Schweitzer RTAC Replacement *	\$10,637
Access Control Cameras #	\$27,281
Windy Gap New Gate Stem and Bushing *	\$45,000
Total	\$13,556,778

Colorado Connectivity Channel (\$11,967,000) – As part of the 1041 permit conditions for the Windy Gap Firming Project, the Windy Gap Reservoir Modification Study preferred alternative was creation of the Connectivity Channel. The Connectivity Channel is a modification to the existing Windy Gap dam as necessary to bypass flows through and/or around the Windy Gap Reservoir. The project contributions are from the Windy Gap Firming Project and several other organizations.

Windy Gap Pump Plant Forebay Silt Work (\$381,870) – Staff will implement a solution to remove silt from the forebay. When completed, this will ensure that the pumping plant continuously operated without any mechanical failure due to silt.

Windy Gap Electrical Study, Design and Final Prints (\$100,000) – The original electrical system has been in place since the mid-1980s. Consultants will be hired to perform an evaluation of the existing electrical system and provide final design prints.

Windy Gap Breaker Upgrades (\$1,000,000) – Staff will be replacing original breakers with vacuum breakers. This will provide ARC flash protection along with ease of maintenance.

Windy Gap Horizontal Lifeline (\$25,000) – This project is to procure a horizontal lifeline system that will be installed for safety of employees.

Schweitzer RTAC Replacement (\$10,637) – Replacement of the existing real time automation controller. The relays are the main electrical safety protection for the plant. This relay is at the end-of-life cycle.

Access Control Cameras (\$27,281) – This project will upgrade the access controls to the Windy Gap pump plant and help ensure safety and security of the Windy Gap pump plant.

Windy Gap New Gate Stem and Bushing (\$45,000) – This project is to procure a spare stem and bushings for the guard gates at Windy Gap pump plant. This project or purchase would ensure the uninterrupted supply of water through the pump plant at Windy Gap.

Impacts to Operating Costs

Most capital projects will have a positive financial impact on operating and maintenance costs through efficiency improvements. In general, new features such as pipelines are not being added and therefore do not require additional operations and maintenance costs. Items without designation have no operating cost impact.

* Operating cost savings due to modernization and operational efficiencies.

Operating cost increase due to additional maintenance requirements.

Capital Outyears

With two major long-term projects now underway, the priority going forward is to establish a five to 10-year capital plan. The focus will be on maintenance and upgrades of existing infrastructure. Municipal Subdistrict staff will be meeting with participant members to establish priorities and a sustainable financial plan.

Project Name	Total Cost	2025	2026	2027	2028	2029
Chimney Hollow Reservoir Construction	\$ 245,500,000					
Windy Gap Crane Bridge	\$ 585,000					
Windy Gap Breaker Replacement (design fiscal year 2023 / construction fiscal year 2024)	\$ 21,000,000					



WINDY GAP FIRING WATER ACTIVITY ENTERPRISE FUND

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

Fund Overview

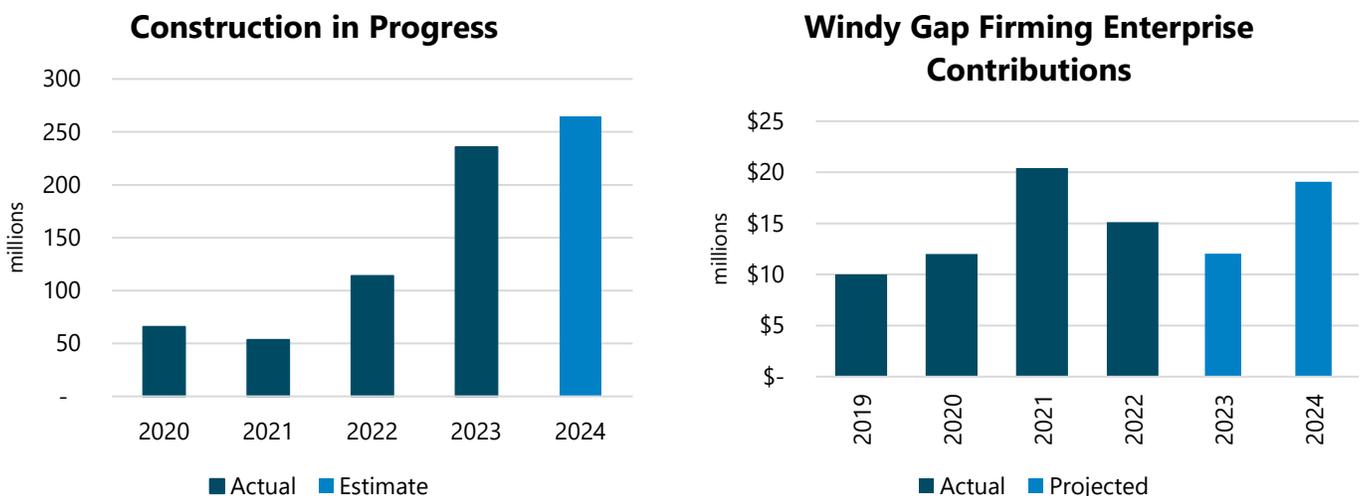
The Windy Gap Firing Project Water Activity Enterprise Fund is self-supporting through participants' contributions. The Municipal Subdistrict has undertaken the Windy Gap Firing Project to increase the reliable firm yield of the existing Windy Gap Project. The annual delivery of Windy Gap Project water is not reliable in years of low spring runoffs, due to the Windy Gap Project's junior water rights, and conversely, during some wet periods, storage space in Lake Granby is not available for Windy Gap Project water. In 1999, a group of the Windy Gap Project participants working through the Municipal Subdistrict, initiated the proposed Windy Gap Firing Project to complement the Windy Gap Project by firming a portion of their Windy Gap Project water units. The Windy Gap Firing Project participants include the Platte River Power Authority, Central Weld County Water District, Little Thompson Water District and the municipalities of Broomfield, Fort Lupton, Greeley, Lafayette, Longmont, Louisville, Loveland, Superior and Erie.

