



**Municipal Subdistrict**



**2023**  
**Annual Budget**



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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 2023. 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 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 Firing Project in fiscal year 2017 and breaking ground on construction of the Chimney Hollow Reservoir in August 2021, the focus for fiscal year 2023 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 Subdistrict. This project aligns with the Subdistrict's vision to ensure a secure water future for Northern Colorado. Planning, design and funding of the Colorado River Connectivity Channel continued during fiscal year 2021, and construction is underway. Other activities and programs for the Windy Gap Project will be consistent with the past.

### Fiscal Year 2023 Budget Summary and Highlights

#### Windy Gap Water Activity Enterprise Fund

Total Sources of Funds are estimated to be \$21.4 million, or approximately 4.3 percent lower than fiscal year 2022, due to:

- Operating revenues totaling \$6.2 million
- No change in assessment deferral charge - \$36 per acre-foot
- Other revenues totaling \$15.2 million
- No funds will be collected from participants for the Colorado River Connectivity Channel due to sufficient grant funds being awarded

Operating expenses of \$6.4 million reflect a decrease of \$540,021, or approximately 7.3 percent higher than fiscal year 2022, due to:

- The largest expense is carriage costs amounting to \$4.0 million
- Program expenses totaling \$968,698, a decrease of approximately 34 percent from 2022

Capital project expenditures of \$15.9 million are planned primarily for the Colorado River Connectivity Channel.

#### Windy Gap Firing Project Water Activity Enterprise Fund

- Total Sources of Funds are estimated to be \$11.6 million, \$3.5 million less than fiscal year 2022, as the cash and bond proceeds for Chimney Hollow Reservoir construction was received in fiscal year 2021
- Capital project expenditures of \$201.0 million are primarily planned for mitigation, enhancements and construction for the Chimney Hollow Reservoir

We believe the budget for the Subdistrict's fifty-third year of operation meets the Board's conservative fiscal management and management's commitment to accountability and strong fiscal 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, 2021**

*Christopher P. Morill*

Executive Director

## ABOUT THE MUNICIPAL SUBDISTRICT



The Municipal Subdistrict (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 Subdistrict has the authority to undertake projects separate from those undertaken by Northern Water. The Subdistrict has an agreement with Northern Water whereby Northern Water provides all administrative, operation and maintenance functions for the Subdistrict, and is reimbursed by the Subdistrict for the services rendered.

The Board of the Subdistrict is, by statute, the same as the Board of Northern Water. It has been the practice of the 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 Subdistrict, with the 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 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 Subdistrict's budget, hold title to any of the Subdistrict's water rights, authorize issuance of Subdistrict's bonds or appoint the Subdistrict's Board or management. Therefore, the Subdistrict is not under control of Northern Water and is not included in Northern Water's financial reports. The 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 the 445-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 Subdistrict has entered 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. Every unit equals 100 acre-feet of water, or 1/480 of the annual average yield produced. Each water allotment contract requires participants to make annual payments equal to the corresponding share of the costs related to the 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 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 Subdistrict boundaries, participants may lease, transfer or sell the reuse or successive use rights for use within or outside Subdistrict boundaries.

### **Carriage Contract**

The 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, no water may be legally available because other water users in the Colorado River hold water rights senior in priority to 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 Subdistrict in-lieu of 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 2023 will be \$36.50 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.

## 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 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 Subdistrict allottees in July.

Today, the Windy Gap Project consists of a diversion dam on the Colorado River that creates the 445-acre-foot Windy Gap Reservoir, a pump plant and a six-mile pipeline to Lake Granby.

## Windy Gap Project Mitigation

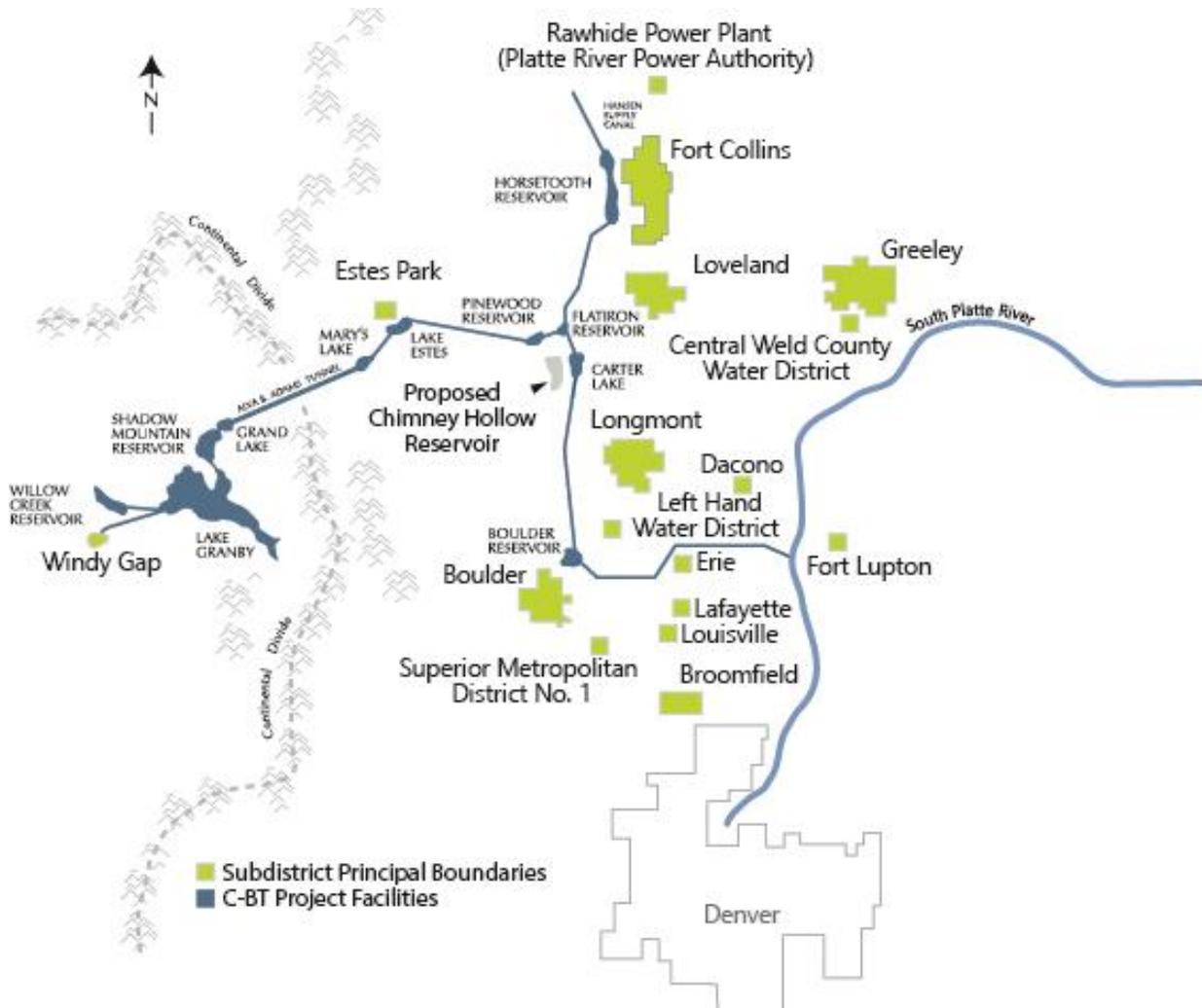
The Subdistrict is required by the Water Conservancy Act to design, construct and operate the Windy Gap Project in a manner that will not impair the Colorado River Basin or increase costs to its water users. To satisfy this requirement, the Subdistrict provided mitigation measures and additional benefits 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 pumps for rancher diversions downstream
- \$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 cities of Boulder and Dacono and towns of Estes Park, Firestone and Frederick own Subdistrict water 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 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 WINDY GAP PROJECT 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%
Frederick	7	1.5%
Firestone	5	1.0%
Dacono	5	1.0%
Lafayette	3	0.6%
Estes Park	3	0.6%
Berthoud	8	1.7%
Central Weld County Water District	1	0.2%

## LARGEST EMPLOYERS

Rank	Larimer County Employer	Employment
1	Colorado State University	7,676
2	UCHealth: Poudre Valley Hospital	6,860
3	Poudre School District	5,342
4	Thompson School District R2-J	2,183
5	City of Fort Collins	2,000
6	Larimer County	1,899
7	Columbine Health Systems	1,621
8	Broadcom Inc.	1,590
9	Banner Health: McKee Medical Center	1,500
10	Hewlett-Packard	1,440
	<b>Sum of largest employers</b>	<b>31,910</b>
	Full labor force December 2021	207,229

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	2,276
5	Weld County Government	1,783
6	University of Northern Colorado	1,532
7	UCHealth	1,060
8	State Farm Insurance	950
9	City of Greeley	905
10	AIMS	817
	<b>Sum of largest employers</b>	<b>21,578</b>
	Full labor force December 2021	165,660

Rank	Boulder County Employer *	Employment
1	Medtronic PLC	2,470
2	Boulder Community Health	2,440
3	Ball Aerospace & Technologies Corp.	1,680
4	IBM Corporation	1,670
5	Seagate Technology	1,440
6	Good Samaritan Medical Center	1,430
7	Google	1,300
8	Centura Health: Longmont United and Avista Adventist Hospitals	1,280
9	Sierra Nevada Corporation	750
10	Kaiser Permanente	750
	<b>Sum of largest employers</b>	<b>15,210</b>
	Full labor force December 2020	196,991

Rank	Broomfield City and County Employer	Employment
1	Lumen (formerly CenturyLink)	1,800
2	Oracle	1,620
3	SCL Health Revenue Service Center	1,500
4	Hunter Douglas Window Fashions	980
5	City and County of Broomfield	835
6	Vail Resorts	740
7	Danone North America	670
8	Ball Corporation	540
9	Broadcom, Inc.	475
10	VMware	450
	<b>Sum of largest employers</b>	<b>9,610</b>
	Full labor force December 2021	38,500

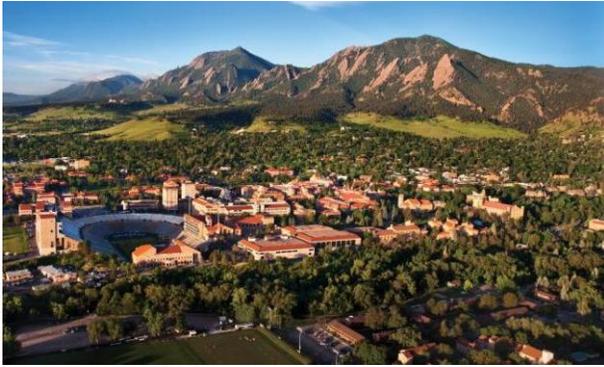
Source of largest employers: Reporting Entity 2021 Annual Financial Report

\* Source of largest Boulder County Employer: 2020 Annual Financial Report

### Top Ten Employers – Combined

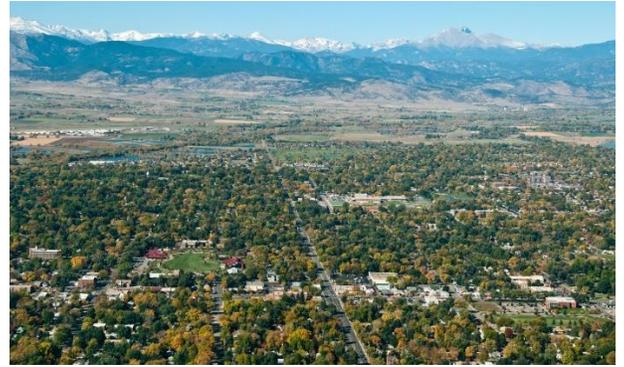
Rank	Employer	County	Employment
1	Colorado State University	Larimer	7,676
2	UCHealth: Poudre Valley Hospital	Larimer	6,860
3	JBS Swift Beef Company	Weld	6,000
4	Poudre School District	Larimer	5,342
5	Banner Health	Weld	3,560
6	Vestas	Weld	2,710
7	Medtronic PLC	Boulder	2,470
8	Boulder Community Health	Boulder	2,440
9	Greeley/Evans School District 6	Weld	2,276
10	Thompson School District R2-J	Larimer	2,183
	<b>Sum of largest employers</b>		<b>41,517</b>

## LARGEST WINDY GAP PROJECT PARTICIPANTS



### City of Boulder

Established	1871
Estimated Populations for 2019	104,000
Unemployment Rate for 2019	3.5%
Per Capita Income for 2019	\$76,527
Land Area (square miles)	26



### City of Longmont

Established	1871
Estimated Populations for 2021	99,629
Unemployment Rate for 2021	6.9%
Per Capita Income for 2021	\$79,649
Land Area (square miles)	22



### City and County of Broomfield

Established	2001
Estimated Populations for 2020	76,100
Unemployment Rate for 2020	4.8%
Per Capita Income for 2020	\$70,870
Land Area (square miles)	33.6



### City of Greeley

Established	1870
Estimated Populations for 2020	111,748
Unemployment Rate for 2020	6.6%
Per Capita Income for 2020	\$54,612
Land Area (square miles)	30

Sources: Colorado Department of Local Affairs, State Demography Office, County websites, Bureau of Labor Statistics, US Census - extrapolated from 2010 by US Census, County CAFRs.



**City of Loveland**

Established	1881
Estimated Populations for 2021	83,118
Unemployment Rate	6.4%
Per Capita Income for 2021	\$56,836
Land Area (square miles)	35.5



**Town of Erie**

Established	1874
Estimated Populations for 2021	30,038
Unemployment Rate	4.0%
Per Capita Income for 2021	\$65,852
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.



