

Northern Colorado Water Conservancy District

2002

COMPREHENSIVE ANNUAL FINANCIAL REPORT

September 30, 2002

Loveland, Colorado

MUNICIPAL
SUBDISTRICT



Comprehensive Annual Financial Report

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



Issued By:

The Municipal Subdistrict with
the assistance of John Budde, CPA

September 30, 2002

Front cover: (L to R) Inlet structure at Granby Reservoir, Colorado River,
Green Mountain Reservoir and Windy Gap Reservoir

In keeping with our commitment to the environment, this report is printed entirely on recycled paper.

Comprehensive Annual Financial Report, September 30, 2002

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Municipal Subdistrict Northern Colorado Water Conservancy District

P. O. Box 679, Loveland, Colorado 80539 (970) 667-2437

February 6, 2003

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

The comprehensive annual financial report (CAFR) of the Municipal Subdistrict, Northern Colorado Water Conservancy District (Subdistrict) for the year ended September 30, 2002 is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Subdistrict's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the Subdistrict. All disclosures necessary to enable the reader to gain an understanding of the Subdistrict's financial activities have been included.

This CAFR is presented in three sections as follows:

1. **Introductory Section** provides information on the contents of the report, this transmittal letter and the Subdistrict's organizational structure.
2. **Financial Section** includes the auditor's opinion, management discussion and analysis, basic financial statements and other supplemental information.
3. **Statistical Section** contains additional financial and general information generally presented on a multiyear basis.

Profile of the Government

In general, the Subdistrict's main function is to provide additional water supplies through the Windy Gap Project (Project), to northern Colorado municipalities, rural domestic suppliers, and industry. These include the cities of Boulder, Broomfield, Greeley, Longmont and Loveland, the Town of Estes Park, the Platte River Power Authority, Superior Metropolitan District No. 1, Left Hand Water District and Central Weld County Water District. The area served by the Subdistrict is situated just east of the front range of the Colorado Rocky Mountains, north of Denver.

The Project consists of a diversion dam on the Colorado River plus a pumping plant and pipeline to transport diverted water into the Colorado-Big Thompson Project on the west side of the Continental Divide for distribution to the participants on the east side of the Divide.

Local Economy

The Subdistrict has a diversified economy ranging from agriculture in the eastern part of the Subdistrict to the tourist and recreational areas in the western area. In between are major manufacturing, research, government, and commercial interests. Several universities are located in the Subdistrict, including Colorado State University, the University of Colorado and the University of Northern Colorado, as well as several community colleges and voc-tech schools.

Economists expect job growth of .6 percent in 2003. Personal income will rise 3 percent this year. Inflation was roughly 2.1 percent in Colorado in 2002. Total new housing units are to drop to 39,000 in 2003 from 44,800 in 2002. Retail sales growth will increase to 3.2 percent from .8 percent in 2001. The unemployment rate is expected to be 5 percent in 2003.

The quality of life in northern Colorado is excellent and provides a very good environment for people in which to work. Consequently, northern Colorado should continue to grow at an acceptable rate in future years.

Major Initiatives

Water Season

During 2002, no pumping occurred because of insufficient water into the Colorado River. The winter of 2001-2002 had its lowest snowpack since 1977. Colorado is experiencing a one-in-one hundred year drought. Water deliveries to the Windy Gap allottees totaled 16,803 acre-feet in 2002, most of which went to Platte River Power Authority's Rawhide Power Plant.

Windy Gap Firming Project Water Activity

In November 1999, the Subdistrict established the Windy Gap Firming Project Water Activity Enterprise and Fund. The purpose of the fund is to pursue water activities in connection with firming the supplies of water from the Windy Gap project

Financial Information

Internal Controls

In developing and evaluating the Subdistrict's accounting system, an important consideration is the overall adequacy of internal controls. Internal controls are designed to provide Subdistrict management with reasonable (but not absolute) assurance regarding: (a) the safeguarding of assets against loss from unauthorized use of disposition; and (b) the overall reliability of maintaining accountability and control over the Subdistrict's assets. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived; and (2) the evaluation of cost and benefits requires estimates and judgments by management.

Budgetary Control

Budgets are adopted and controlled at the branch, capital outlay and debt service levels. No commitment is authorized, nor any expenditure incurred, until it is determined that adequate

appropriation balances exist for that purpose. Material purchase orders that would result in an overrun of available funds are not released until additional appropriations are made available. The overall objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Subdistrict Board.

Financial Operating Results

The management discussion and analysis (starting on page 2) summarizes and reviews the changes of the Subdistrict's financial operations.

Cash and Investment Administration

The Subdistrict's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio.

During 2002 the Subdistrict continued to invest in the same type of securities as in prior years. Investments were held in U.S. Treasury and agency securities. Deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held by the pledging financial institution's trust department or agent in the Subdistrict's name.

Total invested assets at the end of 2002 were \$35.7 million, representing 40.5 percent of the Subdistrict's total assets. In 2002 the Subdistrict's investment income decreased 51.9 percent to \$.8 million. Investment income represented 7.6 percent of the Subdistrict's total revenues. Lower earnings were the result of lower interest rates.

Risk Management

The Subdistrict maintains third-party coverage for all of its potential losses. No self-insurance program is used by the Subdistrict.

Other Information

Independent Audit

State statutes and the Indenture of Trust on outstanding revenue bonds require an annual audit of the books of account, financial records and transactions of the Subdistrict to be performed in accordance with generally accepted auditing standards by independent certified public accountants selected by the Board of Directors. These requirements have been complied with and the independent public auditors' report on the Subdistrict's 2002 financial statements has been included in the financial section of this report.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Subdistrict for its comprehensive annual financial report for the fiscal year ended September 30, 2001. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

The preparation of this report on a timely basis was made possible with the assistance of the following people:

Colleen Krabbenhoft
Jeff Dahlstrom
Julie Stoupa

Brian Werner
John Budde, CPA
Bernice Rupp

In closing, preparation of the report would not have been possible without the leadership and support of the Board of Directors.