The specific purpose of the Windy Gap Firing Project is to increase the firm yield to 30,000 acre-feet of water from the existing Windy Gap Project. Additional reliability and yield will be achieved by constructing a new 90,000-acre-foot reservoir, Chimney Hollow Reservoir, located southwest of Loveland and just west of Carter Lake dedicated to store Windy Gap Project water. Firm water deliveries from the Windy Gap Project are needed to meet a portion of the existing and future demands of the Windy Gap Firing Project participants and ultimately the existing and future demands the end users served within the boundaries of the Municipal Subdistrict.

The permitting process for the Windy Gap Firing Project began in 2003 and included a 1041 permit which was received from Grand County in 2012, and an official Record of Decision that was received from Reclamation in 2014, approving construction and operation of the Chimney Hollow Reservoir and a physical connection of the Chimney Hollow Reservoir and appurtenant facilities to the C-BT Project facilities. The Colorado Department of Public Health and Environment issued its 401 water quality certification for the Windy Gap Firing Project on March 25, 2016. Also, the State of Colorado officially endorsed the Windy Gap Firing Project and Chimney Hollow Reservoir on April 12, 2016. The final Record of Decision and federal 404 Clean Water Act (CWA) permit from the U.S. Army Corps of Engineers was signed on May 17, 2017. This 404 CWA permit is the final federal requirement needed to construct Chimney Hollow Reservoir. Final design began in 2017 and construction began in August 2021. The reservoir is anticipated to be completed and operational in 2025. The estimated cost of the reservoir and appurtenant facilities is approximately \$658.9 million. Following completion of construction, the projected operation and maintenance costs are currently forecasted to be approximately \$2 million annually.

The fiscal year 2024 Windy Gap Firing Project budget totals \$264,549,350 million. The increase is due to in-process construction of Chimney Hollow Reservoir.

A summary of construction in progress costs and contributions are provided in the graphs below.