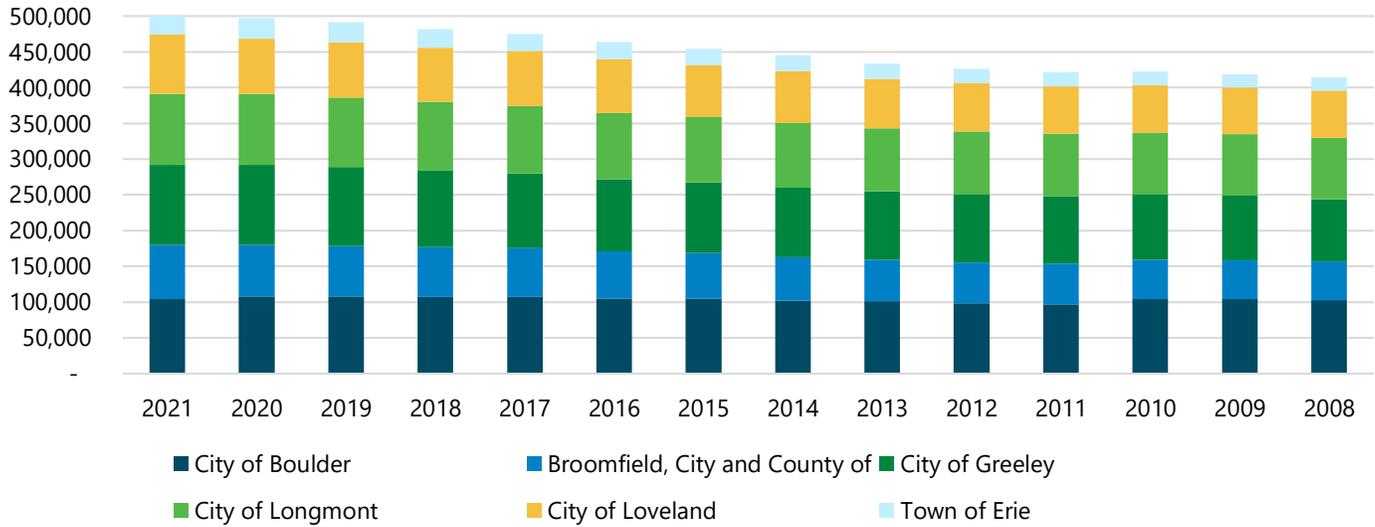
**Little Thompson Water District**

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: Colorado Department of Local Affairs, State Demography Office, County websites, Bureau of Labor Statistics, US Census - extrapolated from 2010 by US Census, County CAFRs.

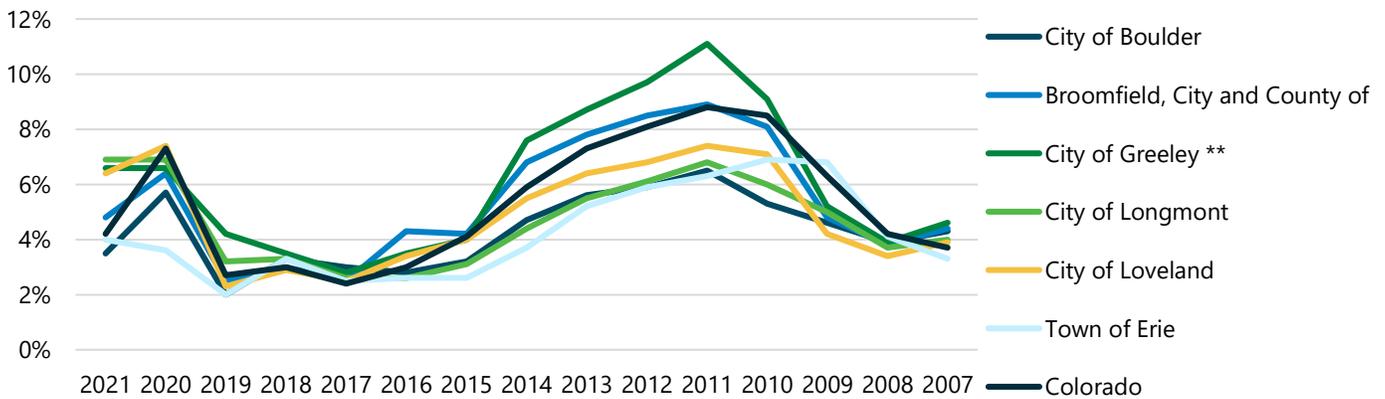
## Population Trends

Six Largest Windy Gap Project Participants - Municipalities



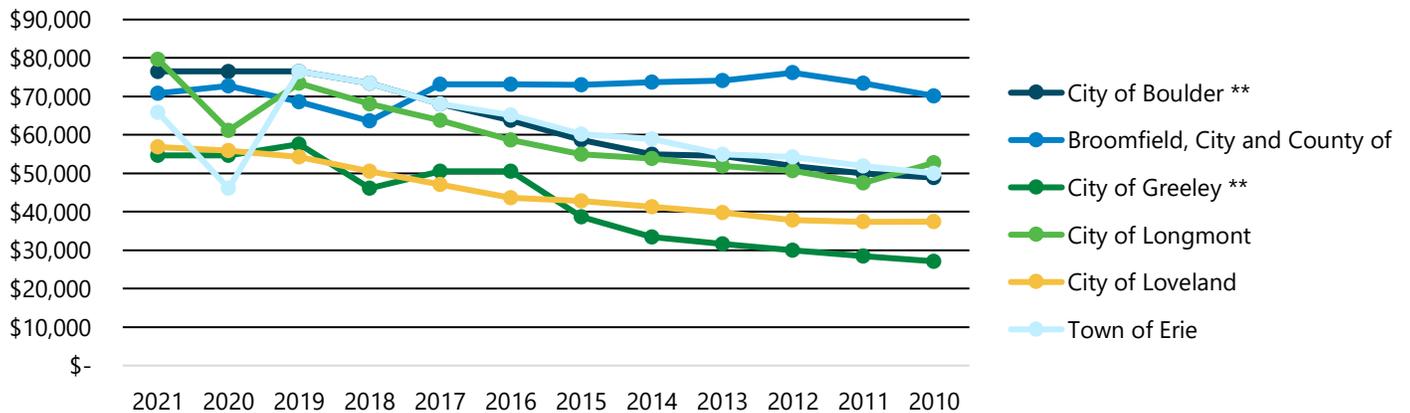
## Unemployment Rate

Six Largest Windy Gap Project Participants Municipalities



## Per Capita Income

Six Largest Windy Gap Participants Municipalities



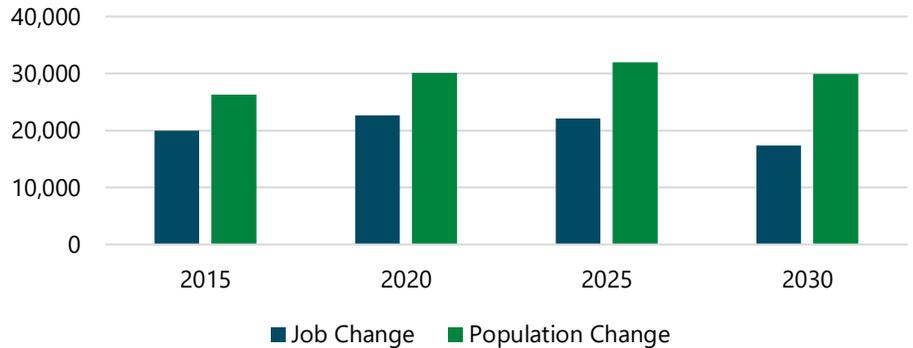
Sources: Colorado Department of Local Affairs, State Demography Office, County websites, Bureau of Labor Statistics, U.S. Census - extrapolated from 2010 by U.S. Census, County ACFRs. 2021 Municipal Consolidated Financial Reports. Greeley data based on 2020 Consolidated Financial Report.

# POPULATION AND JOB TRENDS

## Larimer County

	Total Jobs	Population
2015	19,951	26,260
2020	22,635	30,097
2025	22,087	31,966
2030	17,320	29,948

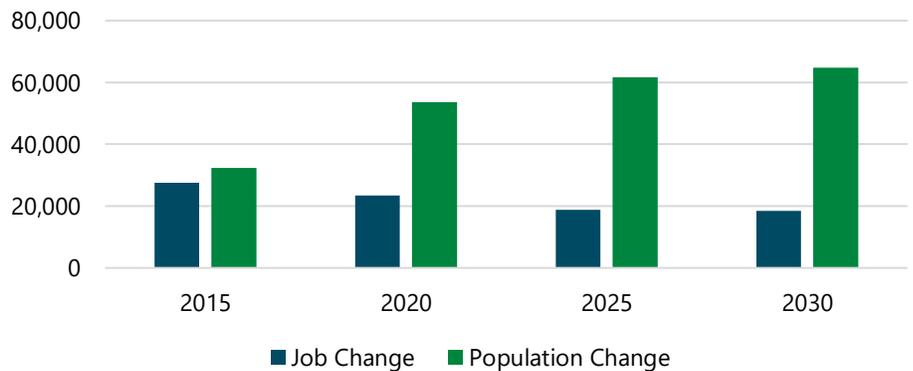
**Larimer County**  
Forecast Change in Population & Jobs 2015 - 2030  
*Source: State of Colorado Demography Office*



## Weld County

	Total Jobs	Population
2015	27,621	32,335
2020	23,490	53,690
2025	18,759	61,600
2030	18,490	64,851

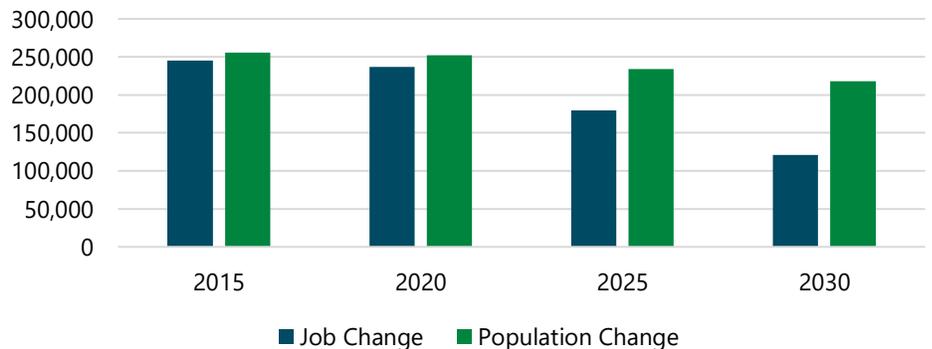
**Weld County**  
Forecast Change in Population & Jobs 2015 - 2030  
*Source: State of Colorado Demography Office*



## Denver Metro Including Boulder and Broomfield Counties

	Total Jobs	Population
2015	244,961	255,928
2020	236,866	252,376
2025	179,576	235,226
2030	121,141	217,944

**Denver Metro**  
Including Boulder and Broomfield Counties  
Forecast Change in Population & Jobs 2015 - 2030  
*Source: State of Colorado Demography Office*



## BOARD OF DIRECTORS

The 13-member Board is responsible for establishing policy and strategic direction. Directors from the eight counties within Northern Water 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 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. Directors are paid \$100 per meeting up to a maximum of \$2,400 per year.

### Past Presidents

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

### Current Board of Directors



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



**Bill Emslie**  
Vice President  
Larimer County  
Sept. 28, 2005 – Sept. 28, 2025



**Mike Applegate**  
Larimer County  
Sept. 28, 1991 – Sept. 28, 2023



**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 Manuella**  
Logan County  
Sept. 28, 2018 – Sept. 28, 2026



**Rob McClary**  
Sedgwick County  
Sept. 28, 2011 – Sept. 28, 2023



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



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



**Dale Trowbridge**  
Weld County  
Aug. 15, 2014 – Sept. 28, 2023

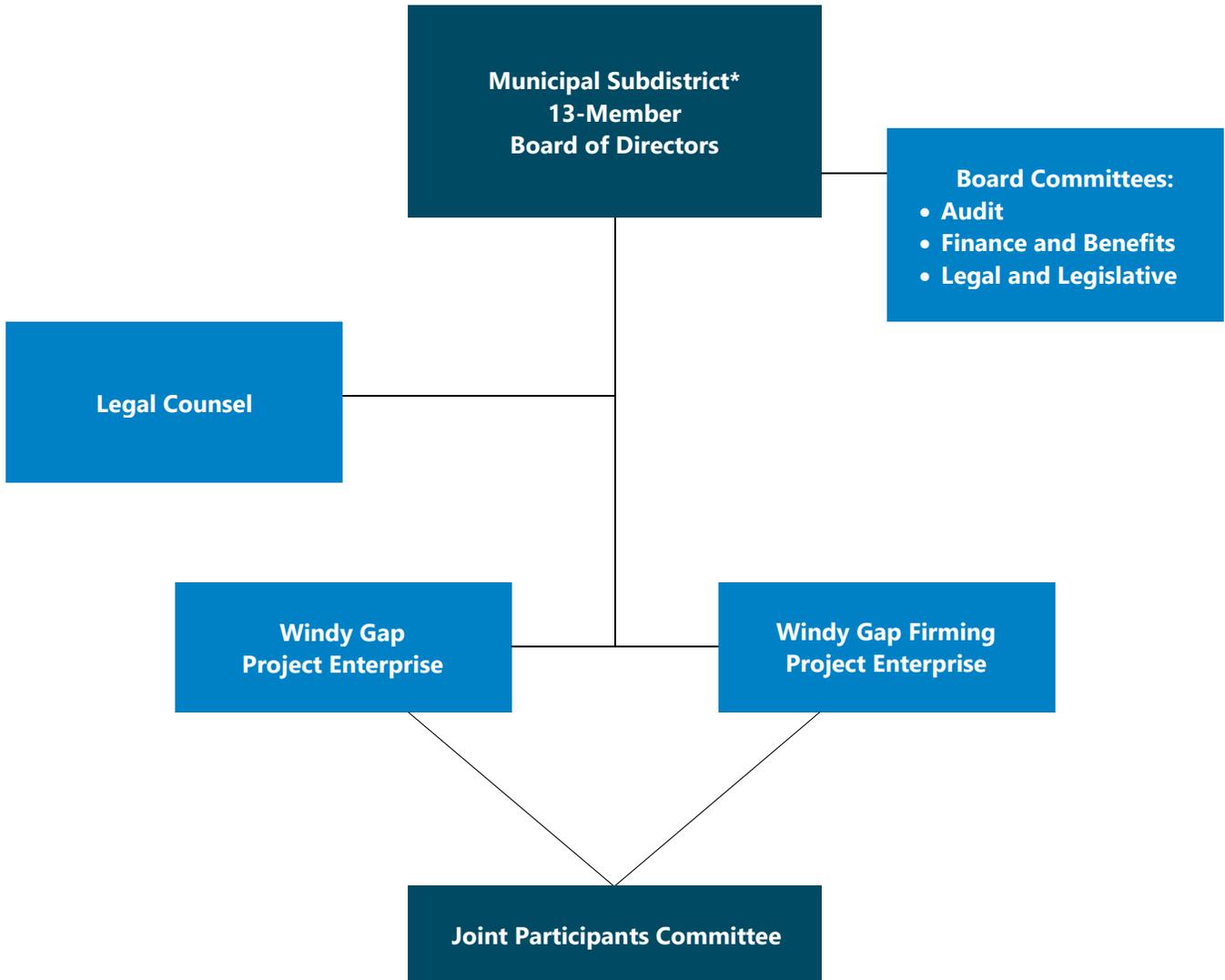


**Todd Williams**  
Boulder County  
Sept. 28, 2017 – Sept. 28, 2025



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

# SUBDISTRICT ORGANIZATIONAL CHART



\*The 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 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 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 12, 2022, appointed Bradley Wind, Jerry Gibbens, Sander Blackburn, Kristyn Unrein, Fahim Ghafoori and Myles Baker as budget officers and directed them to prepare and submit the requisite budgets of Northern Water for fiscal year 2023. 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 30, 2022. The 2023 budget was prepared utilizing the accrual method of accounting. This is the same basis of accounting used for the 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 Subdistrict Board. All contracts over \$100,000, whether budgeted or unbudgeted, must be authorized by the 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 Subdistrict has not adopted a fiscal policy on a balanced budget. 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.