Sincerely,

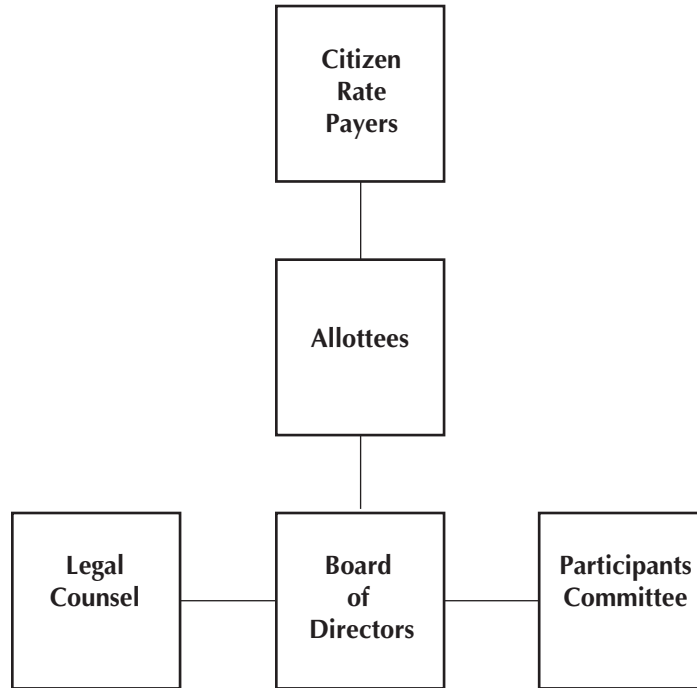


Darell D. Zimbelman, Ph.D., P.E.
*Treasurer, Municipal Subdistrict,
Northern Colorado Water Conservancy District*

Subdistrict Officials

Les Williams Jr., President <i>Executive Director, St. Vrain & Left Hand Water Conservancy District</i>	Director since September 28, 1989; Term expires September 28, 2005 <i>Boulder County</i> <i>Committees: 1,3</i>
William H. Brown., Vice President <i>Attorney</i>	Director since September 28, 1992; Term expires September 28, 2004 <i>Larimer County</i> <i>Committee: 3, 4</i>
Marjorie A. Knieval <i>Farm Management</i>	Director since September 28, 1993; Term expires September 28, 2005 <i>Larimer County</i> <i>Committee: 1</i>
Kenton Brunner <i>Retired Farmer</i>	Director since March 14, 1994; Term expires September 28, 2006 <i>Weld County</i> <i>Committee: 2</i>
William E. Bohlender <i>Attorney</i>	Director since July 6, 1970; Term expires September 28, 2004 <i>Weld County</i> <i>Committees: 3</i>
Jerry D. Winters <i>Attorney</i>	Director since September 28, 1995; Term expires September 28, 2003 <i>Weld County</i> <i>Committee: 1</i>
Mike Applegate <i>Engineer</i>	Director since September 28, 1991; Term expires September 28, 2003 <i>Larimer County</i> <i>Committees: 1,2,3,4</i>
Hank Kugeler <i>Retired Businessman</i>	Director since September 28, 2000; Term expires September 28, 2004 <i>Boulder County</i> <i>Committee: 2,4</i>
Ruth Wright <i>Attorney</i>	Director since September 28, 1994; Term expires September 28, 2006 <i>Boulder County</i> <i>Committees: 3,4</i>
John Rusch <i>Farmer</i>	Director since April 12, 2002; Term expires September 28, 2005 <i>Morgan/Washington Counties</i> <i>Committee: 4</i>
William Condon <i>Rancher and Feeder</i>	Director since September 28, 1982; Term expires September 28, 2006 <i>Logan County</i>
George Jenik <i>Farmer</i>	Director since September 28, 1995; Term expires September 28, 2003 <i>Sedgwick County</i>
W. D. Farr	Director Emeritus
Eric W. Wilkinson <i>Secretary</i>	Dr. Darell D. Zimbelman <i>Treasurer</i>
	Committees:
	1. Audit
	2. Finance
	3. Legislative
	4. Legal

Subdistrict Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Municipal Subdistrict,
Northern Colorado Water
Conservancy District

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



William Patrick Pate
President

Jeffrey L. Esler
Executive Director



Independent Auditor's Report

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

We have audited the accompanying basic financial statements of the Municipal Subdistrict, Northern Colorado Water Conservancy District as of and for the year ended September 30, 2002, as listed in the Table of Contents. These basic financial statements are the responsibility of the Subdistrict's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Municipal Subdistrict, Northern Colorado Water Conservancy District as of September 30, 2002, and its changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 - 4 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The financial supplemental information listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Greenwood Village, Colorado
January 16, 2003

Offices in 13 states and Washington, DC



Management's Discussion and Analysis

The discussion and analysis is designed to provide an analysis of the Subdistrict's financial condition and operating results and to inform the reader on the Subdistrict's financial issues and activities.

The Management's Discussion and Analysis (MD&A) should be read in conjunction with the transmittal letter (beginning on page i) and the Subdistrict's basic financial statements (beginning on page 6).

HIGHLIGHTS - Windy Gap Water Activity

- In 2002, net assets increased by \$.046 million (or .33 percent) when compared to 2001.
- Total revenues decreased to \$11.5 million during 2002, a \$.98 million (or 7.8 percent) decrease for 2002.
- Total operating expenses decreased by \$.2 million (or 4.26 percent) in 2002 when compared to 2001.

USING THIS ANNUAL REPORT

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. The following statements are included:

- **Statement of net assets** - reports the Subdistrict's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (See pages 6-7.)
- **Statement of revenues, expenses and changes in fund net assets** - reports the Subdistrict's operating and nonoperating revenues by major source along with operating and nonoperating expenses and capital contributions. (See page 8.)
- **Statement of cash flows** - reports the Subdistrict's cash flows from operating activities, investing, capital and noncapital activities. (See page 9.)

STATEMENT OF NET ASSETS

(in thousands)

The following table shows the condensed statement of net assets of the Windy Gap Water Activity for the past two years:

Years ended September 30,

	2002	2001
Current assets	\$ 10,530	\$ 11,474
Restricted assets	24,883	24,716
Capital assets	50,512	52,755
Total assets	<u>85,925</u>	<u>88,945</u>
Current liabilities	6,671	6,309
Revenue bonds payable - long term	93,310	96,738
Total liabilities	<u>99,981</u>	<u>103,047</u>
Net assets		
Invested in capital assets, net of related debt	(32,430)	(33,404)
Restricted		
Debt service	10,537	10,372
Unrestricted	7,837	8,930
	<u>(\$ 14,056)</u>	<u>(\$ 14,102)</u>

The net assets of the Subdistrict increased to (\$14.05) million during 2002, a \$.046 million increase from 2001. The deficit in net assets is primarily the result of significant refunding losses recognized in the period that the water revenue bonds, Series B & C were refunded. Restricted assets in 2002 increased \$170,000 compared to 2001, due primarily from the increase in restricted net assets for debt service. This increase was required per the revenue bond reserve requirements.