Beginning Cash
\$129,087,323

Sources of Funds
\$24,595,948

Uses of Funds
\$264,549,350

Ending Cash
\$153,683,271

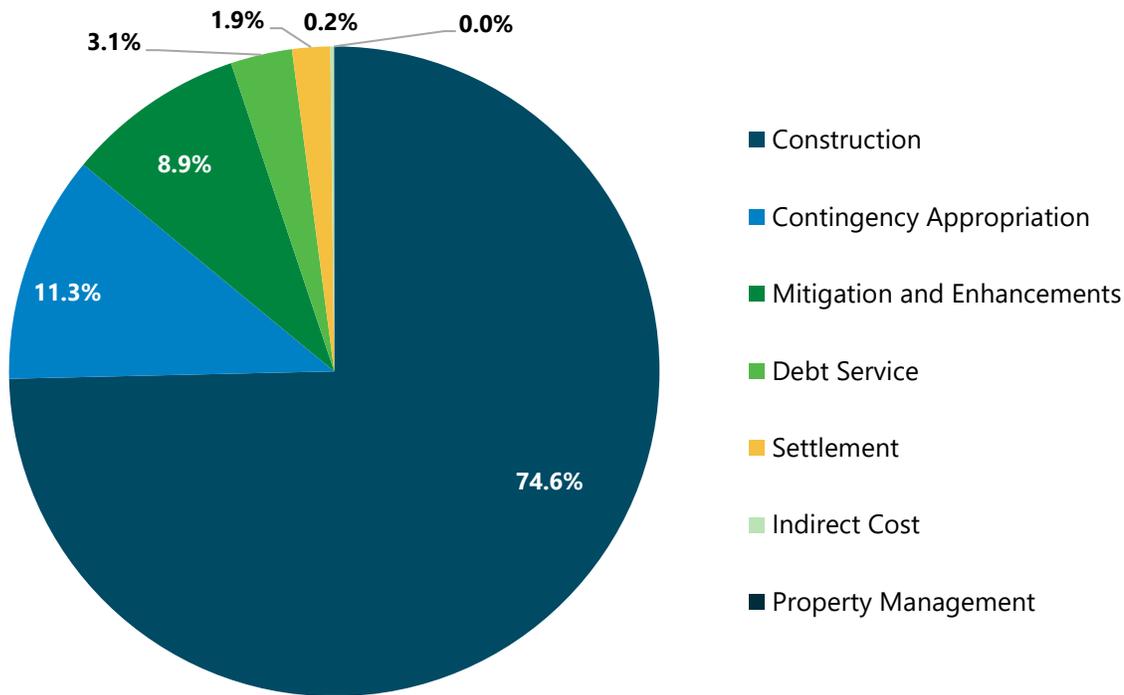
Budget Summary

	Fiscal Year 2022 Actual	Fiscal Year 2023 Budget	Fiscal Year 2023 Estimated Actual	Fiscal Year 2024 Budget	Dollar Change from Fiscal Year 2023 Budget	Percentage Change from Fiscal Year 2023 Budget
Beginning Cash & Reserves						
Unrestricted	\$6,766,643	\$325,404,778	\$113,913,725	\$129,087,323		
Restricted	62,684,218	68,457,080	61,611,372	-		
Total	\$69,450,861	\$393,861,858	\$175,525,097	\$129,087,323		
Sources of Funds						
Contributions from Participants	\$13,120,000	\$11,566,687	\$12,039,387	\$19,063,687	\$7,497,000	64.8%
Contribution District (Chimney Hollow Outlet Works)	2,000,000	-	-	-	-	n/a
Interest and Rental Income	3,688,174	60,000	3,134,211	5,532,261	5,472,261	9120.4%
Total Sources	\$18,808,174	\$11,626,687	\$15,173,598	\$24,595,948	\$12,969,261	111.6%
Balance sheet source (use)	121,026,987	-	174,028,076	-		
Total funds available	\$209,286,022	\$405,488,545	\$364,726,771	\$153,683,271		
Uses of Funds						
Capital						
Construction	\$105,806,928	\$186,374,000	\$224,800,000	\$197,450,000	\$11,076,000	6.0%
Mitigation and Enhancements	470,703	15,000,000	2,250,000	23,500,000	8,500,000	56.7%
Property Management	7,483	30,098	30,098	40,000	9,902	32.9%
Settlement	-	-	-	5,000,000	5,000,000	n/a
Debt Service	7,322,911	8,086,650	8,086,650	8,086,650	-	n/a
Indirect Costs	-	472,700	472,700	472,700	-	n/a
Contingency Appropriation	-	20,000,000	-	30,000,000	10,000,000	50.0%
Total Uses	\$113,929,130	\$229,963,448	\$235,639,448	\$264,549,350	\$34,585,902	15.0%
Ending Cash & Reserves						
Unrestricted	\$12,949,124	\$113,913,725	\$129,087,323	\$153,683,271		
Restricted	82,407,769	61,611,372	-	-		
Total	\$95,356,893	\$175,525,097	\$129,087,323	\$153,683,271		
Total Funds Accounted For	\$209,286,023	\$405,488,545	\$364,726,771	\$153,683,271		

Capital Expenditures

A summary of the expenses is provided in the table and graph below.

	Budget	Percent of Total Uses of Funds
Construction	\$197,450,000	74.6%
Contingency Appropriation	\$30,000,000	11.3%
Mitigation and Enhancements	\$23,500,000	8.9%
Debt Service	\$8,086,650	3.1%
Settlement	\$5,000,000	1.9%
Indirect Cost	\$472,700	0.2%
Property Management	\$40,000	0.0%
Total	\$264,549,350	100.0%



Chimney Hollow Construction

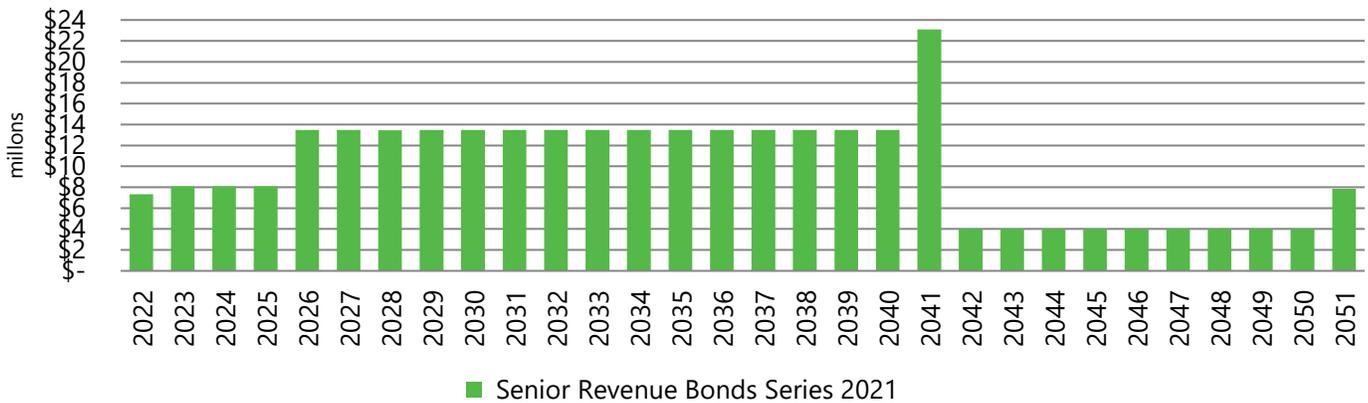
\$197,450,000

The specific purpose of the Windy Gap Firming Project is to increase the firm yield to 30,000 acre-feet of water from the existing Windy Gap Project. Additional reliability and yield will be achieved by constructing a new 90,000-acre-foot reservoir, Chimney Hollow Reservoir, located southwest of Loveland and just west of Carter Lake, dedicated to store Windy Gap Project water. Firm water deliveries from the Windy Gap Project are needed to meet a portion of the existing and future demands of the Windy Gap Firming Project participants and ultimately the existing and future demands the end users served within the boundaries of the Municipal Subdistrict. Construction began in August 2021 and will take approximately four years to complete the reservoir.