### Reserves

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

## **Risk Management**

The 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 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 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 (expenses).

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 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).

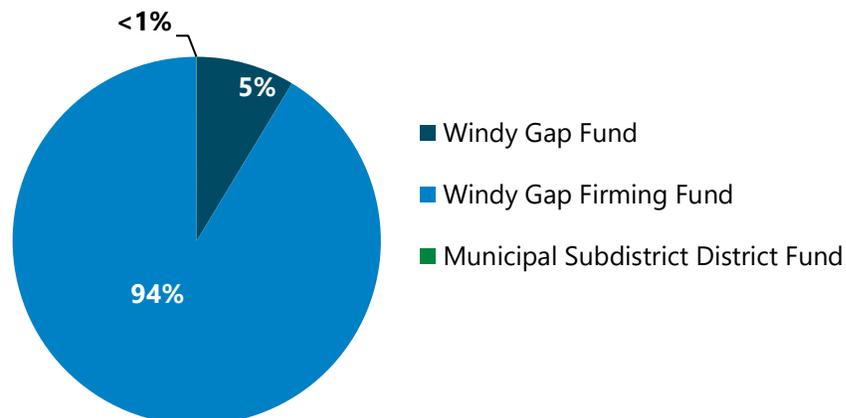
## BUDGET APPROPRIATIONS – ALL FUNDS

The 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 Firming 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.

### 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 Northern Water 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 include:

- Employees per thousand acre-feet delivered is intended to measure employee efficiency.
- Assets per acre-feet delivered includes all assets divided by water deliveries. This metric is an indicator of asset efficiency of water delivered.
- Liabilities per acre-feet delivered includes all liabilities divided by water deliveries. This metric is an indicator of liability efficiency of water delivered.
- Debt per acre-feet delivered includes all debt divided by water deliveries. This metric is an indicator of debt efficiency of water delivered.
- Revenue/receipts per acre-feet 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-feet 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.

Increases from 2020 to 2021 were in part due to:

- Increased liabilities and expenses associated with a growing organization.
- Increased revenue from Windy Gap Firing Project participants and bond proceeds.

<b>Fiscal Year</b>	<b>2020</b>	<b>2021</b>
Employees per thousand-acre-foot delivered	NA*	NA*
Assets per acre-foot delivered	\$ 3,259	\$ 3,549
Liabilities per acre-foot delivered	\$ 587	\$ 592
Debt per acre-foot delivered	\$ -	\$ -
Revenue/receipts per acre-foot delivered	\$ 350	\$ 680
Expenses per acre-foot delivered	\$ 422	\$ 855

Sources: Acre-feet delivered reported in Northern Water 2021 Annual Comprehensive Financial Report. 2022 data not available at this time.

\*No employees for the Subdistrict.

## Priority: Maintain and Strengthen Relationships

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

### Social Media – Subdistrict

Public engagement and transparency are important to Senior Management and the Subdistrict Board of Directors. The 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 Subdistrict measures impressions and engagement. Facebook accounted for 97 percent of the Subdistrict’s social media engagement.

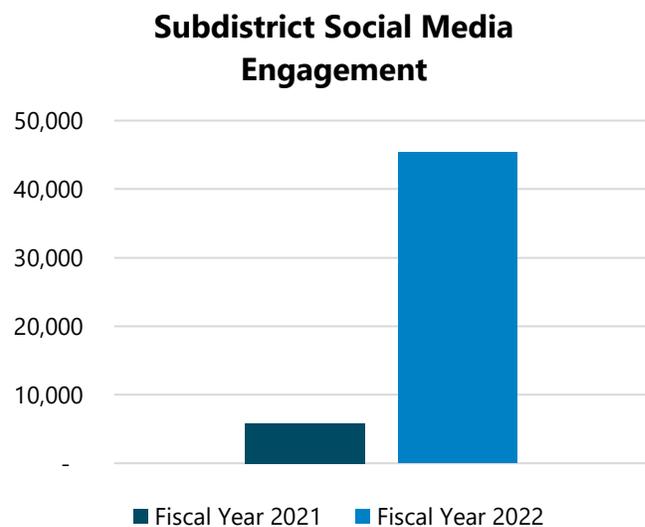
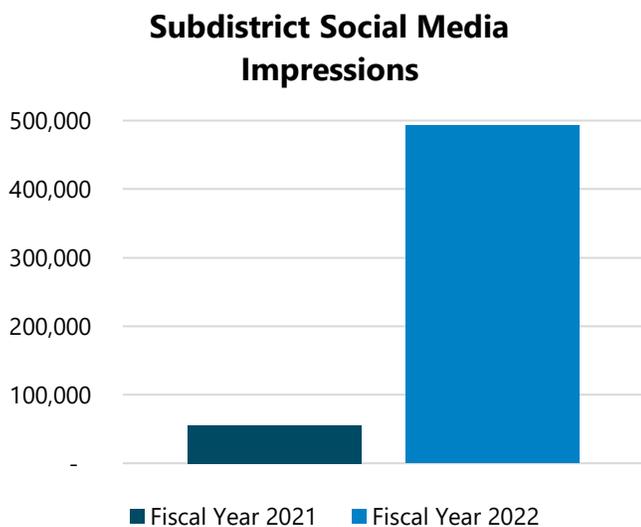
<u>Fiscal Year</u>	<u>Impression</u>	<u>Engagement</u>
2021	55,322	5,857
2022	493,509	45,345

#### Impressions

Impressions are the number of times a person sees content across social media platforms (Twitter and Facebook). In fiscal year 2022, the Subdistrict’s total impressions was 493,509. This was an increase of 438,187 from fiscal year 2021. This increase is due to construction beginning on 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 45,345, which was an increase of 39,488. The most engagement came from Facebook, which accounted for 98 percent of all engagement. Just like Impressions, the engagement was due to beginning construction on the Chimney Hollow Reservoir.



### Website Analytics

The 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 Subdistrict tracks the number of users, page views and duration of visits.

#### Users

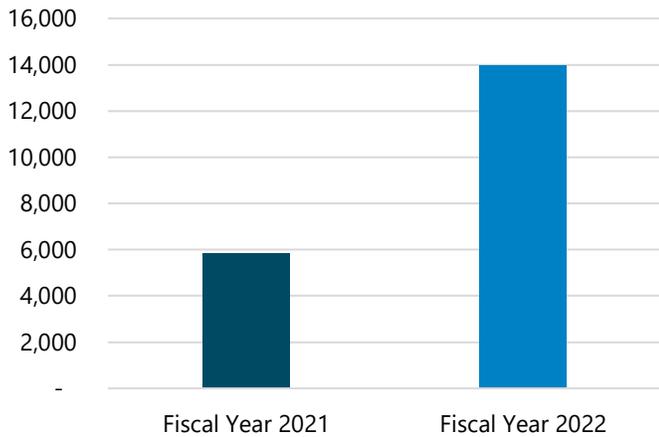
The Subdistrict had 13,947 users visit the Chimney Hollow website in fiscal year 2022. This was an increase of 8,102 or 139 percent. There were 2.9 page views per user.

Page Views

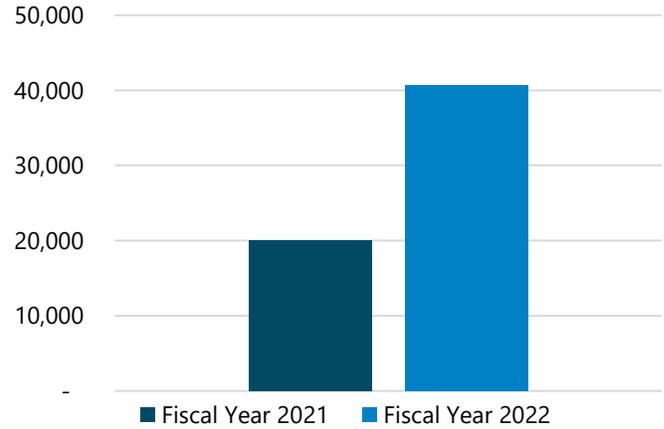
In fiscal year 2022, website visitors accrued 40,658 page views, which was an increase of 20,662 or 103 percent.

<b>Fiscal Year</b>	<b>Users</b>	<b>Page Views</b>	<b>Duration</b>
2021	5,845	19,996	1.30
2022	13,947	40,658	1.32

**Website - Number of Users**



**Website - Number of Page Views**



**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 2022, Northern Water participated in 62 events. This is an increase of 11 from fiscal year 2021.

**Environmental Services Impressions**

In fiscal year 2022, Northern Water’s Environmental Services made 1,213 impressions at the various events. An impression in this case is the number of times we engage with people. This was an increase of 313 from fiscal year 2021. The annual goal is 1,000 impressions.

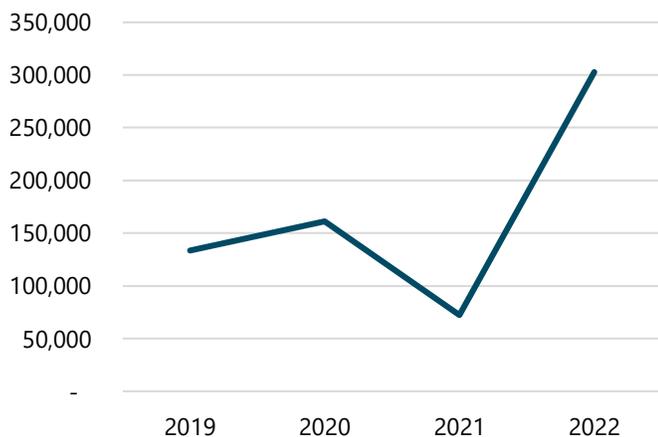
<b>Fiscal Year</b>	<b>Events</b>	<b>Impressions</b>
2021	51	900
2022	62	1,213

**Fund Landscape Conversion Projects to Low-Water Alternatives**

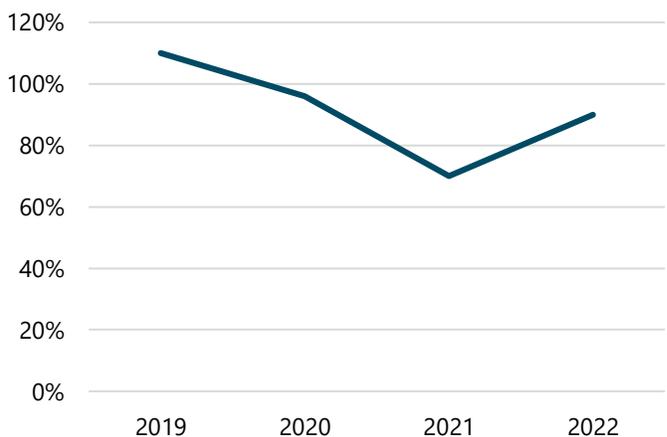
Northern Water and the Subdistrict offer grants to homeowners’ associations and public agencies to convert their landscape to low water alternatives. This is a competitive process and in fiscal year 2022, 90 percent of the budgeted grant money was distributed to fund the conversion of 302,803 square feet.

<b>Fiscal Year</b>	<b>Square Feet</b>	<b>% of Budget Paid</b>
2019	133,445	110%
2020	161,120	96%
2021	72,303	70%
2022	302,803	90%

**Low Water Landscape Conversions (Sq. Ft.)**



**Percent of Budgeted Grant Dispersed**



## 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 Firing Project Water Activity Enterprise Fund.

### Comparison of Sources and Uses by Fiscal Year

	Fiscal Year 2021 Actual	Fiscal Year 2022 Budget	Fiscal Year 2022 Estimated Actual	Fiscal Year 2023 Budget	Dollar Change From Fiscal Year 2022 Budget	Percentage Change From Fiscal Year 2022 Budget
<b>Beginning cash</b>	20,282	22,527	24,383	<b>22,529</b>		
<b>Sources of Funds</b>						
Revenues						
Contributions	61,000	100,050	55,000	<b>100,050</b>	-	n/a
Earnings on investments	2	2	2	<b>2</b>	-	n/a
<b>Total Sources</b>	<b>61,002</b>	<b>100,052</b>	<b>55,002</b>	<b>100,052</b>	-	n/a
Balance sheet source (use)						
<b>Total funds available</b>	<b>81,284</b>	<b>122,579</b>	<b>79,385</b>	<b>122,581</b>		
<b>Uses of Funds</b>						
Expenses						
Board of Directors	56,901	100,050	52,757	<b>100,050</b>	-	n/a
<b>Total Uses</b>	<b>56,901</b>	<b>100,050</b>	<b>52,757</b>	<b>100,050</b>	-	n/a
Ending cash	24,383	22,529	26,628	<b>22,531</b>		
<b>Total funds accounted for</b>	<b>81,284</b>	<b>122,579</b>	<b>79,385</b>	<b>122,581</b>		
<b>Board Expenses</b>						
FICA	1,580	2,200	918	<b>2,200</b>	-	n/a
Legal Fees	12,640	37,950	7,343	<b>37,950</b>	-	n/a
Directors' fees	25,200	28,800	28,800	<b>28,800</b>	-	n/a
Travel /lodging/meals/data	17,381	25,500	10,096	<b>25,500</b>	-	n/a
Bonds	100	5,600	5,600	<b>5,600</b>	-	n/a
<b>Total</b>	<b>56,901</b>	<b>100,050</b>	<b>52,757</b>	<b>100,050</b>	-	-



**WINDY GAP WATER ACTIVITY ENTERPRISE FUND**



### Windy Gap Water Activity Enterprise 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 2023 operating and capital budget totals \$23,026,004. This represents an increase of \$3,583,274 or 18.4 percent from the fiscal year 2022 budget. The increase is primarily due to increased costs related to the design, permitting and construction of the Colorado River Connectivity Channel. Total revenues of \$21,404,425 represents a decrease of \$975,925 from the 2022 budget. The decrease was related to the lower contributions for the Colorado River Connectivity Channel in fiscal year 2023.