Management's Discussion and Analysis

REVIEW OF REVENUES

(in thousands)

Years ended September 30,

	2002	2001
Operating revenues		
Water assessments	\$ 10,673	\$ 10,708
Total	\$ 10,673	\$ 10,708
Nonoperating revenues		
Earnings on investments	\$ 878	\$ 1,826
Other	24	23
Total	\$ 902	\$ 1,849

In 2002, operating revenues decreased by \$35,000 when compared to 2001. The Subdistrict's water assessment covers all debt service costs and all costs related to pumping and water delivery. All other operating costs are funded through earnings on investments. There is no depreciation factor included in the water assessment. Tax revenues are not used to finance any Subdistrict operations.

Review of Expenses

Years ended September 30,

(in thousands)

	2002	2001
Operating expenses		
Operation and maintenance	\$ 1,592	\$ 1,742
Administrative services	1,036	1,056
Engineering services	74	103
Depreciation	2,068	2,081
Total	\$ 4,770	\$ 4,982
Nonoperating expenses		
Interest on debt	6,758	6,987
Total	\$ 6,758	\$ 6,987

The Subdistrict's operating expenses decreased by \$.2 million in 2002 when compared to 2001. The decrease was due to no water pumped in 2002 and the absence in 2002 of pipeline repair costs incurred in 2001. Included in the pumping costs are labor and energy costs. Interest on debt decreased by \$.2 million in 2002.

CAPITAL CONTRIBUTIONS

In 2002, all of the capital contributions were for the Windy Gap Firming Project (WGFP). This project is to investigate and construct a water storage reservoir for the purpose of firming the Windy Gap water supply. All of the costs will be funded by those entities that desire to participate in the project. In the event that the participant's share of actual construction costs are less than the amount of contributions provided, the excess will be refunded.

BUDGETARY HIGHLIGHTS

The significant budgetary decrease from the original to the final Subdistrict budget consist of the following:

Purchase of land \$3.1 million

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets, net of depreciation

(in thousands)

Years ended September 30,

	2002	2001
Land and right-of-way	\$ 1,763	\$ 1,760
Water diversion project	46,567	48,581
Construction in process	1,884	711
Total capital assets, net	<u>\$ 50,214</u>	<u>\$ 51,052</u>

In 2002, capital assets had a net decrease (addition, deductions, and depreciation) of \$.8 million. The major additions in 2002 are:

Construction in process - WGFP	1.2 million
Security system	.05 million

Debt outstanding

(in thousands)

Years ended September 30,

	2002	2001
Revenue bonds		
Series E	\$ 22,335	\$ 22,505
Series F	56,830	60,390
Series G	23,780	23,805
Total	<u>\$ 102,945</u>	<u>\$ 106,700</u>

As of year end, the Subdistrict had \$102.9 million in revenue bonds outstanding compared to the \$106.7 million in 2001. During 2002, principal payments of \$3.75 million were made. The Subdistrict used third-party insurance for the above bond issues.

ECONOMIC AND OTHER FACTORS

Changes in northern Colorado's economy have minimal impact on the Subdistrict. Participants of the Subdistrict are municipalities, rural domestic suppliers and a power authority. Water assessments are take-or-pay contracts.

FINANCIAL CONTACT

The Subdistrict's financial statements are designed to present users (water users, taxpayers and creditors) with a general overview of the Subdistrict's finances and to demonstrate the Subdistrict's accountability. If you have any questions about the report or need additional financial information, please contact the Finance Department, Municipal Subdistrict, Northern Colorado Water Conservancy District, 1250 North Wilson Avenue, Loveland, Colorado 80537.

BASIC FINANCIAL STATEMENTS

Statement of Net Assets
Proprietary Funds

September 30, 2002

Assets	Business-type Activities Enterprise Funds		
	Windy Gap Water Activity	Windy Gap Firming Project Water Activity	Total
Current assets:			
Cash and cash equivalents	\$ 8,385,140	\$ 347,998	\$ 8,733,138
Investments	2,125,957		2,125,957
Prepayments	18,558		18,558
Total current assets	10,529,655	347,998	10,877,653
Non-current assets:			
Restricted:			
Cash and cash equivalents	9,695,651		9,695,651
Investments	15,186,850		15,186,850
	24,882,501		24,882,501
Capital assets:			
Land	1,763,441		1,763,441
Buildings	258,553		258,553
Water diversion project	81,799,235		81,799,235
Less accumulated depreciation	(35,490,631)		(35,490,631)
Construction in process		1,884,381	1,884,381
	48,330,598	1,884,381	50,214,979
Unamortized bond costs, series E, F, and G	2,182,222		2,182,222
Total non-current assets	75,395,321	1,884,381	77,279,702
Total assets	\$ 85,924,976	\$ 2,232,379	\$ 88,157,355

See accompanying notes to basic financial statements.

Liabilities	Windy Gap Water Activity	Windy Gap Firming Project Water Activity	Total
Current liabilities:			
Accounts payable	\$ 717,034	\$ 95,391	\$ 812,425
Current liabilities payable from restricted assets:			
Interest on revenue bonds	1,983,913		1,983,913
Current maturities of revenue bonds	3,970,000		3,970,000
Total current liabilities	6,670,947	95,391	6,766,338
Non-current liabilities:			
Revenue bonds payable after one year	93,309,602		93,309,602
Total liabilities	99,980,549	95,391	100,075,940
Net assets:			
Invested in capital assets, net of related debt	(32,430,782)	1,884,381	(30,546,401)
Restricted:			
Debt service	10,537,267		10,537,267
Capital project		252,607	252,607
Unrestricted	7,837,942		7,837,942
Total net assets	(\$ 14,055,573)	\$ 2,136,988	(\$ 11,918,585)

See accompanying notes to basic financial statements.

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds

For the fiscal year ended September 30, 2002

	Business-type Activities		
	Enterprise Funds		
	Windy Gap Water Activity	Windy Gap Firming Project Water Activity	Total
Operating revenues:			
Water assessments	\$ 10,672,582	\$	\$ 10,672,582
Total operating revenues	10,672,582		10,672,582
Operating expenses:			
Operation and maintenance	1,592,269		1,592,269
Administrative services	1,035,899		1,035,899
Engineering services	73,604		73,604
Depreciation	2,068,333		2,068,333
Total operating expenses	4,770,105		4,770,105
Operating income	5,902,477		5,902,477
Nonoperating revenues (expenses):			
Earnings on investments	878,151		878,151
Other	24,085		24,085
Interest on revenue bonds	(6,758,158)		(6,758,158)
Total nonoperating revenues (expenses)	(5,855,922)		(5,855,922)
Income before contributions	46,555		46,555
Capital contributions		509,800	509,800
Change in net assets	46,555	509,800	556,355
Net assets at beginning of year	(14,102,128)	1,627,188	(12,474,940)
Net assets at end of year	(\$ 14,055,573)	\$ 2,136,988	(\$ 11,918,585)

See accompanying notes to basic financial statements.