Financing Structure

In August 2021, Windy Gap Firming Project (WGFP) secured financing for the Chimney Hollow Reservoir project. Construction of the Chimney Hollow Reservoir Project is being financed in part with \$218 million in proceeds from the Senior Revenue Bonds, Series 2021 (Series 2021 Bonds) issued by WGFP, reflecting the pooled interests of seven of the twelve WGFP allottees. S&P Global Ratings assigned a rating of "AA". In addition, funding includes just under \$300 million in up-front cash payments from the remaining five cash allottees. The seven allottees participating in the pooled financing consist of Platte River Power Authority, the cities of Greeley, Louisville, Fort Lupton and Lafayette, Superior Metropolitan District No. 1 and Little Thompson Water District. The five allottees cash funding their interests in the project consist of the City and County of Broomfield, the cities of Loveland, Longmont and Fort Lupton, and Central Weld County Water District. In addition, WGFP has a \$90 million subordinated loan from the Colorado Water Conservation Board that is expected to be used towards the end of construction. Bond proceeds funded a \$13.5 million debt service reserve account. Both bond proceeds and participant cash payments are held by a trustee and accessed by WGFP through the submission of monthly pay requests. In accordance with the allotment contracts, the allottees will be assessed annually. For pooled financing allottees, this assessment includes annual debt service requirements and contributions to a Liquidity Fund. It is anticipated that the Liquidity Fund will be funded over the next three years.

Senior Revenue Bonds Series 2021 Debt Service



In 2041 and 2051, it is anticipated that bond reserves will be used to offset 20-year and 30-year debt issuances. Six of the seven pooled financing participants have debt service arrangements whereby 90 percent of the bond principal is repaid over 20 years and the remainder throughout the next 10 years. The other participant has a debt service arrangement where their pro rata share of the bond principal is repaid over 30 years. It is anticipated that the existing debt service reserve will be used to offset bond principal payments as that reserve is no longer required. No new debt instruments were issued by the Subdistrict in fiscal year 2023. The Municipal Subdistrict has been approved for an addendum to the CWCB loan of \$65 million which needs final approval by the Colorado State Legislature in May of 2024. The Municipal Subdistrict expects to receive the amended loan contract before the end of fiscal year 2024.

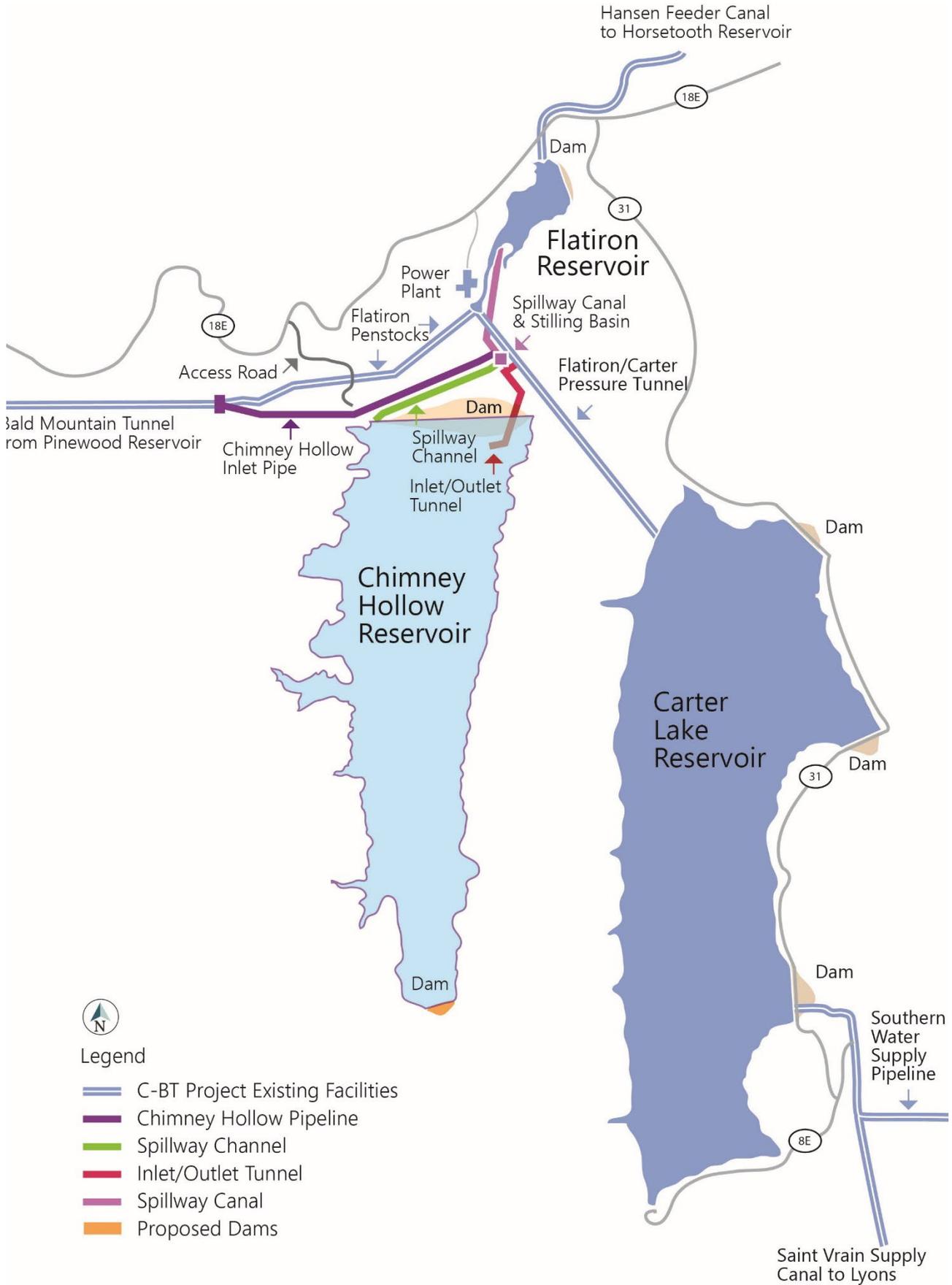
Projected Net Position – Windy Gap Firming