### Fiscal Year 2023 Budget

<b>Beginning Cash and Reserves</b> <b>\$27,157,411</b>	<b>Sources of Funds</b> <b>\$21,404,425</b>	<b>Uses of Funds</b> <b>\$23,026,004</b>	<b>Ending Cash and Reserves</b> <b>\$25,535,832</b>
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## Comparison of Sources and Uses by Fiscal Year

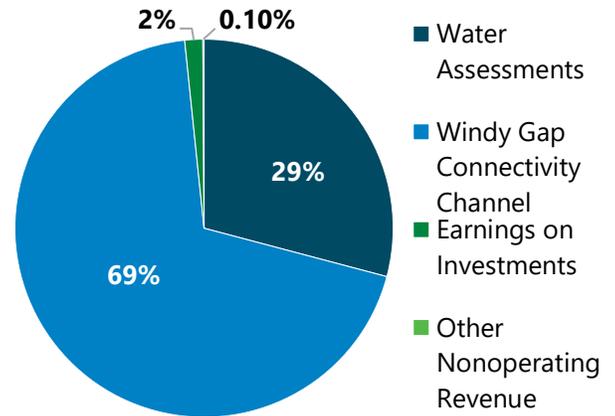
	Fiscal Year 2021 Actual	Fiscal Year 2022 Budget	Fiscal Year 2022 Estimated Actual	Fiscal Year 2023 Budget	Dollar Change from Fiscal Year 2022 Budget	Percentage Change from Fiscal Year 2022 Budget
<b>Beginning Cash &amp; Reserves</b>						
Unrestricted	25,633,593	24,219,791	25,303,745	<b>27,157,411</b>		
Total	25,633,593	24,219,791	25,303,745	<b>27,157,411</b>		
<b>Sources of Funds</b>						
<b>Revenue Sources</b>						
<b>Operating Revenues</b>						
Water Assessments	5,101,176	6,098,250	6,098,250	<b>6,233,000</b>	134,750	2.2%
Other operating revenue	-	900	900	<b>950</b>	50	n/a
Total operating revenues	5,101,176	6,099,150	6,099,150	<b>6,233,950</b>	134,800	2.2%
<b>Other Revenues</b>						
Earnings on Investments	56,519	261,200	261,200	<b>328,300</b>	67,100	25.7%
Other Nonoperating Revenue	6,227	20,000	20,000	<b>22,175</b>	2,175	10.9%
Intergovernmental Revenue - Connectivity Channel	2,822,153	11,000,000	10,340,000	<b>14,820,000</b>	3,820,000	34.7%
Total other revenues	2,884,899	11,281,200	10,621,200	<b>15,170,475</b>	3,889,275	36.6%
<b>Contributions</b>						
Colorado River Connectivity Channel	-	5,000,000	2,944,300	-	(5,000,000)	-100.0%
Total Contributions	-	5,000,000	2,944,300	-	(5,000,000)	-100.0%
Total Sources	7,986,075	22,380,350	19,664,650	<b>21,404,425</b>	(975,925)	-4.4%
Balance Sheet Source (Use)	627,050	-	-	-	-	-
Total Funds Available	34,246,718	46,600,141	44,968,395	<b>48,561,836</b>		
<b>Uses of Funds</b>						
<b>Operating Expenses</b>						
Carriage Delivery	3,852,637	3,978,350	3,978,350	<b>4,027,850</b>	49,500	1.2%
Pumping Energy & Wheeling	324,468	980,000	980,000	<b>990,000</b>	10,000	1.0%
Pump Plant and Pipeline	291,046	565,976	565,976	<b>472,101</b>	(93,875)	-16.6%
Reservoir and Dam	22,994	23,783	23,783	<b>25,000</b>	1,217	5.1%
Other	32,712	-	-	-	-	n/a
Programs	1,064,800	1,475,561	1,475,561	<b>968,698</b>	(506,863)	-34.4%
Indirect Cost	251,607	338,000	338,000	<b>338,000</b>	-	n/a
Total Operating Expenses	5,840,265	7,361,670	7,361,670	<b>6,821,649</b>	(540,021)	-7.34%
Capital - Projects	3,102,708	231,060	231,060	<b>702,794</b>	471,734	204.2%
Capital - CRCC	-	13,100,000	10,500,000	<b>15,067,000</b>	1,967,000	15.0%
Project Studies	-	-	-	<b>184,561</b>	184,561	n/a
Contribution to Connectivity Channel	-	(1,500,000)	(1,500,000)	-	1,500,000	-100.0%
Total Capital & Initiatives	3,102,708	11,831,060	9,231,060	<b>15,954,355</b>	4,123,295	34.9%
Total Expenditures	8,942,973	19,192,730	16,592,730	<b>22,776,004</b>	3,583,274	18.7%
Contingency Appropriation	-	250,000	-	<b>250,000</b>		
Total Uses	8,942,973	19,442,730	16,592,730	<b>23,026,004</b>		
<b>Ending Cash &amp; Reserves</b>						
Unrestricted	25,303,745	27,157,411	28,375,665	<b>25,535,832</b>		
Total	25,303,745	27,157,411	28,375,665	<b>25,535,832</b>		
Total funds accounted for	34,246,718	46,600,141	44,968,395	<b>48,561,836</b>		

## Revenues

Total revenues are expected to be \$21,404,425, which is a decrease of \$975,925 from the prior year budget mostly due to less contributions to the Colorado River Connectivity Channel in fiscal year 2023. Revenue from wholesale water assessments is estimated to increase by \$134,750 from the fiscal year 2022 budget. Water assessments are estimated on deliveries of 25,000 acre-feet in fiscal year 2023. 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 2023, the charge for the assessment deferral will be \$36 per acre-foot of ownership in the Windy Gap Project. Other projected revenues for fiscal year 2023 will include \$14,820,000 to the Colorado River Connectivity Channel via intergovernmental revenues; interest earnings of \$328,300 and other income of \$22,175. A summary of total revenues is provided in the charts and graphs below.

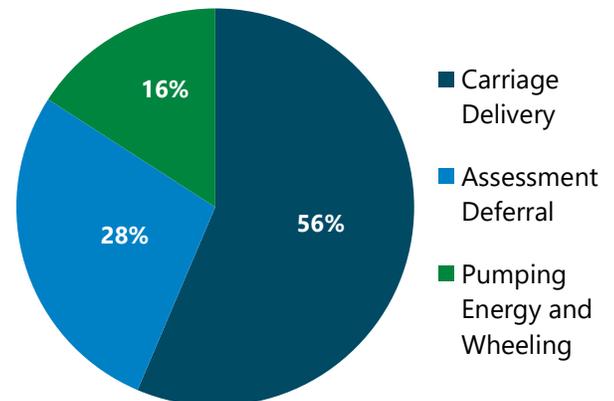
## Subdistrict Fund Revenues

	Budget	Percent of Total Sources of Funds
Water Assessments	\$6,233,950	29.1%
Windy Gap Connectivity Channel	\$14,820,000	69.2%
Earnings on Investments	\$328,300	0.2%
Other Nonoperating Revenues	\$22,175	0.0%
<b>Total</b>	<b>\$21,404,425</b>	<b>100.0%</b>

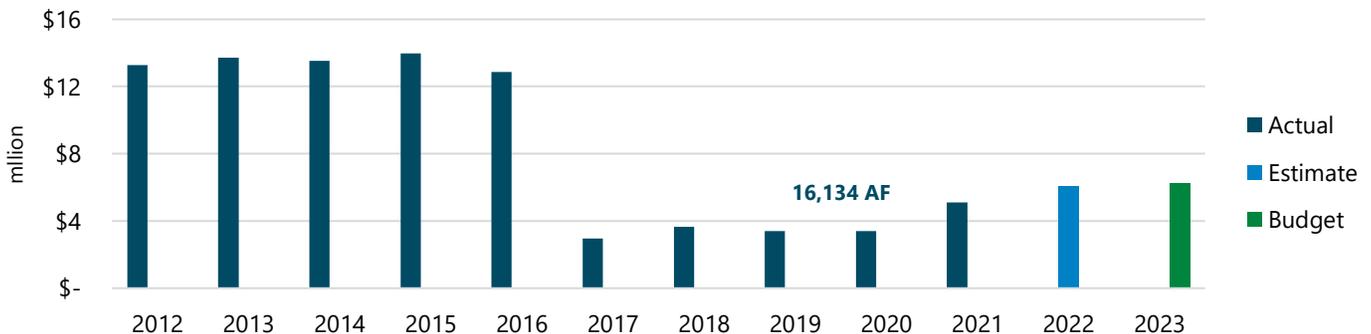


## Water Assessments

	Budget	Percent of Total Water Assessments
Carriage Delivery	\$3,515,000	56.4%
Assessment Deferral	\$1,728,000	27.7%
Pumping Energy and Wheeling	\$990,000	15.9%
<b>Total</b>	<b>\$6,233,000</b>	<b>100.0%</b>



## Windy Gap Annual Assessments Revenues

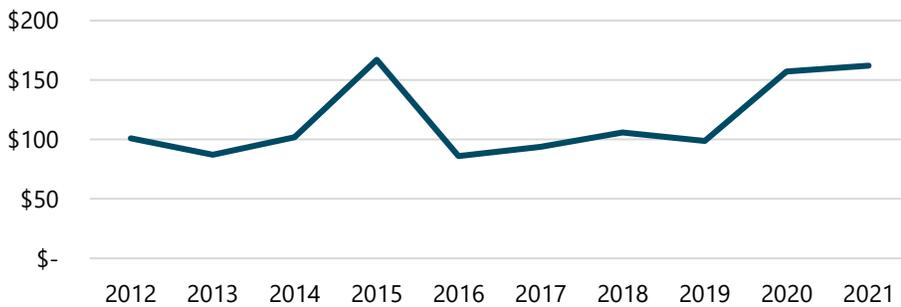


## Carriage Delivery Assessment

Water 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 across the Continental Divide to the East Slope through C-BT facilities. For fiscal year 2023, the cost recovery charge is projected to be \$140.60 per acre-foot of water delivered. The water delivery assessment is calculated on the costs of providing the service and on total water carried through the C-BT Project Adams Tunnel. When less water is carried through the tunnel, Windy Gap Project water becomes a larger percent of the total, resulting in higher water delivery cost. In 2015, the water carried through the Adams Tunnel was 113,856 acre-feet, the lowest since the Windy Gap Project began delivering water. This was the driver of higher delivery assessments. An additional charge of \$35.23 per acre-foot was assessed to the carriage delivery fee per the 2014 Carriage Contract. This new charge beginning in fiscal year 2020 is the Unused Capacity with Reclamation. The participants wanted this charge broken down and we did so to show the impact financially of the Unused Capacity. That rate is \$34.61 and changes every year by 1.79 percent increase. A summary of carriage delivery charges is provided in the table and charts below.

Fiscal Year 2023	Acre-Feet	Charge Per Acre-Foot Per Unit	Total
Carriage Delivery	25,000	\$140.60	\$3,515,000

### Windy Gap Carriage Costs Per Acre-Foot

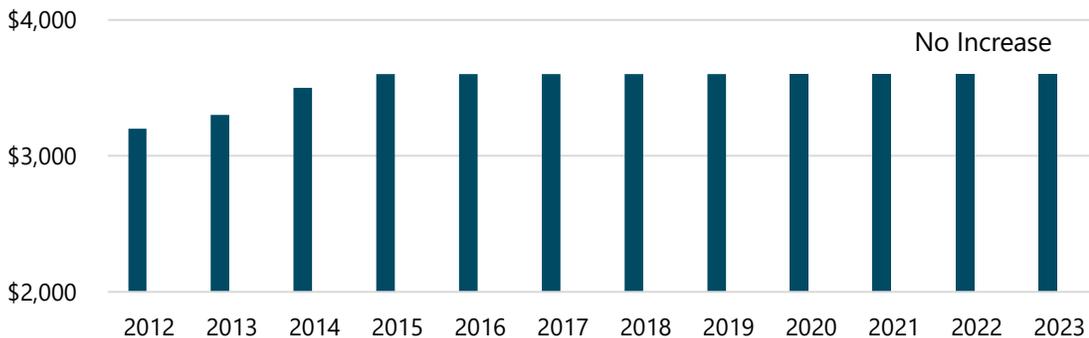


## Operations and Maintenance Assessment

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 2023, 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. A summary of O&M assessment charges is provided in the table and chart below.

Fiscal Year 2023	Per Unit	Per Acre-Foot	Total
Assessment Deferral	3,600	\$36.00	\$1,728,000

### Assessment Deferral



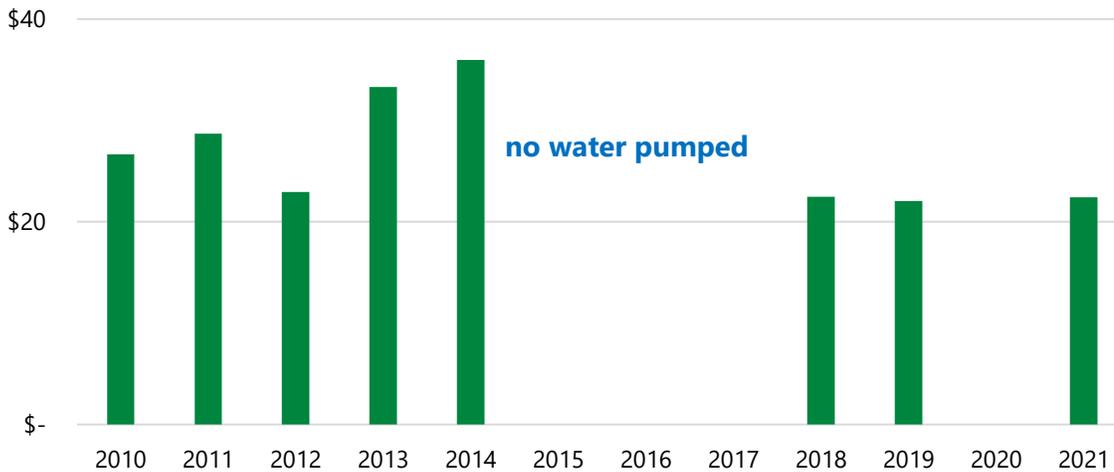
## Pumping Energy/Wheeling

Energy and wheeling assessment are for pumping Windy Gap Project water primarily during April through May, from the Windy Gap Reservoir on the Colorado River through a six-mile pipeline to Lake Granby. For fiscal year 2023, the charge is projected to be \$28.00 per acre-foot of water delivered (same as fiscal year 2022). 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 Subdistrict in-lieu of 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 and 2014 to make space for C-BT system water. A summary of pumping energy/wheeling charges and pricing structure is provided in the tables and charts below.