Statement of Cash Flows
Proprietary funds

For the fiscal year ended September 30, 2002

	Business-type Activities Enterprise Funds		
	Windy Gap Water Activity	Windy Gap Firming Project Water Activity	Total
Cash flows from operating activities:			
Receipts from customers	\$ 10,696,667	\$	\$ 10,696,667
Payments to suppliers	(1,826,939)		(1,826,939)
Payments for labor reimbursement	(648,421)		(648,421)
Net cash provided by operating activities	8,221,307		8,221,307
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(31,954)	(1,322,526)	(1,354,480)
Repayment of revenue bonds	(3,755,000)		(3,755,000)
Interest paid on revenue bonds	(6,058,274)		(6,058,274)
Capital contributions		509,800	509,800
Net cash used in capital and related financing activities	(9,845,228)	(812,726)	(10,657,954)
Cash flow from investing activities:			
Purchase of investments	(25,063,383)		(25,063,383)
Proceeds from sale and maturities of investments	8,457,714		8,457,714
Interest on investments	624,984		624,984
Net cash used in investing activities	(15,980,685)		(15,980,685)
Net decrease in cash and cash equivalents	(17,604,606)	(812,726)	(18,417,332)
Cash and cash equivalents at beginning of year	35,685,397	1,160,724	36,846,121
Cash and cash equivalents at end of year	\$ 18,080,791	\$ 347,998	\$ 18,428,789
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 5,902,477	\$	\$ 5,902,477
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	2,068,332		2,068,332
Other nonoperating revenue	24,085		24,085
Changes in current assets and current liabilities			
(Increase) decrease in water inventory	7,622		7,622
(Increase) decrease in prepayments	18,674		18,674
Increase (decrease) in accounts payable	200,117		200,117
Total adjustments	2,318,830		2,318,830
Net cash provided by operating activities	\$ 8,221,307	\$	\$ 8,221,307
Noncash investing, capital and financing activities:			
Increase in fair value of investments	\$ 78,966		

See accompanying notes to basic financial statements.

Notes to Basic Financial Statements

September 30, 2002

1 Summary of Significant Accounting Policies

The Municipal Subdistrict, Northern Colorado Water Conservancy District (Subdistrict) was established July 6, 1970, pursuant to the Water Conservancy Act. The Subdistrict provides a supplemental water supply for the cities of Boulder, Broomfield, Greeley, Longmont, Loveland, the Town of Estes Park, the Platte River Power Authority, and various other domestic water suppliers.

The Subdistrict is governed by a 12-member appointed Board of Directors. Each board member is appointed to serve a four-year term by the presiding State District Court Judge in which the board member resides.

The financial statements of the Subdistrict have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In 2000, the Subdistrict early implemented the new financial reporting requirement GASB No. 34. A summary of significant accounting policies follows:

Reporting Entity

For financial reporting purposes, management has considered all potential component units. The Subdistrict meets the criteria of an "other stand-alone government" as defined in GASB No. 14.

Basic Financial Statements

The Subdistrict is a special-purpose government engaged only in business-type activities. For these governments, only enterprise fund financial statements are presented.

Basis of Accounting

The Subdistrict accounts for its financial operations as a proprietary fund recognizing assets, liabilities, revenues and expenses on the accrual basis of accounting. Accordingly, revenues and expenses are recognized in the period earned or incurred.

Application of FASB Statements

Financial Accounting Standards Board (FASB) Statements for private-sector accounting and financial reporting issued prior to December 1, 1989, generally are followed in the basic financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. The Subdistrict also has the option of following subsequent FASB statements for their enterprise funds, subject to this same limitation. The Subdistrict has elected not to follow subsequent FASB statements.

Budgetary Data

Budget Policy

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

- On or before June 1, all Branch Heads submit working budgets to

Budget Officers.

- Prior to the August Board meeting, Budget Officers submit the budget to the Board of Directors at a planning session.
- In August, at a public hearing, the budget is legally enacted through passage of a resolution by the Board of Directors.
- The level of control (level at which expenses may not exceed appropriations) is maintained at the branch, capital outlay and debt service levels.
- Management is authorized to transfer budgeted amounts between branches; however, any revisions that alter the total expenses must be approved by the Board of Directors.
- Unused appropriations lapse at the end of each fiscal year.
- During the year a contingency appropriation was necessary.

Budgetary Basis

Budgets are adopted on a basis consistent with GAAP with the following exceptions:

- Principal retired is budgeted as a nonoperating expense.
- Depreciation is not budgeted.
- Capital expenses are treated as nonoperating expenses.

Assets, Liabilities and Fund Equity

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Subdistrict considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

The Subdistrict's investments are carried at fair value plus accrued interest with net appreciation or depreciation on investments included in earnings on investments.

Property, Plant and Equipment

Assets that are acquired through contributions are reported at estimated cost or fair market value at date of acquisition. The Subdistrict records its property and equipment at cost. Maintenance and repairs are charged to current period operating expenses as incurred; whereas, major improvements are capitalized and depreciated or amortized. Upon retirement or other disposition of property and equipment, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses are reflected in net income. Costs incurred for environmental impact studies, engineering, feasibility, and other studies are capitalized with the related project. When the projects are completed, the costs are depreciated over the estimated useful life of the project. If the project does not become operational or does not benefit other projects, the costs become expenses. Interest costs during

Notes to Basic Financial Statements

construction are capitalized. The Subdistrict's capitalization level is \$2,000 for capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Equipment	3-15
Buildings and improvements	20
Water diversion project	40

Bond Costs

Bond discount, bond issuance, and refinancing expenses are being amortized as an adjustment to interest expense over the remaining life of the related bond issues.

Revenues and Expenses

Water assessments are take-or-pay contracts with allottees. The allottees must make certain minimum payments, whether or not the allottee receives water, based upon the debt service requirements of the Subdistrict. Tax revenues are not used to finance any Subdistrict operations.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2 Stewardship, Compliance and Accountability

Water Activity Enterprise

The Subdistrict's Windy Gap Water Activity Enterprise and Windy Gap Firming Water Activity Enterprise have been established as "water activity enterprise" in accordance with Colorado statutes, and are "enterprises" within the state constitution Article X, Section 20 exclusion.

3 Cash and Investments

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

Investments:

The Subdistrict is authorized by the state statute to invest in the following:

- Obligations of the U.S., such as treasury bills and bonds.
- Prime-rated commercial paper.
- Certificates of Deposit.
- Repurchase agreements fully collateralized by U.S. securities or obligations of an agency of the U.S. government.
- Prime-rated banker's acceptances.
- Bonds or other interest-bearing obligations of which principal and interest are unconditionally guaranteed by the U.S. government, such as FNMA bonds.
- Guaranteed investment contracts of domestically regulated insurance companies having a claims-paying ability rating of "AAA" from Standard and Poor's Corporation.
- Shares in any money market fund or account, unit investment trust account, or open-end investment company.
- Obligations issued by any agency of the U.S.