Net position is the residual of all other financial statement elements presented in a Statement of Net Position.

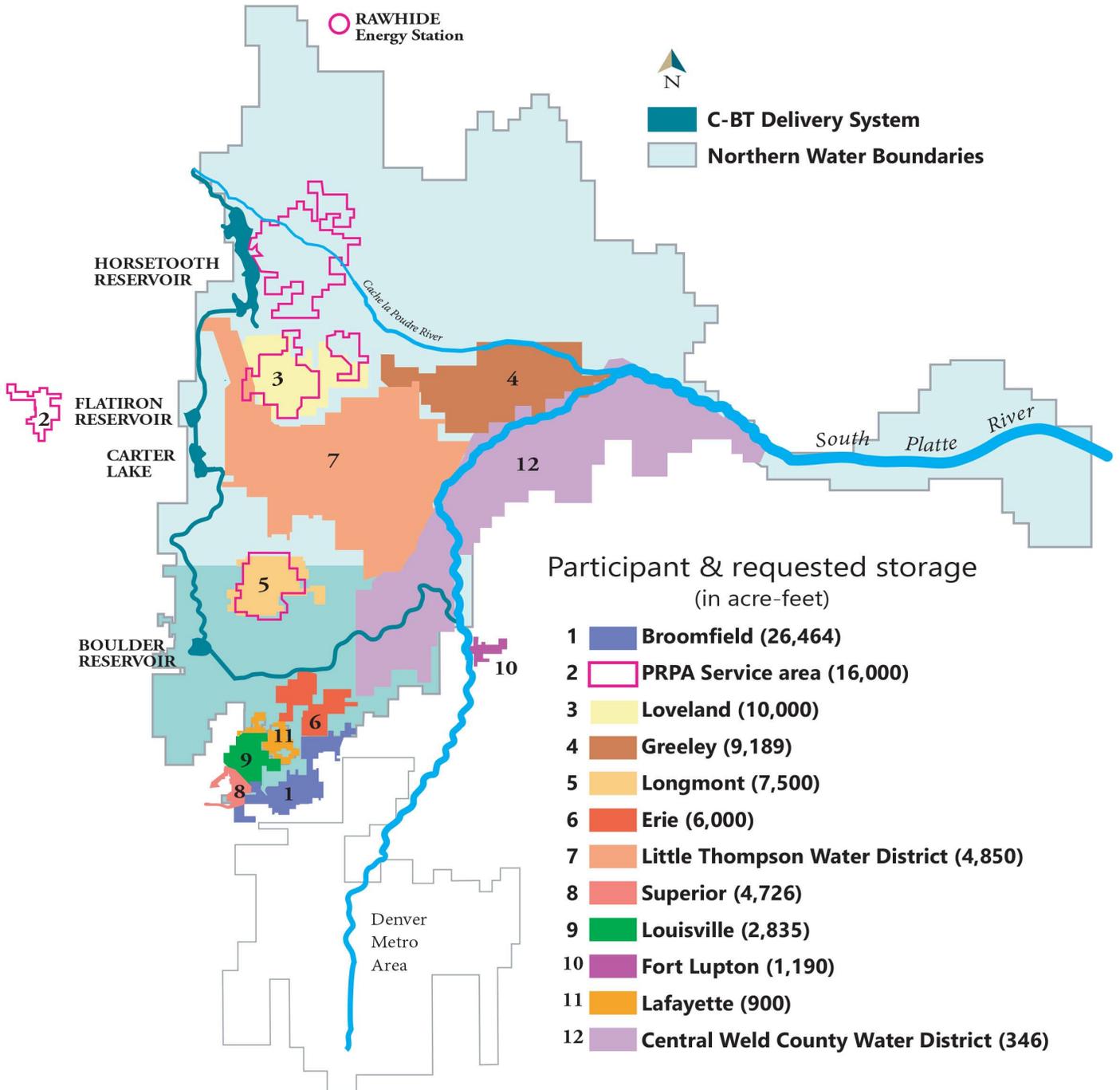
	Fiscal Year 2022 Actual	Fiscal Year 2023 Estimated Actual	Fiscal Year 2024 Budget
Contributions	\$13,120,000	\$12,039,387	\$19,063,687
Net Cash Produced	\$13,120,000	\$12,039,387	\$19,063,687
Beginning Net Position	\$667,771,891	\$680,891,891	\$692,931,278
Ending Net Position	\$680,891,891	\$692,931,278	\$711,994,965

The increase in net position is the result of receiving contributions with no operation and maintenance expense. This fund has no operations at this time and will begin when the Chimney Hollow Reservoir is completed.