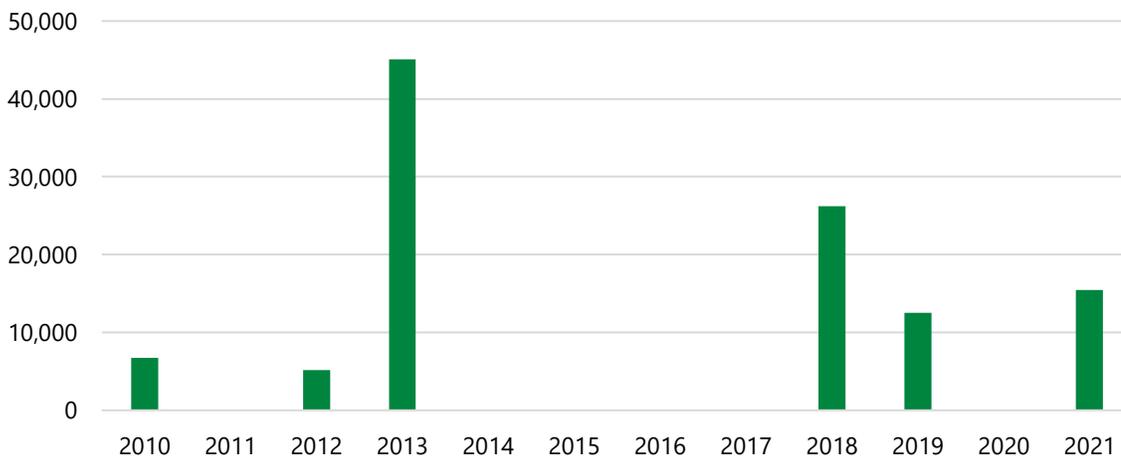
Fiscal Year 2023	Per Unit	Per Acre-Foot	Total
Pumping Energy/Wheeling	35,000	\$28.00	\$990,000

Tier	Rate (\$/kWH)
1 Energy Price	0.03047
2 Energy Price	0.04624
3 Energy Price	0.08406

### Energy Weighted Average Cost per Acre-Foot



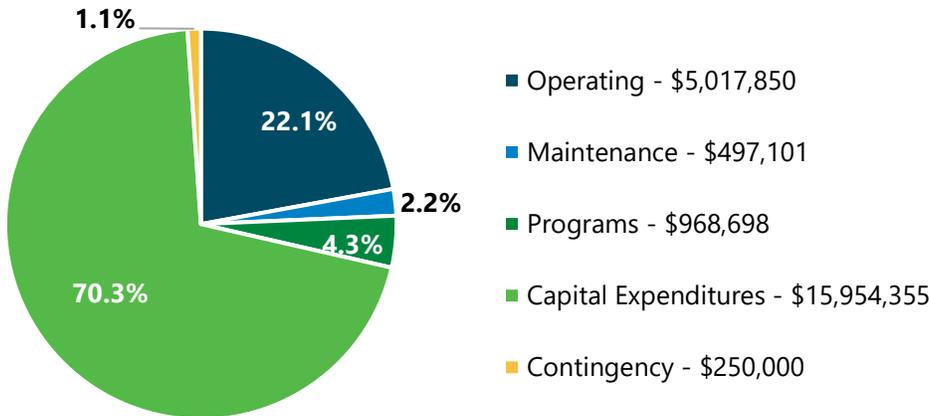
### Water Pumped per Acre-Foot



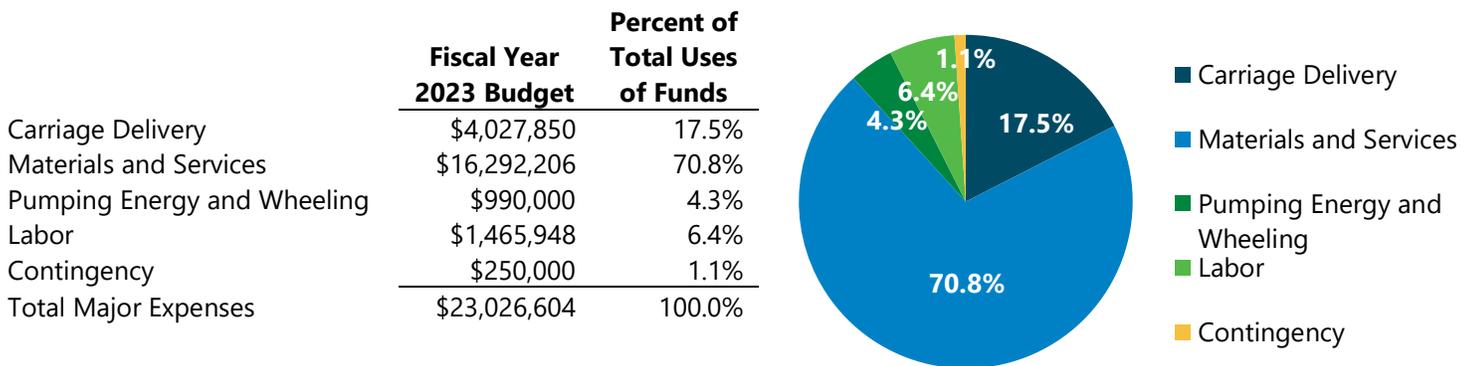
## Expenses

The fiscal year 2023 Windy Gap budgeted expenses are \$23,026,004. The fiscal year 2023 budget represents an increase of \$3,583,274 from the fiscal year 2022 budget of \$19,442,730. Operating and maintenance expenditures total \$5,514,951, a \$33,158 decrease from the 2022 budget. Program expenses are projected to be \$968,698, decreasing \$506,863. Capital additions total \$15,954,355, an increase of \$4,123,295. The contingency of \$250,000 is unchanged from the 2022 budget. The Subdistrict has no full-time staff, and all personnel services are provided by Northern Water. The Subdistrict reimburses Northern Water for the actual time incurred spent on Windy Gap activities. Labor reimbursement costs are estimated to decrease by \$51,562 compared to fiscal year 2022. This decrease amount is immaterial and consistent with fiscal year 2022.

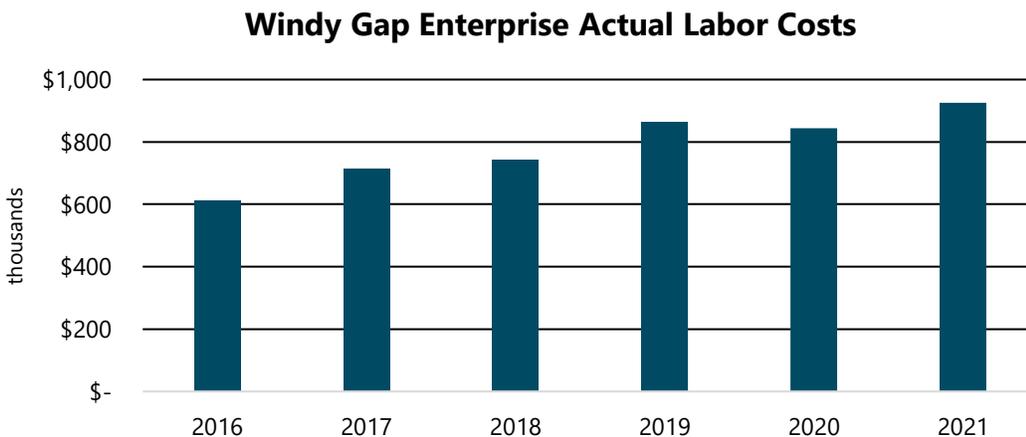
A summary of the total expenditures is provided in the graph below.



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.

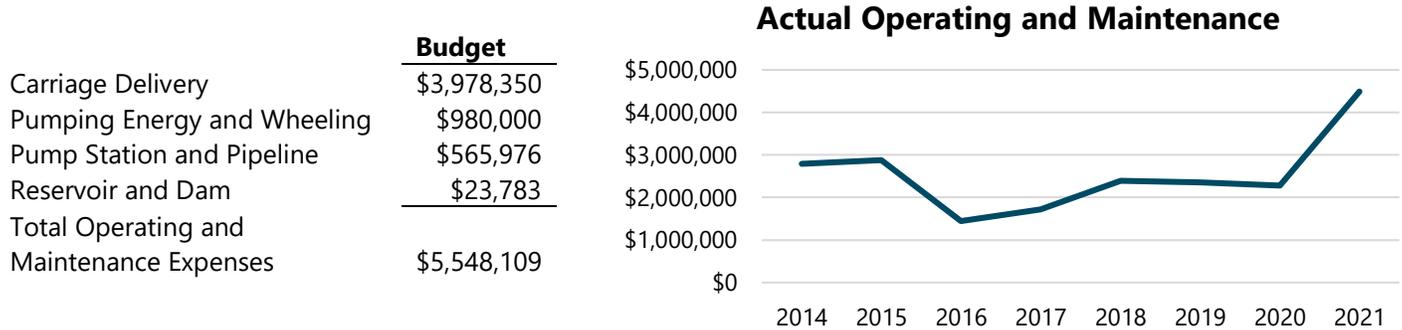


## Operating and Maintenance

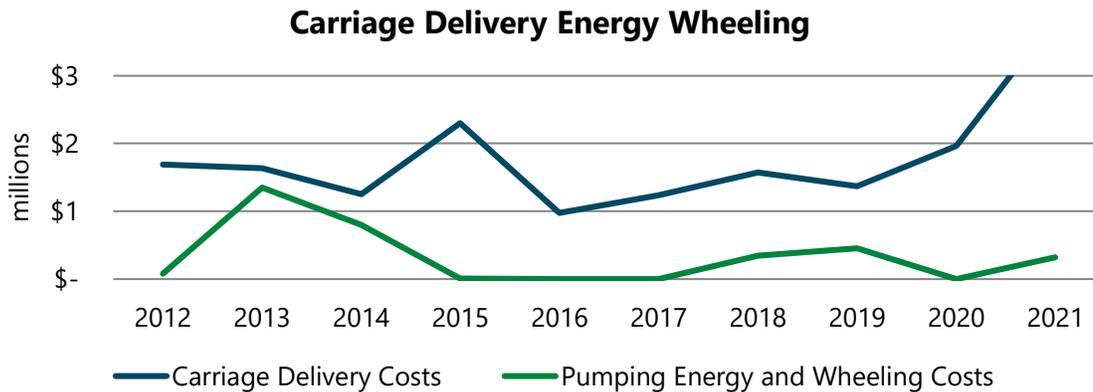
Carriage expenses for the use of the C-BT Project conveyance and storage system to deliver Windy Gap water are expected to be similar compared to fiscal year 2022 budget.

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 \$990,000, only a \$10,000 change from the 2022 budget.

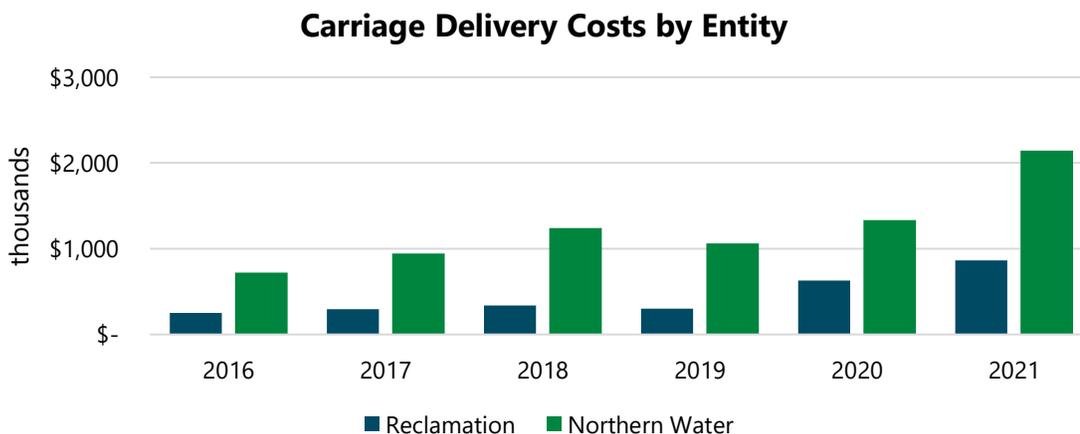
A summary of the operating and maintenance expenses (56.4 percent of the total uses of funds) is provided in the table and chart below.



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

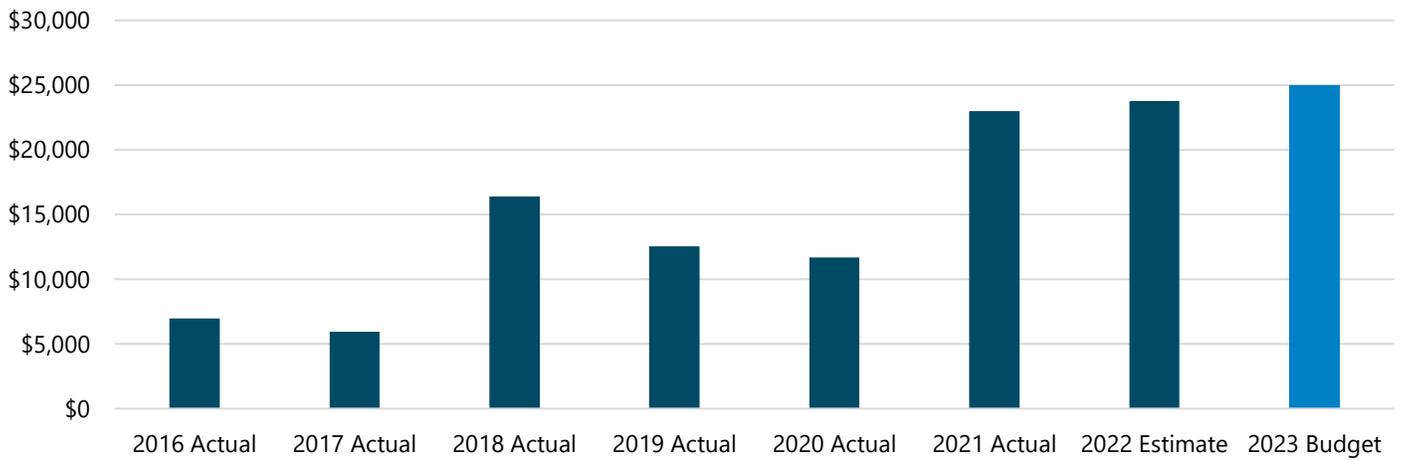


Carriage and delivery costs are paid to Northern Water and Reclamation who both promote operations and maintenance services to the Subdistrict.