The Subdistrict's deposits and investments are categorized below to give an indication of the level of risk assumed by the entity at September 30, 2002. A summary of cash and investments shown on the statement of net assets is as follows:

Cash and cash equivalents - current assets	\$ 8,733,138
Cash and cash equivalents - restricted assets	9,695,651
Investments - current assets	2,125,957
Investments - restricted assets	15,186,850
	<u>\$ 35,741,596</u>

The carrying amount of cash at September 30, 2002, was \$20,067, and the bank balances totaled \$199,560. Of the bank balances, \$100,000 was covered by federal depository insurance and \$99,560 was collateralized with securities held by banks in their trust departments in the Subdistrict's name pursuant to the Colorado Public Deposit Protection Act.

Notes to Basic Financial Statements

3 Cash and Investments (continued)

Investments:

U.S. government securities
 Investments not required to be categorized
 Money Market Funds
 Total investments
 Total deposits
 Total deposits and investments

	Category			Fair Value
	I	II	III	
		\$17,312,807		\$17,312,807
				18,408,722
				35,721,529
				20,067
				<u>\$35,741,596</u>

Category I investments are insured or registered for which securities are held by the Subdistrict or its agent in the Subdistrict's name. The Subdistrict does not have any investments in this category. Category II investments are uninsured and unregistered for which securities are held by the counterparty's trust department or agent in the Subdistrict's name. Category III investments are uninsured and

unregistered securities that are held by the counterparty's trust department or agent, but not in the Subdistrict's name. The Subdistrict does not have any investments in this category. Investments in money market funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

4 Restricted Assets

The Subdistrict's water revenue bond resolution requires special reserves and accounts. The assets within these reserves are held by

a bank trust department acting as trustee for the Subdistrict. Their fair values at September 30, 2002 are as follows:

Revenue bond reserves:

Debt service account
 Cash and cash equivalents

Fair Value
\$ 7,741,456

Debt service reserve account
 Cash and cash equivalents
 Investment (Maturity value \$10,038,688)

422,495
 10,208,954
10,631,449

Operation and maintenance reserve account
 Cash and cash equivalents
 Investment (Maturity value \$4,960,498)

1,522,467
 4,977,896
6,500,363

Total revenue bond reserves

\$ 24,873,268

Other reserves:

Cash and cash equivalents
 Total reserves

\$ 9,233
24,882,501

Classified as:

Total cash and cash equivalents - restricted
 Total investments - restricted
 Total

9,695,651
 15,186,850
\$ 24,882,501

Account

Authorized Expenditure

Debt service	Paying current principal and interest on bonds.
Debt service reserve	Paying principal and interest in the event there are insufficient funds available in the debt service account.
Operation and maintenance	Paying operation and maintenance costs in the event there are insufficient funds available from current revenues.
Other	Paying declared emergencies.

Notes to Basic Financial Statements

6 Revenue Bonds Payable (continued)

Revenue Bonds		2001	Additions	Reductions	2002	Amounts Due Within One Year
Series E:	4.30-5.00%					
Serial Bonds		\$ 2,075,000	\$	(\$ 170,000)	\$ 1,905,000	\$ 175,000
Term Bonds		20,430,000			20,430,000	
Total Series E		<u>22,505,000</u>		<u>(170,000)</u>	<u>22,335,000</u>	<u>175,000</u>
Series F:	5.75-6.50%					
Serial Bonds		29,815,000		(3,560,000)	26,255,000	3,770,000
Term Bonds		30,575,000			30,575,000	
Total Series F		<u>60,390,000</u>		<u>(3,560,000)</u>	<u>56,830,000</u>	<u>3,770,000</u>
Series G:	4.25-5.25%					
Serial Bonds		400,000		(25,000)	375,000	25,000
Term Bonds		23,405,000			23,405,000	
Total Series G		<u>23,805,000</u>		<u>(25,000)</u>	<u>23,780,000</u>	<u>25,000</u>
Total outstanding bonds		106,700,000		(3,755,000)	102,945,000	\$ 3,970,000
Unamortized bond discount		(338,392)		22,513	(315,879)	
Unamortized bond refunding		(5,868,144)		518,625	(5,349,519)	
Current maturities		(3,755,000)	(215,000)		(3,970,000)	
Total revenue bonds		<u>\$ 96,738,464</u>	<u>(\$ 215,000)</u>	<u>(\$ 3,213,862)</u>	<u>\$ 93,309,602</u>	

Lien on Subdistrict revenues:

All revenues of the Subdistrict, after payment of operating expenses, are pledged as security for the bonds as well as by a pledge of the Debt Service Account, Debt Service Reserve Account, and all

other accounts established by the Board resolutions. The annual requirements to retire the revenue bonds outstanding as of September 30, 2002, are as follows:

Fiscal Year	Water Revenue Bonds Series E		Water Revenue Bonds Series F		Water Revenue Bonds Series G		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2003	\$ 175,000	\$ 1,107,799	\$ 3,770,000	\$ 3,483,141	\$ 25,000	\$ 1,246,130	\$ 9,807,070
2004	185,000	1,099,787	3,985,000	3,254,314	30,000	1,244,923	9,799,024
2005	190,000	1,091,254	4,225,000	3,007,954	30,000	1,243,588	9,787,796
2006	200,000	1,082,184	4,470,000	2,742,696	30,000	1,242,219	9,767,099
2007	210,000	1,072,444	4,750,000	2,456,806	30,000	1,240,820	9,760,070
2008-2012	1,210,000	5,195,731	28,720,000	7,141,007	185,000	6,178,925	48,630,663
2013-2017	10,450,000	4,632,500	6,910,000	224,572	23,450,000	3,115,317	48,782,389
2018	9,715,000	242,874					9,957,874
	<u>\$ 22,335,000</u>	<u>\$ 15,524,573</u>	<u>\$ 56,830,000</u>	<u>\$ 22,310,490</u>	<u>\$ 23,780,000</u>	<u>\$ 15,511,922</u>	<u>\$ 156,291,985</u>

Notes to Basic Financial Statements

7 Risk Management

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

8 Intergovernmental Agreements

The Subdistrict has an agreement with the Northern Colorado Water Conservancy District (District) to provide administrative, carriage, operation and maintenance functions for the Subdistrict. These costs amounted to \$1,349,367 for the year ended September 30, 2002.