Project Map



Participants Map



ACRONYMS

ACFR

Annual Comprehensive Financial Report

AF

Acre-foot or Acre-feet

C-BT

Colorado-Big Thompson Project

CIP

Capital Improvement Plan

COPs

Certificates of Participation

CWCB

Colorado Water Conservation Board

CRS

Colorado Revised Statutes

CWA

Clean Water Act

DEIS

Draft Environmental Impact Statement

DOLA

Department of Local Affairs (Colorado)

EAM

Enterprise Asset Management

EIS

Environmental Impact Statement

EPA

Environmental Protection Agency

FEMA

Federal Emergency Management Agency

FTE

Full time equivalent

FONSI

Finding of no significant impact

GAAP

Generally Accepted Accounting Principles

GASB

Governmental Accounting Standards Board

GIS

Geographic Information System

IPS

Investment Policy Statement

NEPA

National Environmental Policy Act

Northern Water

Northern Colorado Water Conservancy District

NRCS

Natural Resource Conservation Service

NWRA

National Water Resource Association

ROD

Record of Decision

ROW

Right of Way

SUBDISTRICT

Municipal Subdistrict, Northern Colorado Water Conservancy District

TABOR

Taxpayers Bill of Rights, revenue and tax limit amendment. See Amendment 1 (glossary).

TIF

Taxing Increment Finance District

GLOSSARY

Accounting Standards

The Municipal Subdistrict's financial statements are prepared in accordance with principles generally accepted in the United States of America (GAAP). Additionally, the Municipal Subdistrict applies all applicable pronouncements of the Governmental Accounting Standards Board.

Acre-foot or Acre-feet

Volume of water equal to one foot in depth covering an area of one acre, or 43,560 cubic feet; approximately 325,851 gallons. One acre-foot is roughly the amount needed to serve 2.5 families each year.

Adopted Budget

The budget adopted by the Municipal Subdistrict Board of Directors at the August Planning and Action meeting. The adopted budget becomes effective annually as of October 1, and appropriations lapse at fiscal year-end (September 30).

Allocations

Distribution of costs.

Amendment 1

Approved by the electorate in the November 1992 election, this amendment is known as the Taxpayers Bill of Rights (TABOR). This is a revenue and expenditure limiting amendment to the Colorado constitution. The limit is determined by whichever is more restrictive to the growth of government.

Appropriation

Legal authorization granted by the Board to make expenditures as specified in the appropriating resolution.

Assets

Economic resources owned by the Municipal Subdistrict.

Audit

A systematic collection of sufficient, competent evidential matter needed to attest to the fairness of management's assertions in the financial statements.

Basis of Accounting

The Municipal Subdistrict's financial statements are accounted for on the flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and liabilities associated with operations are included on the statement of net assets, revenues and are recorded when earned, and expenses are recorded at the time liabilities are incurred. This is different from the basis of budgeting.

Board or Board of Directors

For the Municipal Subdistrict, this is a 13-member group of appointed officials.

Budget

A financial plan for a specified period of time (fiscal year) that assigns resources to each activity in sufficient amounts so as to reasonably expect accomplishment of the objectives in the most cost-effective manner.

Budget Hearing

A publicly held meeting where the public can comment or ask questions about the proposed budget.

Capital Policy

Initial acquisition costs of assets are capitalized if they have a service life of more than one year and a cost of \$5,000 or more. Costs not meeting these criteria are expenses. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective asset classes.

Capital Project

Expenditures which result in the construction of or major improvements to buildings and infrastructure; generally, consist of projects costing more than \$5,000 and lasting more than three years.

Clean Water Act

The federal law that establishes how the United States will restore and maintain the chemical, physical and biological integrity of the country's waters (oceans, lakes, streams and rivers, ground water and wetlands.) The law provides protection for the country's waters from both point and nonpoint sources of pollution.

Colorado Local Government Budget Law

All local governments are required to conform to the budget regulations of Title 29, Article 1, Part 1 of the Colorado Revised Statutes which define the legal requirements for budget format and content. It covers budget hearing and adoption; appropriations resolution; filing the budget; and changing the budget.

Commitments

Obligations in the form of purchase orders, contracts or salary commitments.

Contingency

Appropriation to cover the deficiency that might arise where an expenditure could not be foreseen at the time the budget was prepared.

COPs

Certificates of Participation are a kind of municipal debt which can be contracted by cities/counties without voter approval. Courts have ruled that, because of their structure, COPs do not constitute long-term obligations of the issuing authority and are therefore exempt from state and local laws that require voter approval of long-term debt.

Debt Service

Cash required in a given period, usually one year, for payment of interest and current maturities of principal for outstanding debt.

Depreciation

The expiration in the service life of an asset generally attributable to wear and tear through use, lapse of time or obsolescence. Depreciation is generally not budgeted; however, it is accounted for on the financial statements.