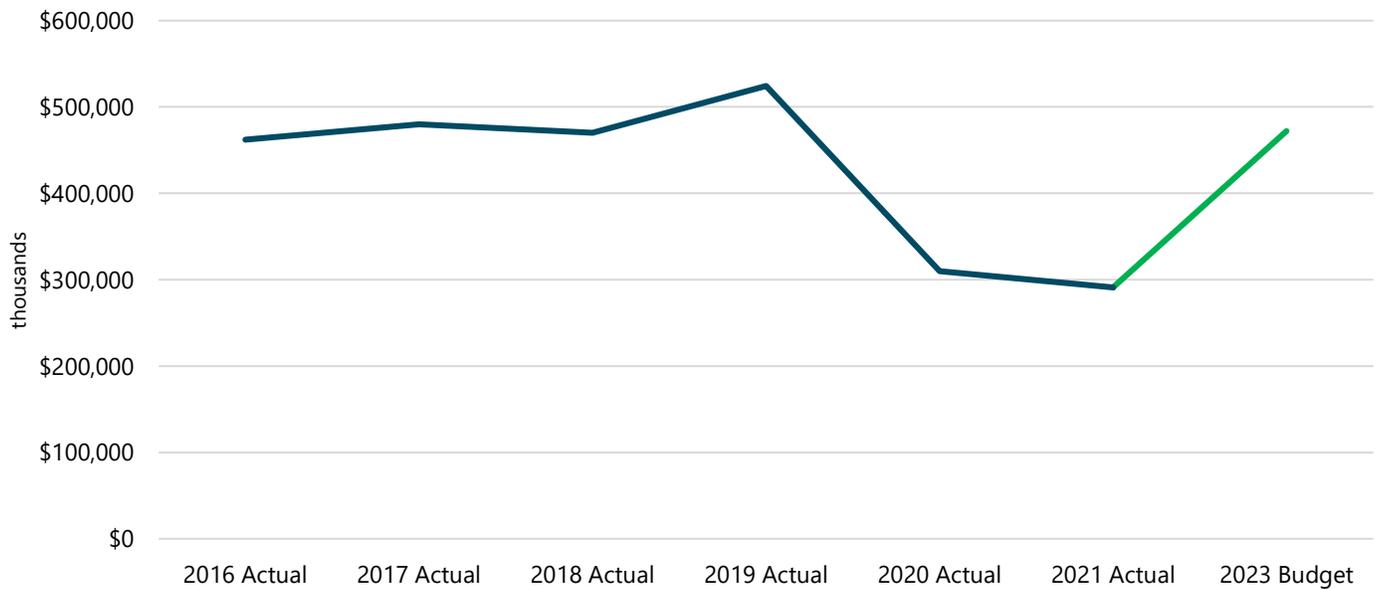


A summary of pump plant, pipeline and reservoir and dams' expenses are provided in the charts below.

### Reservoir and Dam Expenses



### Pump Plant and Pipeline Expenses

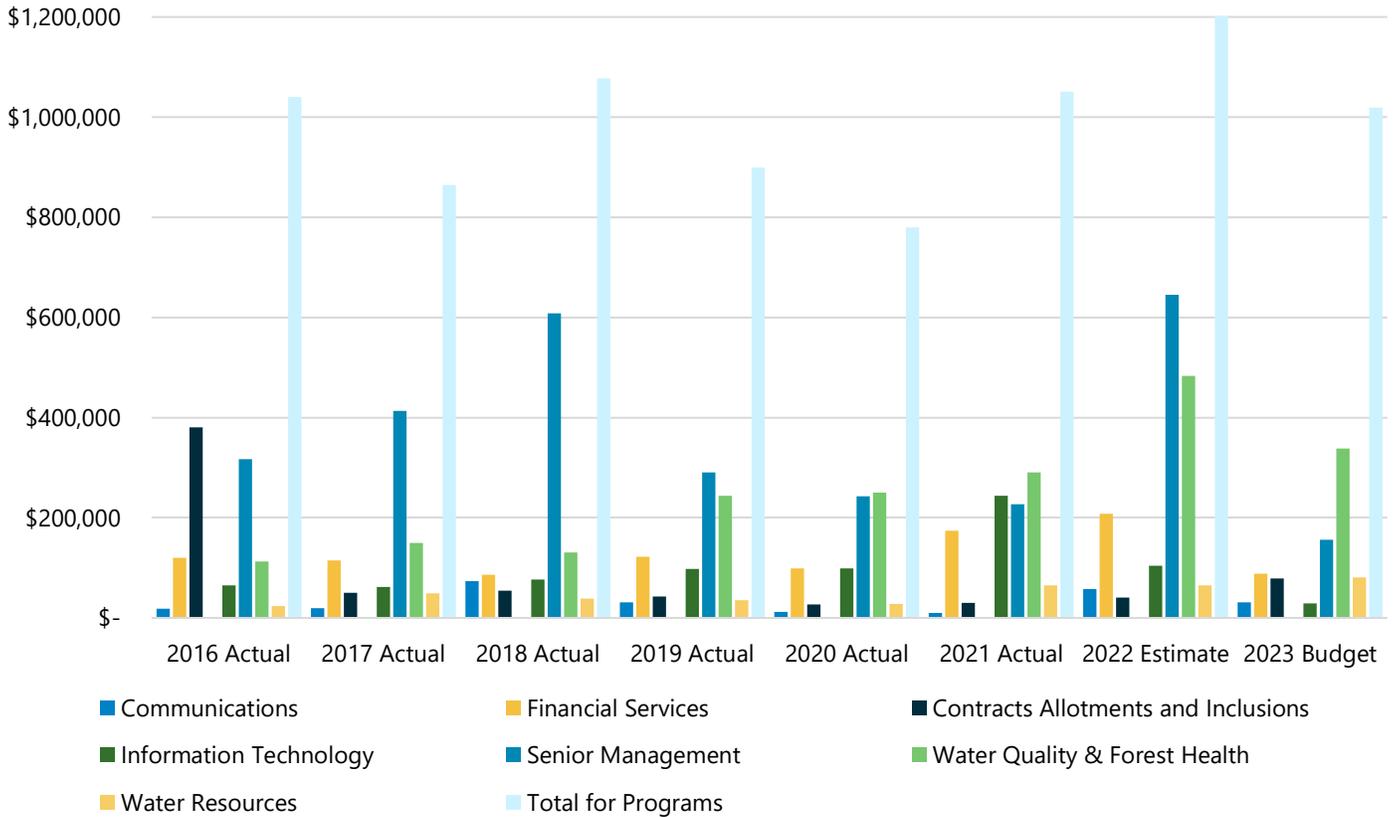


# PROGRAMS

## Expenses

Programs expenses (4.2 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 seven largest Subdistrict programs: Senior Management, Communications, Contracts, Financial Services, Information Technology, Water Quality and Forest Health, and Water Resources programs expense. A summary of programs expenses is provided in the graph and table below.

**Windy Gap Seven Largest Programs Expenses**



	<b>Budget</b>	<b>Percent of Total Program Expenses</b>
Water Quality and Forest Health	\$337,808	33.2%
Senior Management	\$155,708	15.3%
Water Rights	\$92,708	9.1%
Financial Services	\$88,313	8.7%
Water Resources	\$80,608	7.9%
Contracts Allotments and Inclusions	\$78,708	7.7%
Field Services	\$34,708	3.4%
Emergency and Security	\$32,708	3.2%
Communications	\$30,708	3.0%
Real Estate	\$29,308	2.9%
Information Technology	\$28,708	2.8%
Water Records and Accounting (Water Scheduling)	\$28,708	2.8%
<b>Total Program Expenses</b>	<b>\$1,018,698</b>	<b>100.0%</b>

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

In 2023, the Senior Management Program intends to:

- Provide general oversight of all 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 2021 Actual	Fiscal Year 2022 Budget	Fiscal Year 2022 Estimated Actual	Fiscal Year 2023 Budget	Dollar Change From Fiscal Year 2022 Budget	Percentage Change From Fiscal Year 2022 Budget
<b>Expenditures:</b>						
<b>Program Summary</b>						
General Programs	\$20,679	\$276,173	\$276,173	<b>\$278,706</b>	\$2,533	0.9%
Partner Programs	100,166	222,838	222,838	<b>15,035</b>	-207,803	-93.3%
Legal Matters	31,184	98,000	98,000	<b>52,928</b>	-45,072	-46.0%
Board of Directors	74,565	48,084	48,084	<b>41,645</b>	-6,439	-13.4%
Travel and Training	0	261	261	<b>22,000</b>	21,739	8329.1%
<b>Total</b>	\$226,594	\$645,356	\$645,356	<b>\$410,314</b>	-\$235,042	-36.4%
<b>Summary by Category</b>						
Labor	\$79,708	\$56,806	\$56,806	<b>\$33,314</b>	-\$23,492	-41.4%
Non Labor	146,886	588,550	588,550	<b>377,000</b>	-211,550	-35.9%
<b>Total</b>	\$226,594	\$645,356	\$645,356	<b>\$410,314</b>	-\$235,042	-36.4%

## 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 Subdistrict internal and external communications activities.

In 2022, the Communications Program:

- Developed a successful construction communications program for the Chimney Hollow Reservoir Project. Key successes included a monthly e-newsletter that doubled in distribution, social media engagement that grew substantially, video production of key project milestones, developed neighbor communications and hosted a community day for 500 people.
- Developed a Chimney Hollow Reservoir Project tour program for project participants and the public to view the project from the east rim viewpoint, as well as limited, select participant tours of the project site. More than 500 people were able to take part in these tours throughout the season.
- Chimney Hollow social media channels saw a nearly 300 percent increase in followers in 2022 compared to the year before. Almost 500,000 impressions were delivered with more than 45,000 engagements compared to 55,000 impressions and 6,000 engagements in 2021. Chimney Hollow Reservoir Project participants and community members continue to show enthusiasm for the project and are excited to have a window into the reservoir's development through social media.

In 2023, the Communications Program intends to:

- Continue development of the Chimney Hollow Reservoir Project communications plan in year two of construction. Key objectives will include increased content development, video production, virtual tours, a revamped tour program, interactive website components and participants communications staff workshops.
- Continue to build social media engagement on Subdistrict platforms utilizing analytics to determine appropriate tactics; further manage social media advertising opportunities to ensure success and increased engagement of investment.

Communications	Fiscal Year 2021 Actual	Fiscal Year 2022 Budget	Fiscal Year 2022 Estimated Actual	Fiscal Year 2023 Budget	Dollar Change From Fiscal Year 2022 Budget	Percentage Change From Fiscal Year 2022 Budget
<b>Expenditures:</b>						
<b>Program Summary</b>						
Communications Programs	\$9,511	\$57,851	\$57,851	<b>\$9,146</b>	-\$48,705	-84.2%
<b>Total</b>	\$9,511	\$57,851	\$57,851	<b>\$9,146</b>	-\$48,705	-84.2%
<b>Summary by Category</b>						
Labor	\$5,511	\$9,351	\$9,351	<b>\$7,146</b>	-\$2,205	-23.6%
Non Labor	4,000	48,500	48,500	<b>2,000</b>	-46,500	-95.9%
<b>Total</b>	\$9,511	\$57,851	\$57,851	<b>\$9,146</b>	-\$48,705	-84.2%

## 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 Northern Water Board of Directors. The Contracts Program administers all inclusion petitions for Northern Water and the Subdistrict, managing the Board of Director approval process and, when applicable, facilitating secretarial assent from Reclamation. The Contracts Program administers general insurance policies and handles all general liability claims. The Contracts Program collaborates closely with Northern Water's Risk Manager to protect the organization's interest.

<b>Contracts</b>	<b>Fiscal Year 2021 Actual</b>	<b>Fiscal Year 2022 Budget</b>	<b>Fiscal Year 2022 Estimated Actual</b>	<b>Fiscal Year 2023 Budget</b>	<b>Dollar Change From Fiscal Year 2022 Budget</b>	<b>Percentage Change From Fiscal Year 2022 Budget</b>
<b>Expenditures:</b>						
<b>Program Summary</b>						
Allotments & General Management	256	173	173	<b>46,131</b>	45,958	n/a
Inclusions	29,274	39,928	39,928	<b>33,131</b>	-6,797	-17.0%
<b>Total</b>	\$29,530	\$40,101	\$40,101	<b>\$79,262</b>	\$39,161	97.7%
<b>Summary by Category</b>						
Labor	\$22,559	\$25,101	\$25,101	<b>\$29,262</b>	\$4,161	16.6%
Non Labor	6,971	15,000	15,000	<b>50,000</b>	35,000	233.3%
<b>Total</b>	\$29,530	\$40,101	\$40,101	<b>\$79,262</b>	\$39,161	97.7%

## Financial Services Program

Business Plan Priority: Cultivate operational and organizational excellence

The Financial Services Program consists of accounting, payroll and purchasing functions and support of the Subdistrict Board and staff on issues relating to financial reporting, budgets, investments, special projects, contracts, debt issuance and adherence to financial policies and procedures.

In 2022, the Financial Services Program:

- Earned the Award for Outstanding Achievement in Comprehensive Annual Financial Reporting for the 35th consecutive year for the Subdistrict from the Government Finance Officers Association (GFOA).
- Earned the Distinguished Budget Presentation Award for the fifth consecutive year for the Subdistrict from the GFOA.

Financial Services	Fiscal Year 2021 Actual	Fiscal Year 2022 Budget	Fiscal Year 2022 Estimated Actual	Fiscal Year 2023 Budget	Dollar Change From Fiscal Year 2022 Budget	Percentage Change From Fiscal Year 2022 Budget
<b>Expenditures:</b>						
<b>Program Summary</b>						
Accounting Services	\$96,471	\$122,231	\$122,231	<b>\$125,318</b>	\$3,087	2.5%
Audit	41,317	43,750	43,750	<b>78,300</b>	34,550	79.0%
Treasury	16,744	26,140	26,140	<b>33,247</b>	7,107	27.2%
Budget	18,997	15,714	15,714	<b>24,672</b>	8,958	57.0%
<b>Total</b>	\$173,529	\$207,835	\$207,835	<b>\$261,537</b>	\$53,702	25.8%
<b>Summary by Category</b>						
Labor	\$126,110	\$151,435	\$151,435	<b>\$163,632</b>	\$12,197	8.1%
Non Labor	47,418	56,400	56,400	<b>97,905</b>	41,505	73.6%
<b>Total</b>	\$173,529	\$207,835	\$207,835	<b>\$261,537</b>	\$53,702	25.8%

## Information Technology Services Program

Business Plan Priority: Cultivate operational and organizational excellence

The Information Technology Services Department supports the Subdistrict technical and information resources. The IT department is divided into four focus areas: Geographical Information System (GIS); Client Support Services; Network Infrastructure; Software Development and Application Support.

The GIS area is responsible for creating and maintaining geographic information. They provide geospatial support to staff in the creation of datasets, analysis and maps for various projects and activities.

Network Infrastructure support provides the design, maintenance and troubleshooting of the Subdistrict's network, security and technical infrastructure. IT is responsible for all technical aspects of infrastructure including, but not limited to servers, routers, switches, cybersecurity and firewalls.

Finally, IT Services is responsible for managing all electronic information. The department provides security, appropriate availability and accessibility to Subdistrict information while maintaining business continuity through backup and recovery processes.