The Subdistrict paid the Inter-District Service Fund of the District for equipment and computer services amounting to \$327,047 for the year ended September 30, 2002.

The Subdistrict owed the District and Inter-District Service Fund \$616,299 and \$25,596 respectively at September 30, 2002.

9 Principal Customers

Water assessments to the Subdistrict's six largest allottees expressed as a percentage of total operating revenues for the years ended September 30, are as follows:

	<u>2002</u>
Platte River Power Authority	32.61%
City of Longmont	16.49%
City of Boulder	16.23%
City of Greeley	14.88%
Superior Metropolitan District	7.91%
City of Loveland	7.83%
	<u>95.95%</u>

10 Net Assets

The basic financial statements utilize a new asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Invested in capital assets (net of related debt) is intended to reflect the portion of net assets that are associated with non-liquid capital assets less outstanding capital asset related debt. The deficit is primarily the result of significant refunding losses recognized in the period that the water revenue bonds, Series B & C, were refunded. Restricted assets are liquid assets generated from revenues that have third-party (statutory, bond covenant or water user) limitation on their use. The Subdistrict typically uses restricted assets first as appropriate opportunities arise but reserve the right to selectively defer the use thereof to a future project to major repair.

SUPPLEMENTAL INFORMATION--FINANCIAL

Schedule of Revenues and Expenses, Budget to Actual
Windy Gap Water Activity-Enterprise Fund

Non-GAAP Budgetary Basis

Year Ended September 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended September 30, 2001 Actual
Operating revenues:				
Water assessments	\$ 10,672,590	\$ 10,672,582	(\$ 8)	\$ 10,707,905
Operating expenses:				
Operation and maintenance	1,671,712	1,592,269	79,443	1,741,700
Administrative services	1,466,898	1,035,899	430,999	1,055,855
Engineering services	175,274	73,604	101,670	103,410
Total operating expenses	3,313,884	2,701,772	612,112	2,900,965
Operating revenues over expenses	7,358,706	7,970,810	612,104	7,806,940
Nonoperating revenues:				
Earnings on investments	840,310	878,151	37,841	1,825,937
Other	23,400	24,085	685	23,145
Total nonoperating revenues	863,710	902,236	38,526	1,849,082
Nonoperating expenses:				
Capital outlay	105,900	57,168	48,732	80,405
Revenue bond principal payments	3,755,000	3,755,000		3,555,000
Interest expense	6,758,160	6,758,158	2	6,987,245
Total nonoperating expenses	10,619,060	10,570,326	48,734	10,622,650
Revenues over (under) expenses	<u>(\$ 2,396,644)</u>	<u>(1,697,280)</u>	<u>\$ 699,364</u>	<u>(966,628)</u>
Increase (decrease) to reconcile budgetary basis to GAAP basis				
Revenue bond principal payments		3,755,000		3,555,000
Capital outlay		57,168		80,405
Depreciation		<u>(2,068,333)</u>		<u>(2,080,552)</u>
Changes in net assets		<u>\$ 46,555</u>		<u>\$ 588,225</u>

Schedule of Operating and Nonoperating Revenues, Budget to Actual
Windy Gap Water Activity-Enterprise Fund

Non-GAAP Budgetary Basis

	Year Ended September 30, 2002			
	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended September 30, 2001 Actual
Operating revenues:				
Water assessments	\$ 10,672,590	\$ 10,672,582	(\$ 8)	\$ 10,707,905
Total	\$ 10,672,590	\$ 10,672,582	(\$ 8)	\$ 10,707,905
Nonoperating revenues:				
Earnings on investments	\$ 840,310	\$ 878,151	\$ 37,841	\$ 1,825,937
Total	\$ 840,310	\$ 878,151	\$ 37,841	\$ 1,825,937
Other nonoperating revenues:				
Facilities rent	\$ 17,400	\$ 18,200	\$ 800	\$ 16,800
Miscellaneous	6,000	5,885	(115)	6,345
Total	\$ 23,400	\$ 24,085	\$ 685	\$ 23,145

Schedule of Operating Expenses, Operation and Maintenance, Budget to Actual
Windy Gap Water Activity Enterprise Fund

Non-GAAP Budgetary Basis

Year Ended September 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended September 30, 2001 Actual
Contingent	\$ 10,000	\$	\$ 10,000	\$
Equipment services	52,063	42,662	9,401	67,154
Insurance	15,500	15,877	(377)	12,130
Labor reimbursement	323,679	265,079	58,600	326,552
Pumping carriage contract	885,870	850,856	35,014	598,961
Pumping plant maintenance	303,660	343,138	(39,478)	572,783
Pumping power and wheeling		7,622	(7,622)	114,561
Purchase services	900	(7)	907	794
Reclamation	5,000		5,000	
Rental equipment	6,000	5,856	144	70
Rental office	1,800		1,800	
Service/maintenance contracts	6,720	1,912	4,808	1,301
Supplies and services	11,200	18,272	(7,072)	13,774
Training/registration and materials	7,260	2,962	4,298	2,521
Travel/lodging/meals	4,800	4,167	633	3,030
Utilities	35,260	33,873	1,387	28,069
Equipment non-capital	2,000		2,000	
Total	\$ 1,671,712	\$ 1,592,269	\$ 79,443	\$ 1,741,700

Schedule of Operating Expenses, Administrative Services, Budget to Actual
Windy Gap Water Activity Enterprise Fund

Non-GAAP Budgetary Basis

Year Ended September 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended September 30, 2001 Actual
Audit and Accounting	\$ 14,600	\$ 13,069	\$ 1,531	\$ 13,305
Computer services	380,842	283,663	97,179	277,820
Contingent	25,000		25,000	
Directors' fees	16,900	15,260	1,640	15,583
Dues/memberships/contributions	12,220	12,195	25	9,645
Information services	16,000	11,036	4,964	10,509
Insurance	4,710	3,736	974	6,594
Labor reimbursement	347,014	344,387	2,627	362,948
Legal	312,730	168,697	144,033	172,306
Miscellaneous	1,800		1,800	
Overhead reimbursement	41,012	26,470	14,542	39,050
Professional services	133,500	67,431	66,069	53,647
Purchase services	28,120	18,800	9,320	13,539
Rental office	27,550	30,650	(3,100)	39,090
Service/maintenance contracts	27,100	6,721	20,379	3,760
Supplies and services	27,800	13,347	14,453	7,243
Training/registration and materials	4,800		4,800	
Travel/lodging/meals	29,540	19,758	9,782	22,968
Trustee fees	15,660	679	14,981	7,848
Total	\$ 1,466,898	\$ 1,035,899	\$ 430,999	\$ 1,055,855