Direct Cost

An expense that can be traced directly to (or identified with) a specific cost center or activity. A direct cost may include labor, materials, services and equipment charges.

Emergency

An emergency is defined as an a) Act of God; b) Public Enemy; and c) something which could not have been reasonably foreseen at the time of the adoption of the budget. For the purpose of TABOR this is further restricted to exclude economic conditions, or revenue shortfalls.

Enterprise

An entity that qualifies under the Taxpayer's Bill of Rights (TABOR) as being a government-owned business authorized to issue its own revenue bonds and receiving fewer than 10 percent of its annual revenue in grants from all Colorado state and local governments combined.

Enterprise Asset Management (EAM)

Software system to manage major infrastructure with a preventative maintenance program.

Expenses

Charges incurred, whether paid or unpaid for operation, maintenance, and interest, and other charges, which are presumed to benefit the current fiscal period.

Fiscal Period

A period of time usually consisting of twelve months. At the end of the fiscal period a government unit determines its financial position and the results of its operations. The Municipal Subdistrict's fiscal period is October 1 to September 30.

Fixed Cost

Indirect or overhead expense of a business that does not vary with the volume of activity.

Fund

Fiscal and accounting entity with self-balancing set of accounts which are segregated usually by financial resources or other special regulations, restrictions, or limitations.

Generally Accepted Accounting Principles

Uniform minimum standards and guidelines for financial accounting and reporting, and encompasses the conventions, rules, and procedures necessary to define accepted accounting practices.

Government Finance Officers Association (GFOA)

An organization whose membership consists of government financial officers throughout the United States and Canada. Information on pertinent legislation, accounting changes, new programs or innovations is shared with members in a regular newsletter. Career seminars and educational classes are provided regularly.

Governmental Accounting Standards Board

The authoritative accounting and financial reporting standard-setting body for government entities.

Hydropower

Hydroelectric power of/or relating to production of electricity of water power.

Indirect Cost

An expense that cannot be traced directly to (or identified with) a specific cost center or activity. Indirect cost types may include indirect labor, indirect materials and overhead costs.

Internal Controls

A plan of organization under which employee's duties are so arranged and records and procedures so designed as to make it possible to protect and exercise effective accounting control over assets, liabilities, revenues and expenditures.

Long-term debt

Debt with a maturity of more than one year from date reported.

Net Revenues

Gross revenue less operating and maintenance expenses.

Nonoperating Revenue

Revenue received from property and specific ownership taxes, investment income, and other nonoperating revenues.

Operating Revenue

Revenue from water assessments, charges for services, energy and other operating revenue.

Operation and Maintenance (O&M) Expenses

All reasonable and necessary current expenses paid or accrued for operating, maintaining, and repairing infrastructure.

Operation and Maintenance Work Plan

A category of master plan items not capital in nature, which are normally ongoing activities and pertain to the general operations of Northern Water.

Political Subdivision

A county, city, town, or other municipal corporation, a public authority, and generally any publicly owned entity that is an instrumentality of a state or of a municipal corporation.

Principal and Interest Requirements

As used in the debt guidelines, interest requirements plus the current portion of long-term debt (includes general obligation bonds, certificates of participation and capital leases).

Professional Services

Consists of consultant payments for consultants to provide services such as facility design, legal work and auditors.

Program

An organized group of activities and the resources to carry them out, aimed at achieving related goals.

Program Budget

A method of budgeting in which the focus is on the project and activities that are required to accomplish the Municipal Subdistrict's mission, goals and objectives. It provides for consideration of alternative means to accomplish these criteria. It also provides a control device for higher level management and cuts across organizational lines. Resources are allocated along program lines and across organizational lines.

Property Tax

Taxes levied on all real and personal property according to the property's valuation and the tax rate, in compliance with state and local statutes.

Proprietary Funds

Used to account for activities that are similar to businesses in the private sector. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges or on a cost reimbursement basis. There are two types of proprietary funds such as Enterprise Funds and Internal Services Funds.

Pump Plants

A pump plant is a man-made structure that uses a pump to transfer water from one location to another.

Purchase Order

A document which authorizes the delivery of specified services.

Quasi Municipal Corporation

A quasi corporation generally refers to an entity that exercises some of the functions of a corporation but has not been granted separate legal personality by statute, particularly a public corporation with limited authority and powers such as a county or school district.

Rating

The credit-worthiness of the Municipal Subdistrict as evaluated by independent agencies.

Raw Water

Untreated water.

Reclamation

United States Bureau of Reclamation

Record of Decision

In the United States, a Record of Decision is the formal decision document, prepared by a governmental agency, which is recorded for the public.

Reservoir

An impoundment to collect and store water. Raw water reservoirs impound water in a watershed; terminal reservoirs collect water where it leaves a watershed to enter the treatment process; and treated-water reservoirs are tanks or cisterns used to store potable water.

Revenue Bonds

Bonds whose principal and interest are payable exclusively from a dedicated revenue source.

Revenues

Municipal Subdistrict Enterprise Funds are financed through assessments, tax revenues, charges for services and energy revenues.

Risk Management

The Municipal Subdistrict is exposed to various risks of losses.