Information Technology	Fiscal Year 2021 Actual	Fiscal Year 2022 Budget	Fiscal Year 2022 Estimated Actual	Fiscal Year 2023 Budget	Dollar Change From Fiscal Year 2022 Budget	Percentage Change From Fiscal Year 2022 Budget
<b>Expenditures:</b>						
<b>Program Summary</b>						
IT Support Services	243,802	104,495	104,495	0	-104,495	-100.0%
<b>Total</b>	<b>\$243,802</b>	<b>\$104,495</b>	<b>\$104,495</b>	<b>\$0</b>	<b>-\$104,495</b>	<b>-100.0%</b>
<b>Summary by Category</b>						
Labor	\$0	\$0	\$0	\$0	\$0	n/a
Non Labor	243,802	104,495	104,495	0	-104,495	-100.0%
<b>Total</b>	<b>\$243,802</b>	<b>\$104,495</b>	<b>\$104,495</b>	<b>\$0</b>	<b>-\$104,495</b>	<b>-100.0%</b>

## Water Quality and Forest Health Program

Business Plan Priority: Protect and conserve water supplies

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

In 2022, the Water Quality and Forest Health Program:

- Successfully negotiated the Windy Gap Firing Project Nutrient Reduction Plan with Reclamation.
- Pursued planning of pollutant (nutrient, E. coli) reduction strategies and projects associated with permit requirements for WGFP.

In 2023, the Water Quality and Forest Health Program intends to:

- Develop Windy Gap Firing Nutrient Reduction Implementation Plan and seek approval by Reclamation.
- Implement Windy Gap Firing Project mitigation and enhancement commitments in accordance with multiple permits and agreements.
- Continue partnerships with the Colorado State Forest Service, Larimer County, Larimer Conservation District, Big Thompson Watershed Coalition and Estes Valley Watershed Coalition to implement forest and watershed health projects in Windy Gap Project watersheds.

Water Quality & Forest Health	Fiscal Year 2021 Actual	Fiscal Year 2022 Budget	Fiscal Year 2022 Estimated Actual	Fiscal Year 2023 Budget	Dollar Change From Fiscal Year 2022 Budget	Percentage Change From Fiscal Year 2022 Budget
<b>Expenditures:</b>						
<b>Program Summary</b>						
Water Quality Programs	\$279,990	\$457,357	\$457,357	<b>\$290,272</b>	-\$167,085	-36.5%
Watershed Groups	14,366	28,694	28,694	<b>20,000</b>	-8,694	-30.3%
Regulations	6,096	6,771	6,771	<b>31,000</b>	24,229	357.8%
Travel and Training	837	8,802	8,802	<b>12,000</b>	3,198	36.3%
<b>Total</b>	<b>\$301,289</b>	<b>\$501,624</b>	<b>\$501,624</b>	<b>\$353,272</b>	<b>-\$148,352</b>	<b>-29.6%</b>
<b>Summary by Category</b>						
Labor	\$145,073	\$185,049	\$185,049	<b>\$44,172</b>	-\$140,877	-76.1%
Non Labor	156,216	316,575	316,575	<b>309,100</b>	-7,475	-2.4%
<b>Total</b>	<b>\$301,289</b>	<b>\$501,624</b>	<b>\$501,624</b>	<b>\$353,272</b>	<b>-\$148,352</b>	<b>-29.6%</b>

## Water Resources Program

Business Plan Priority: Protect and conserve water supplies

The Water Resources Program performs engineering activities that support the 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 2022, the Water Resources Program:

- Produced water supply and operations forecasts of the Windy Gap Project and informed the Board, management, staff and participants of water availability for allocation and use.
- Produced Windy Gap operations plans resulting in the successful pumping of over 40,000 acre-feet of water without spilling from Granby Reservoir.
- Updated operations and demands models for Windy Gap Project.
- Provided water resources support in the development of the Windy Gap Firming Project Nutrient Mitigation Plan.

In 2023, the Water Resources Program intends to:

- Inform leadership of available Windy Gap supplies and make recommendations for allocation and use.
- Provide water resources analysis for Windy Gap Firming Project participant operations committees to discuss details of future project operations.

Water Resources	Fiscal Year 2021 Actual	Fiscal Year 2022 Budget	Fiscal Year 2022 Estimated Actual	Fiscal Year 2023 Budget	Dollar Change From Fiscal Year 2022 Budget	Percentage Change From Fiscal Year 2022 Budget
<b>Expenditures:</b>						
<b>Program Summary</b>						
Water Resources General	\$3,055	\$17,997	\$17,997	<b>\$20,187</b>	\$2,190	12.2%
Stream Flow Forecast	46,697	39,300	39,300	<b>60,867</b>	21,567	54.9%
WG Project Operations	12,657	2,889	2,889	<b>3,119</b>	230	9.0%
Travel and Training	2,870	0	0	<b>2,456</b>	2,456	n/a
<b>Total</b>	<b>\$65,279</b>	<b>\$60,186</b>	<b>\$60,186</b>	<b>\$86,629</b>	<b>\$26,443</b>	<b>43.9%</b>
<b>Summary by Category</b>						
Labor	\$18,582	\$4,686	\$4,686	<b>\$34,729</b>	\$30,043	641.1%
Non Labor	46,696	55,500	55,500	<b>51,900</b>	-3,600	-6.5%
<b>Total</b>	<b>\$65,279</b>	<b>\$60,186</b>	<b>\$60,186</b>	<b>\$86,629</b>	<b>\$26,443</b>	<b>43.9%</b>

## 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 Subdistrict does not have a specific debt limit dollar amount threshold.

## CAPITAL PROJECTS

The 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 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 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 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 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.

## CAPITAL PROJECTS, OTHER INITIATIVES AND STUDY 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:

### 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

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

	<b>Fiscal Year 2023 Budget</b>
Connectivity Channel	\$15,067,000
Windy Gap Pump Plant Forebay Silt Work	\$381,870
Windy Gap Electrical Study & Design	\$109,561
Windy Gap Breaker Replacement (Design FY23 / Work FY24)	\$100,000
Wingy Gap Well	\$87,456
VFD Drive / Smaller Capacity Unity Study	\$75,000
Windy Gap Transformer Doble Testing	\$48,187
Aluminum Lids WG Pipeline	\$37,456
Windy Gap Pressure Switches	\$28,187
Bypass Check Valves (2)	\$19,637
<b>Total</b>	<b>\$184,381,500</b>

Colorado Connectivity Channel (\$15,067,000) –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 design a way 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 and Design (\$109,561) – 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.

Windy Gap Breaker Replacements (\$100,000) – Staff will replace original breakers with vacuum breakers. This will provide ARC flash protection along with ease of maintenance.

Windy Gap Pump Plant Well (\$87,456) – This will allow the Windy Gap Pump Plant to have its own fresh water supply for drinking and sanitary use.

Variable Frequency Drive / Smaller Capacity Unity Study (\$75,000) – Supplying a variable frequency drive or smaller pump would ensure that Windy Gap can pump water even at lower flows. This will maximize the potential of the Windy Gap Pump Plant.

Windy Gap Transformer Doble Testing (\$48,187) – Doble testing will determine if the components of the transformers are performing up to specifications. This will ensure reliability of the power component.

Aluminum Lids Windy Gap Pipeline (\$37,456) – The replacement of steel lids with aluminum for the manhole access will provide an easier way to extract the lids from the vaults.

Windy Gap Pressure Switches (\$28,187) – This is for the procurement and installation of four pressure switches on guard gates at the intake of Windy Gap Pump Plant.

Bypass Check Valves (\$19,637.40) – Replacing the bypass valve will help ensure safe water deliveries. In addition, having an extra one on site will lessen the impacts of downtimes.

	<b>Fiscal Year 2021 Actual</b>	<b>Fiscal Year 2022 Estimated Actual</b>	<b>Fiscal Year 2023 Budget</b>
Net Cash Flows from (use) Operations	\$5,101,176	\$6,098,250	\$6,233,000
Net Cash Produced	\$(739,089)	\$(1,262,520)	\$(587,699)
Beginning Net Position	\$34,028,776	\$34,495,132	\$33,232,612
Ending Net Position	\$34,495,132	\$33,232,612	\$32,644,913

### Capital Outyear

With two major projects that are 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.

<b>Project Name</b>	<b>Total Cost</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Chimney Hollow Reservoir Construction	\$ 245,500,000			
Colorado River Connectivity Channel	\$ 2,632,000			
Windy Gap Crane Bridge	\$ 585,000			
Windy Gap Breaker Replacement (Design FY23 / Construct FY24)	\$ 471,000			



## **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 (ie. "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.

## Comparison of Sources and Uses by Fiscal Year

	Beginning Cash		Sources of Funds		Uses of Funds		Ending Cash	
	\$393,861,858		\$11,626,687		\$229,963,448		\$175,525,097	
	Fiscal Year 2021 Actual	Fiscal Year 2022 Budget	Fiscal Year 2022 Estimated Actual	Fiscal Year 2023 Budget	Dollar Change From Fiscal Year 2021 Budget	Percentage Change From Fiscal Year 2021 Budget		
<b>Beginning Cash &amp; Reserves</b>								
Unrestricted	7,792,389	315,224,778	315,224,778	<b>325,404,778</b>				
Restricted	-	268,524,811	268,524,811	<b>68,457,080</b>				
<b>Total</b>	<b>7,792,389</b>	<b>583,749,589</b>	<b>583,749,589</b>	<b>393,861,858</b>				
<b>Sources of Funds</b>								
Contributions from Participants	20,413,724	13,120,000	13,120,000	<b>11,566,687</b>	(1,553,313)	-11.8%		
Contribution from District (Chimney Hollow Outlet Works)	-	2,000,000	2,000,000	-	(2,000,000)	-100.0%		
Interest and Rental Income	(908,444)	60,000	67,000	<b>60,000</b>	-	0.0%		
<b>Total Sources</b>	<b>19,505,280</b>	<b>15,180,000</b>	<b>15,187,000</b>	<b>11,626,687</b>	<b>(3,553,313)</b>	<b>-23.4%</b>		
Balance sheet source (use)	109,006,089	-	-	-				
<b>Total funds available</b>	<b>136,303,758</b>	<b>598,929,589</b>	<b>598,936,589</b>	<b>405,488,545</b>				
<b>Uses of Funds</b>								
<b>Capital</b>								
Planning	100,881	-	-	-	-	n/a		
Permits	14,241,498	-	0	-	-	n/a		
Design	6,793	5,000	5,000	-	(5,000)	-100.0%		
Construction	24,459,280	147,892,131	147,892,131	<b>186,374,000</b>	38,481,869	26.0%		
Mitigation and Enhancements	10,276,187	15,685,900	15,685,900	<b>15,000,000</b>	(685,900)	-4.4%		
Property Management	44,958	12,000	12,000	<b>30,098</b>	18,098	150.8%		
Settlement	-	-	-	-	-	n/a		
Bond Issuance Costs	1,602,260	-	-	-	-	n/a		
Debt Service	2,648,390	-	7,322,911	<b>8,086,650</b>	8,086,650	n/a		
Indirect Costs	-	472,700	-	<b>472,700</b>	-	n/a		
Contingency Appropriation	-	41,000,000	-	<b>20,000,000</b>	(21,000,000)	-51.2%		
<b>Total Uses</b>	<b>53,380,247</b>	<b>205,067,731</b>	<b>170,917,942</b>	<b>229,963,448</b>	<b>24,895,717</b>	<b>12.1%</b>		
<b>Ending Cash &amp; Reserves</b>								
Unrestricted	6,766,643	325,404,778	231,130,069	<b>113,913,725</b>				
Restricted	76,156,868	68,457,080	196,888,578	<b>61,611,372</b>				
<b>Total</b>	<b>82,923,511</b>	<b>393,861,858</b>	<b>428,018,647</b>	<b>175,525,097</b>				
<b>Total Funds Accounted For</b>	<b>136,303,758</b>	<b>598,929,589</b>	<b>598,936,589</b>	<b>405,488,545</b>				

## Windy Gap Firming Project Water Activity Enterprise Fund Overview

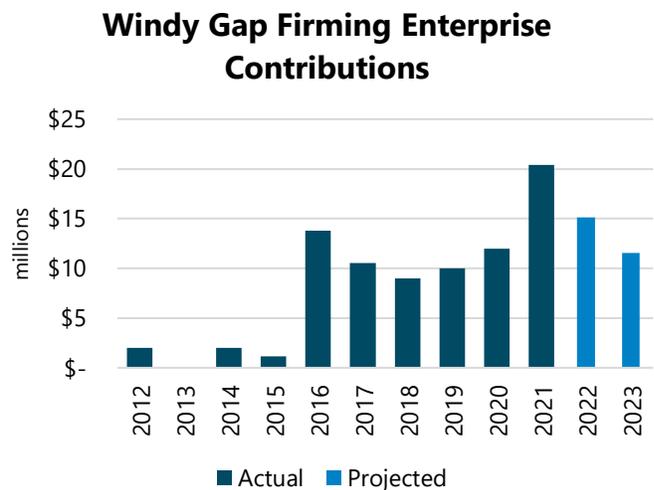
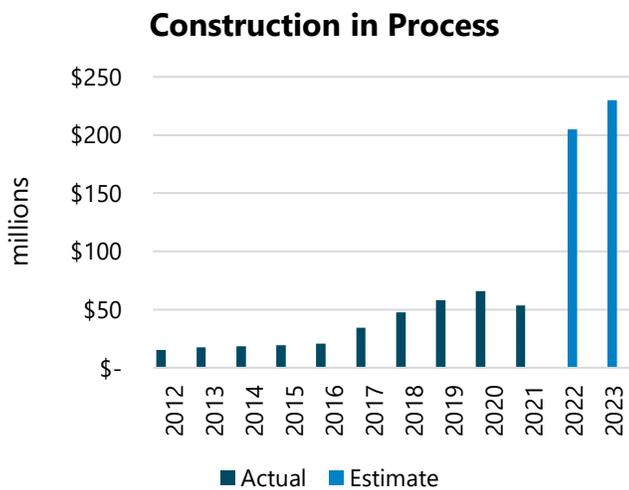
The Windy Gap Firming Project Water Activity Enterprise Fund is self-supporting through participants' contributions. The Subdistrict has undertaken the Windy Gap Firming Project to increase the reliable firm yield of the existing Windy Gap Project. The annual delivery of Windy Gap Project water is not 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 Subdistrict, initiated the proposed Windy Gap Firming Project to complement the Windy Gap Project by firming a portion of their Windy Gap Project water units. The Windy Gap Firming 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 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.