Schedule of Operating Expenses, Engineering Services, Budget to Actual
Windy Gap Water Activity Enterprise Fund

Non-GAAP Budgetary Basis

	Year Ended September 30, 2002			Year Ended
	Budget	Actual	Variance Favorable (Unfavorable)	September 30, 2001 Actual
Forecasting	\$ 45,000	\$ 26,211	\$ 18,789	\$ 18,726
GIS supplies and services	26,000		26,000	
Labor reimbursement	84,774	44,553	40,221	80,078
Professional services	12,500		12,500	1,000
Maintenance of data collection				
Supplies and services	3,400	840	2,560	2,432
Training/registration and materials		90	(90)	479
Travel/lodging/meals	3,600	1,910	1,690	695
Total	\$ 175,274	\$ 73,604	\$ 101,670	\$ 103,410

Schedule of Capital Outlay and Debt Service, Budget to Actual
Windy Gap Water Activity Enterprise Fund

Non-GAAP Budgetary Basis

Year Ended September 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended September 30, 2001 Actual
Capital Outlay				
Computer and electronic equipment	\$ 4,000	\$	\$ 4,000	\$ 1,954
Engineering equipment	50,000		50,000	
Property improvements	51,900	57,168	(5,268)	78,451
Total	\$ 105,900	\$ 57,168	48,732	\$ 80,405
Debt Service				
<i>Principal:</i>				
Series E, F and G	\$ 3,755,000	\$ 3,755,000	\$	\$ 3,555,000
Total	\$ 3,755,000	\$ 3,755,000	\$	\$ 3,555,000
<i>Interest:</i>				
Series E, F, and G	\$ 5,987,250	\$ 5,987,250	\$	\$ 6,197,274
Amortization	770,910	770,908	2	789,971
Total	\$ 6,758,160	\$ 6,758,158	\$ 2	\$ 6,987,245

Schedule of Changes in Revenue Bonds, Restricted Assets and Cash Balances

Year ended September 30, 2002

	General Reserve Account	Revenue Account	Operation and Maintenance Fund	Subtotal
Cash balance September 30, 2001	\$ 2,595,606	\$	\$ 491,704	\$ 3,087,310
Receipts:				
Participant contributions		10,696,667		10,696,667
Interest received	48,593			48,593
Investments sold/matured				
Transfer from revenue account	9,104,398		1,592,269	10,696,667
Transfer from operation and maintenance reserve				
Transfer from debt service reserve				
Transfer from general reserve	344,810			344,810
Transfer from other reserve	<u>9,497,801</u>	<u>10,696,667</u>	<u>1,592,269</u>	<u>21,786,737</u>
Disbursements:				
Interest and principal paid				
Investments purchased		1,592,269		1,592,269
Transfer to operation and maintenance fund	8,751,110			8,751,110
Transfer to debt service fund		9,104,398		9,104,398
Transfer to general reserve	667,293			667,293
Transfer to other reserves	1,140,376		1,366,938	2,507,314
Payments for labor and materials	<u>10,558,779</u>	<u>10,696,667</u>	<u>1,366,938</u>	<u>22,622,384</u>
Cash balance September 30, 2002	<u>\$ 1,534,628</u>	<u>\$</u>	<u>\$ 717,035</u>	<u>\$ 2,251,663</u>

Debt Service Account	Debt Service Reserve Account	Operation and Maintenance Reserve Account	Other Reserves	Total
\$ 7,769,479	\$ 10,438,193	\$ 6,039,050	\$ 8,351,365	\$ 35,685,397
				10,696,667
113,872	169,934	118,989	173,596	624,984
	7,000,004	457,710	1,000,000	8,457,714
				10,696,667
140,382				140,382
196,015				196,015
8,751,110			83,422	8,834,532
				344,810
<u>9,201,379</u>	<u>7,169,938</u>	<u>576,699</u>	<u>1,257,018</u>	<u>39,991,771</u>
				9,229,402
9,229,402	16,989,621	4,952,900	3,120,863	25,063,384
				1,592,269
	196,015	140,382		9,087,507
			344,810	9,449,208
				667,293
				2,507,314
<u>9,229,402</u>	<u>17,185,636</u>	<u>5,093,282</u>	<u>3,465,673</u>	<u>57,596,377</u>
\$ 7,741,456	\$ 422,495	\$ 1,522,467	\$ 6,142,710	\$ 18,080,791

Schedule of Bond Retirements and Interest Payable for Bonds Outstanding at September 30, 2002

Fiscal years 2003 to 2018 inclusive

Bond Retirements				
Water Revenue Bonds				
Fiscal Year	Series E	Series F	Series G	Total
2003	\$ 175,000	\$ 3,770,000	\$ 25,000	\$ 3,970,000
2004	185,000	3,985,000	30,000	4,200,000
2005	190,000	4,225,000	30,000	4,445,000
2006	200,000	4,470,000	30,000	4,700,000
2007	210,000	4,750,000	30,000	4,990,000
2008	220,000	5,055,000	35,000	5,310,000
2009	230,000	5,375,000	35,000	5,640,000
2010	240,000	5,720,000	35,000	5,995,000
2011	255,000	6,085,000	40,000	6,380,000
2012	265,000	6,485,000	40,000	6,790,000
2013	280,000	6,910,000	45,000	7,235,000
2014	295,000		7,405,000	7,700,000
2015	310,000		7,790,000	8,100,000
2016	325,000		8,210,000	8,535,000
2017	9,240,000			9,240,000
2018	9,715,000			9,715,000
	<u>\$ 22,335,000</u>	<u>\$ 56,830,000</u>	<u>\$ 23,780,000</u>	<u>\$ 102,945,000</u>

Bond Interest

Water Revenue Bonds

Fiscal Year	Series E	Series F	Series G	Total	Total Debt Service
2003	\$ 1,107,799	\$ 3,483,141	\$ 1,246,130	\$ 5,837,070	\$ 9,807,070
2004	1,099,787	3,254,314	1,244,923	5,599,024	9,799,024
2005	1,091,254	3,007,954	1,243,588	5,342,796	9,787,796
2006	1,082,184	2,742,696	1,242,219	5,067,099	9,767,099
2007	1,072,444	2,456,806	1,240,820	4,770,070	9,760,070
2008	1,062,124	2,147,872	1,239,284	4,449,280	9,759,280
2009	1,051,237	1,812,688	1,237,613	4,101,538	9,741,538
2010	1,039,780	1,452,100	1,235,916	3,727,796	9,722,796
2011	1,027,715	1,068,434	1,234,058	3,330,207	9,710,207
2012	1,014,875	659,913	1,232,054	2,906,842	9,696,842
2013	1,001,250	224,572	1,229,911	2,455,733	9,690,733
2014	986,875		1,034,382	2,021,257	9,721,257
2015	971,750		635,514	1,607,264	9,707,264
2016	955,875		215,510	1,171,385	9,706,385
2017	716,750			716,750	9,956,750
2018	242,874			242,874	9,957,874
	<u>\$ 15,524,573</u>	<u>\$ 22,310,490</u>	<u>\$ 15,511,922</u>	<u>\$ 53,346,985</u>	<u>\$ 156,291,985</u>