Statutory Property Tax Revenue Limit

Colorado Revised Statute 29-1-301. Property tax increases are limited to 5.5% from one tax year to the next. An adjustment for growth factor is allowed for new construction. The exemptions to this restriction are payment of bonds, payment of other contractual obligations approved by voters, and capital expenditures allowed by "Truth in Taxation" legislation.

Strategic Plan

Process that is a practical method used by organizations to identify goals and resources that are important to the long-term wellbeing of its future.

Supplemental Budget Request

Appropriations may be changed to allow for unforeseen circumstances that may occur after the budget has been adopted.

Taxing Increment Finance District

Tax increment financing is a public financing method that is used as a subsidy for redevelopment, infrastructure, and other community improvement projects.

TIF

Taxing increment financing is a public financing method that is used as a subsidy for redevelopment, infrastructure, and other community-improvement projects.

Type of Expenditure

A classification of resources or commodities that will be budgeted and charged to projects and activities by cost control centers.

Water Conservancy District

Water Conservancy Districts are formed in conformance with the Water Conservancy Act. They are organized under procedures in state district courts and remain under their jurisdiction and are formed at the request of communities and are local instrumentalities of state government.

Water Efficiency

Obtaining the benefits of water more efficiently, resulting in reduced demand for water. Sometimes called "end-use-efficiency" or "demand management."

Water Revenues

Revenues generated through billing process from the delivery of water.

Works

Dams, storage reservoirs, compensation and replacement reservoirs, canals, conduits, pipelines, tunnels, power plants, and any and all works, facilities, improvements, and property necessary or convenient for the supplying of water for domestic, irrigation, industrial and all other beneficial uses.

Working Capital

Current and restricted assets less current liabilities other than current year principal payments or long-term debt.

APPROPRIATION

MUNICIPAL SUBDISTRICT NORTHERN COLORADO WATER CONSERVANCY DISTRICT

RESOLUTION MS-402-08-23

APPROPRIATION RESOLUTION

WHEREAS, the Board of Directors of the Municipal Subdistrict, Northern Colorado Water Conservancy District, appointed Bradley D. Wind, Secretary and General Manager; Gerald A. Gibbens, Treasurer and Operations Division Director; Sander Blackburn, Finance and Administrative Services Division Director; Myles Baker, Senior Financial Analyst; and Kristyn Unrein, Financial Services Department Manager; to prepare a Budget for Fiscal Year 2024; and they have submitted the same to said Board and caused to be published the requisite Notice of Hearing; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Municipal Subdistrict, Northern Colorado Water Conservancy District, hereby approves and adopts the Budget of the Municipal Subdistrict, Northern Colorado Water Conservancy District Fund, as submitted by the duly appointed Budget Officers and appropriates the aggregate sum of \$100,050 for Fiscal Year 2024, for the purpose of paying the cost of all Board contractual obligations; and the expenses for the transaction of all such other business functions and activities found by said Board to be necessary and convenient; and

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the Municipal Subdistrict, Northern Colorado Water Conservancy District, hereby approves and adopts the Budget of the Municipal Subdistrict, Northern Colorado Water Conservancy District-Windy Gap Water Activity Enterprise Fund as submitted by the duly appointed Budget Officers and appropriates for Fiscal Year 2024 the aggregate sum of \$20,955,236 for the purpose of paying the cost of all contractual obligations; purchasing of capital items; meeting the expenses required to conserve, allocate, and control the water supplies of the Subdistrict including the expense of administration, engineering, operation and maintenance of all works, facilities, properties, and functions necessary for the distribution and beneficial utilization of those water supplies; and the expenses for the transaction of all such other business functions and activities found by said Board to be necessary and convenient; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Municipal Subdistrict, Northern Colorado Water Conservancy District, hereby approves and adopts the Budget of the Municipal Subdistrict, Northern Colorado Water Conservancy District - Windy Gap Firming Project Water Activity Enterprise Fund as submitted by the duly appointed Budget Officers and appropriates for Fiscal Year 2024 the aggregate sum of \$264,549,350 for the purpose of paying the cost of all contractual obligations; and the expenses for the transaction of all such other business functions and activities found by said Board to be necessary and convenient; and

BE IT FURTHER RESOLVED, that any revenue in excess of the sums appropriated in this or any further appropriations for unforeseen contingencies shall be transferred to and deposited in the Municipal Subdistrict Reserve Funds; and

BE IT FURTHER RESOLVED, that the funds required for the sums so appropriated shall be provided in the manner and by the means adopted by the Board of Directors, Municipal Subdistrict, Northern Colorado Water Conservancy District; and

BE IT FURTHER RESOLVED, that pursuant to Article X Section 20(2) of the Colorado State Constitution, any revenues within the allowable revenue and spending limit which will not be spent during Fiscal Year 2023 shall be set aside and classified as reserve increases, and that pursuant to Article X Section 20(5) of the Colorado State Constitution, the reserve funds of said District for use in declared emergencies equals or exceeds 3% of the allowable revenue and spending limit for Fiscal Year 2024.

CERTIFICATE

I, Bradley D. Wind, do hereby certify that the above is a true and correct copy of a Resolution adopted by the Board of Directors of the Municipal Subdistrict, Northern Colorado Water Conservancy District, at a Planning Session meeting of said Board held in Berthoud, Colorado, on August 3, 2023.


Secretary