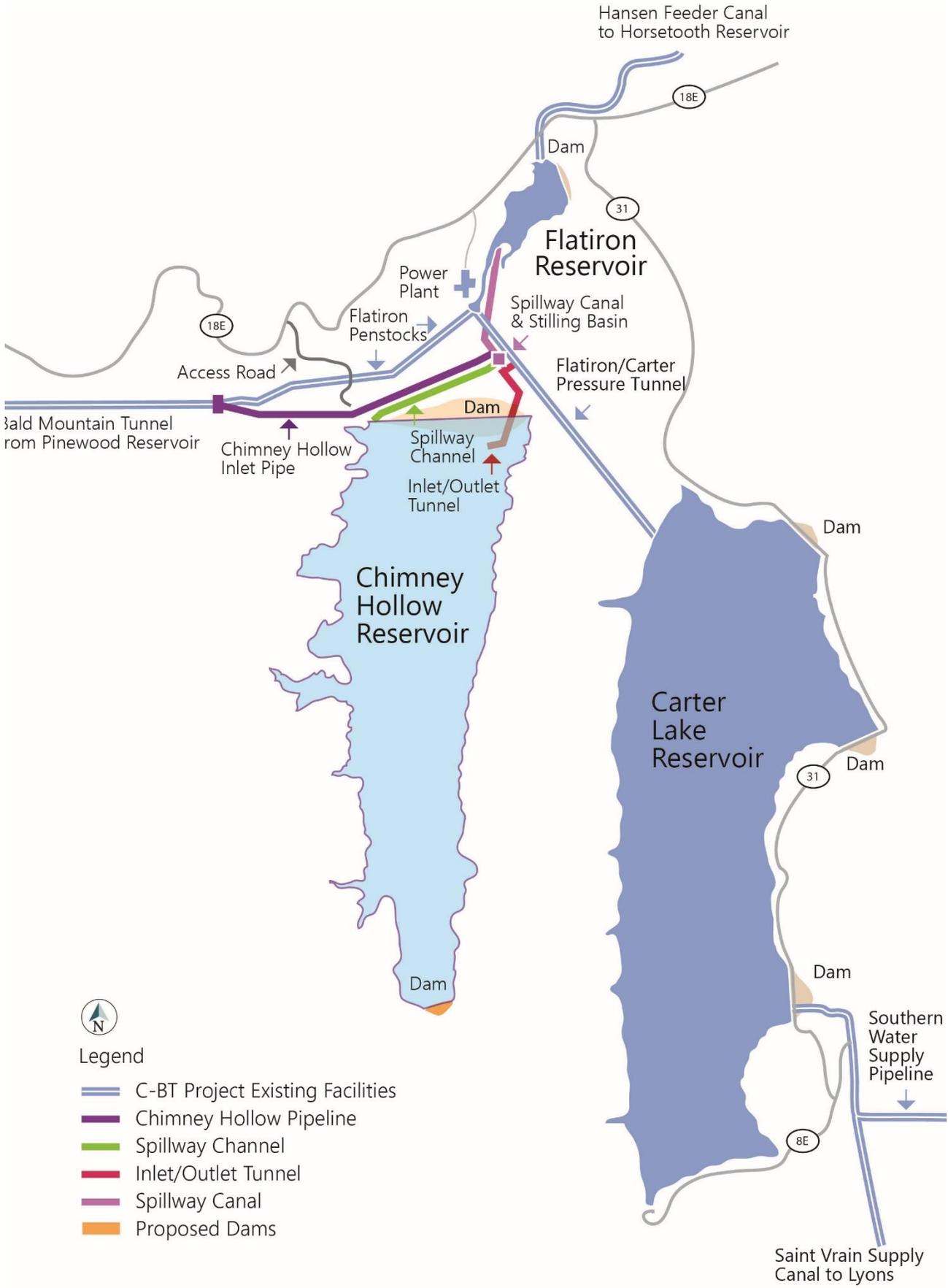
The permitting process for the Windy Gap Firming Project began in 2003 and included a 1041 permit which was received from Grand County in 2012, and an official Record of Decision that was received from Reclamation in 2014, approving construction and operation of the Chimney Hollow Reservoir and a physical 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 Firming Project on March 25, 2016. Also, the State of Colorado officially endorsed the Windy Gap Firming 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 \$563.6 million. Following completion of construction, the projected operation and maintenance costs are currently forecasted to be approximately \$2 million annually.

The fiscal year 2023 Windy Gap Firming Project budget totals \$229,963,448 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.



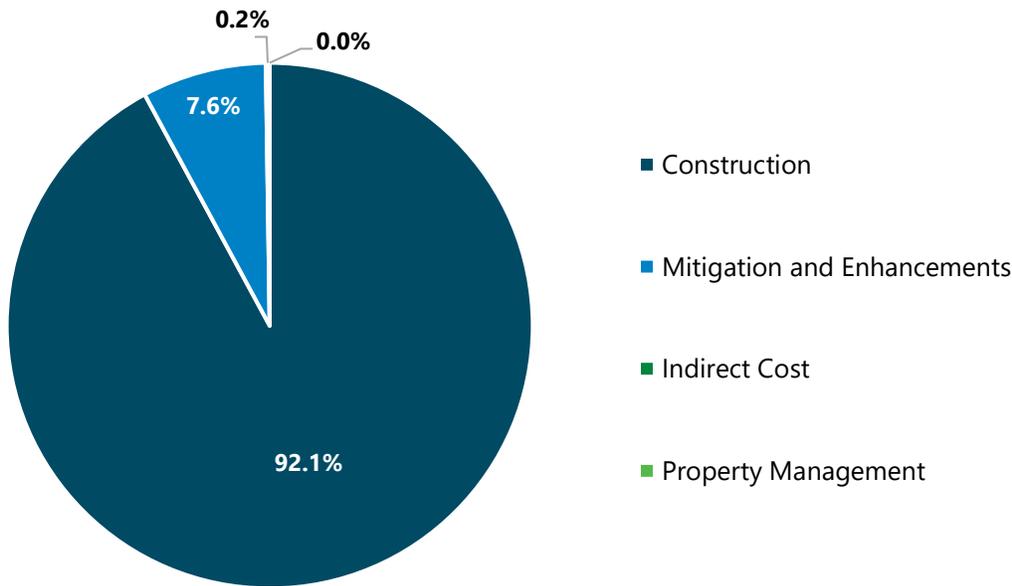
# Windy Gap Firing Project Map



## Capital Expenditures

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

	Budget	Percent of Total Uses of Funds
Construction	\$188,892,131	92.1%
Mitigation and Enhancements	\$15,685,900	7.7%
Indirect Cost	\$472,700	0.2%
Property Management	\$12,000	0.0%
<b>Total</b>	<b>\$205,067,731</b>	<b>100.0%</b>



## Chimney Hollow Construction

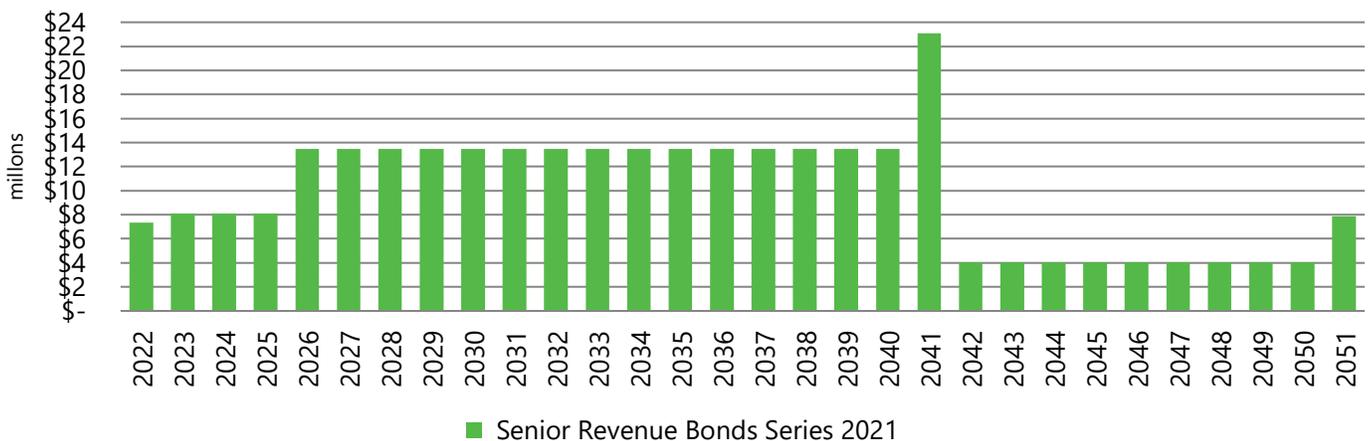
### \$177,900,000

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 Subdistrict. Construction began in August 2021 and will take approximately four years to complete the reservoir.

## Windy Gap Firing Project Financing Structure

In August 2021, Windy Gap Firing Project secured financing for the Chimney Hollow Reservoir project. Project costs, estimated at \$593 million, were fully funded through a combination of direct capital cash contributions from five participants, and pooled financing by the Subdistrict on behalf of the remaining participants. Capital cash contributions by the five participants, which included Broomfield, Loveland, Longmont, Fort Lupton 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 \$90 million subordinated loan from Colorado Water Conservation Board (CWCB). The Senior Revenue Bonds have a par value of \$169,705,000 with a coupon rate of 4 percent to 5 percent and were sold at a premium of \$49,351,105, yielding net proceeds of approximately \$217,571,800 after all issuance costs. Annual debt service consisting of principal and interest is due on the bonds, with interest starting in January 2022 and principal payments starting in July 2026. Debt service payments will be funded by annual participant assessments under the terms of the allotment contracts. A debt service reserve of \$13,472,650 has been established. In addition, the pooled financing participants are funding over two years an additional liquidity reserve equal to 30 percent of their individually determined maximum annual debt service. Bond proceeds and participant capital contributions are held in a trust account. Windy Gap Firing Project draws upon the funds by submitting monthly Project Fund Disbursement Requests. It is anticipated that the subordinated CWCB loan will be drawn upon towards the end of the construction period. A summary is provided in the graph below.

### 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 over 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.

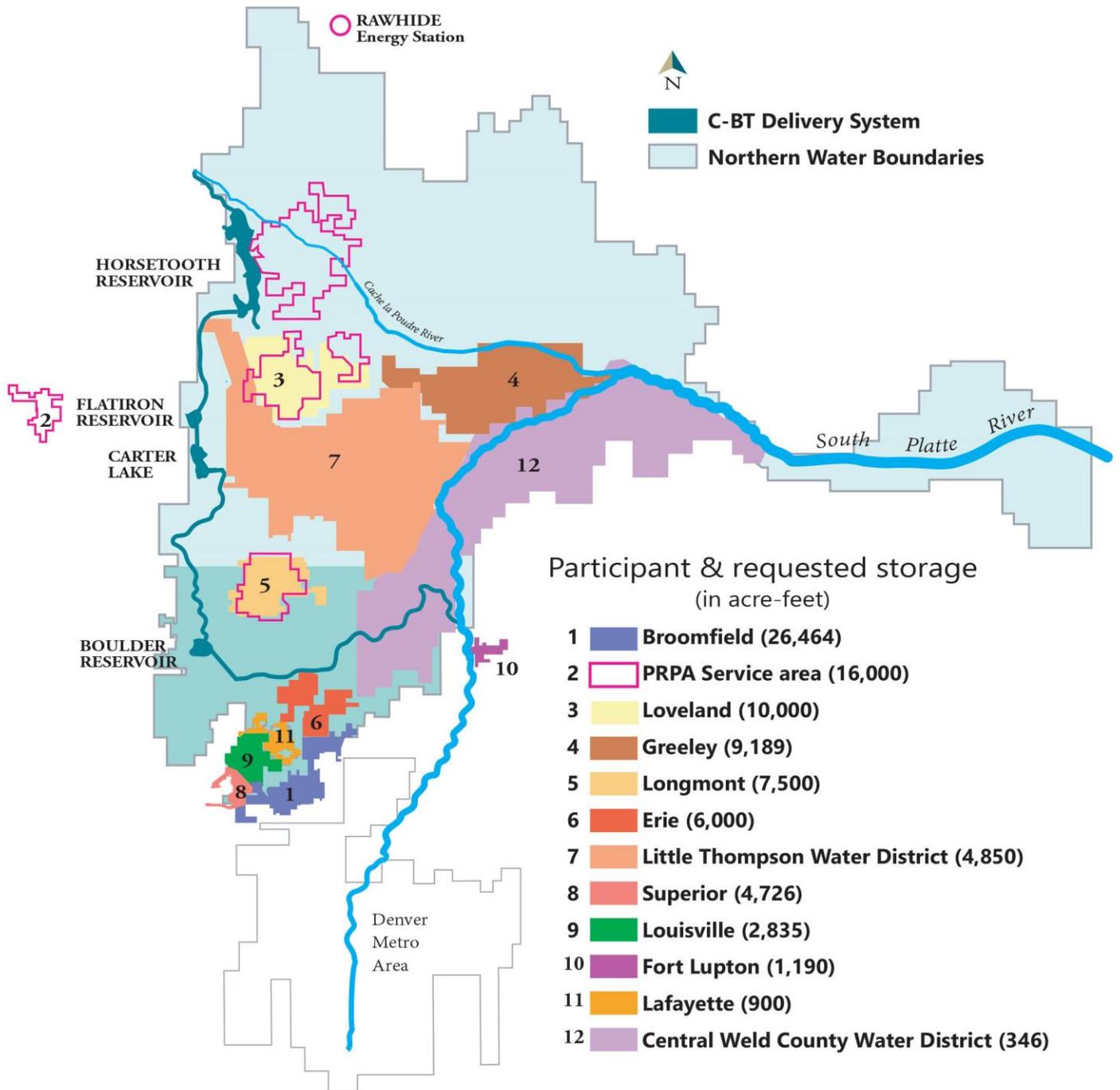
## Projected Net Position - Windy Gap Firing

The projected net position below is for fiscal years 2021 and 2022. Net position is the residual of all other financial statement elements presented in a Statement of Net Position.

	Fiscal Year 2021 Actual	Fiscal Year 2022 Estimated Actual	Fiscal Year 2023 Budget
Contributions	\$20,413,724	\$13,120,000	\$11,566,687
Net Cash Produced	\$20,413,724	\$13,120,000	\$11,566,687
Beginning Net Position	\$75,083,193	\$92,986,213	\$106,106,213
Ending Net Position	\$92,986,213	\$106,106,213	\$117,672,900

The significant 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 start when the Chimney Hollow Reservoir is completed.

## Windy Gap Firing Project 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**

Northern Water's financial statements are prepared in accordance with principles generally accepted in the United States of America (GAAP). Additionally, Northern Water 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 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 Northern Water.

### **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**

Northern Water'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 Northern Water, 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. Northern Water'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, that 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 Northern Water'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 Northern Water 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**

Northern Water Enterprise Funds are financed through assessments, tax revenues, charges for services and energy revenues.

**Risk Management**

Northern Water 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-399-08-22**

#### **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 Director of Operations Division; Sander Blackburn, Finance and Administrative Services Division Director; Fahim Ghafoori, Senior Financial Analyst; Myles Baker, Financial Analyst; and Kristyn Unrein, Financial Services Department Manager; to prepare a Budget for Fiscal Year 2023; 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 2023, 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 2023 the aggregate sum of \$23,026,004 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 2023 the aggregate sum of \$229,963,448 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.

**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 4, 2022.

  
Secretary