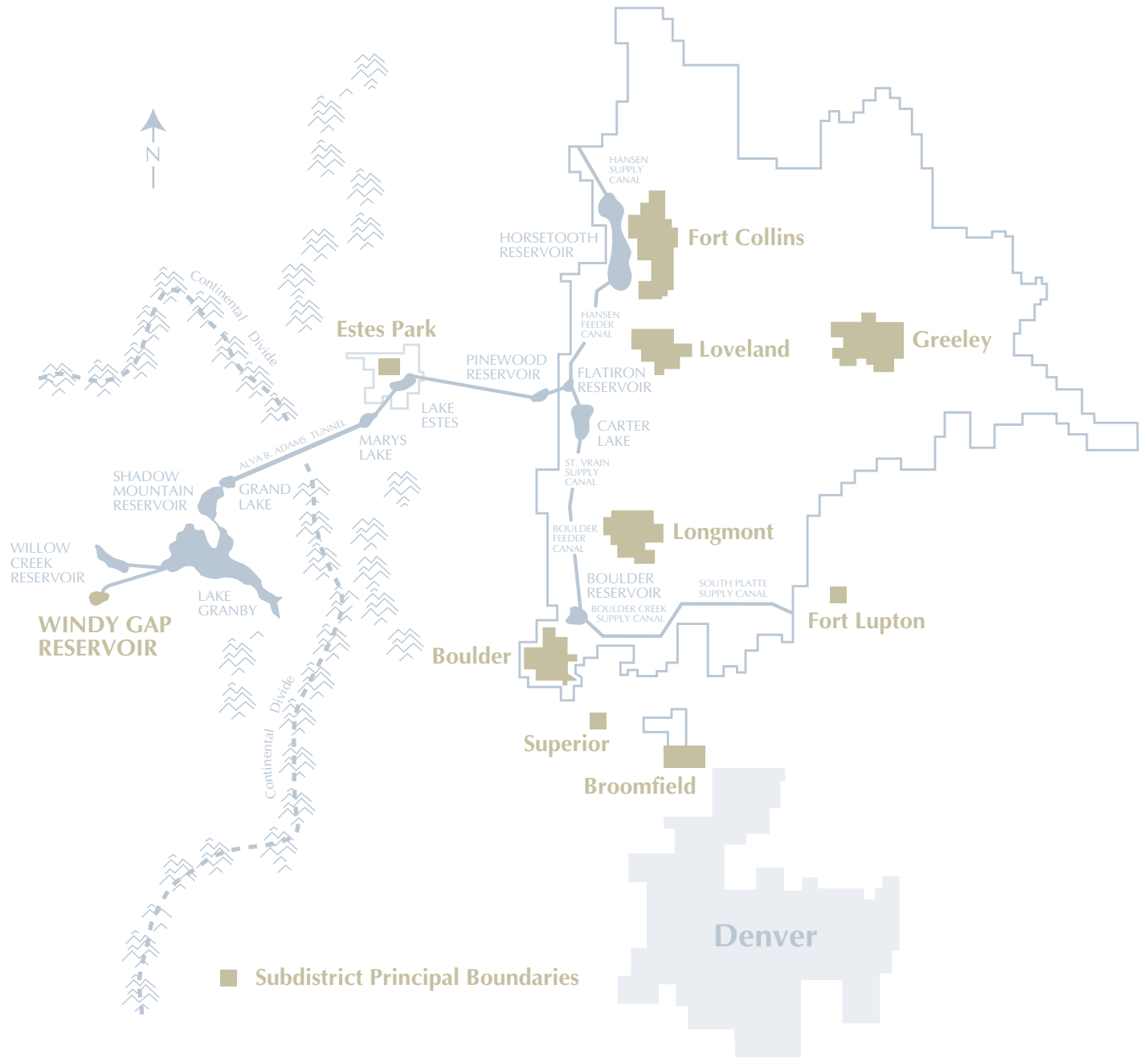
Schedule of Revenues and Expenses, Budget to Actual
Windy Gap Firming Project Water Activity Enterprise Fund

Non-GAAP Budgetary Basis

Year Ended September 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended September 30, 2001 Actual
Nonoperating revenues:				
Contributions	\$ 500,000	\$ 509,800	\$ 9,800	\$ 1,316,098
Total nonoperating revenues	500,000	509,800	9,800	1,316,098
Nonoperating expenses:				
Construction in process	1,315,000	1,173,869	141,131	665,591
Total nonoperating expenses	1,315,000	1,173,869	141,131	665,591
Nonoperating revenues over (under) nonoperating expenses:				
Increase to reconcile budgetary basis to GAAP basis	<u>(\$ 815,000)</u>	<u>(664,069)</u>	<u>(\$ 150,931)</u>	650,507
Construction in process		<u>1,173,869</u>		<u>665,591</u>
Change in net assets		<u>\$ 509,800</u>		<u>\$ 1,316,098</u>

Subdistrict Location Map



Review of Revenues and Expenses
Windy Gap Water Activity

1993 - 2002
 Unaudited

	September 30, 2002	September 30, 2001	September 30, 2000	September 30, 1999
Operating revenues:				
Water assessments	\$ 10,672,582	\$ 10,707,905	\$ 10,577,673	\$ 10,598,770
Operating expenses:				
Operation and maintenance	1,592,269	1,741,700	1,502,408	903,910
Administrative services	1,035,899	1,055,855	913,067	1,084,075
Engineering services	73,604	103,410	102,593	132,635
Depreciation	2,068,333	2,080,552	2,078,497	2,072,024
Total operating expenses	4,770,105	4,981,517	4,596,565	4,192,644
Operating income	5,902,477	5,726,388	5,981,108	6,406,126
Nonoperating revenues (expenses):				
Earnings on investments	878,151	1,825,937	1,912,383	1,476,324
Other	24,085	23,145	21,514	24,303
Interest on debt	(6,758,158)	(6,987,245)	(7,197,033)	(7,379,003)
Loss on sale of land				
Total nonoperating revenues (expense)	(5,855,922)	(5,138,163)	(5,263,136)	(5,878,376)
Change in net assets	\$ 46,555	\$ 588,225	\$ 717,972	\$ 527,750

Source: Subdistrict's accounting records—presented on the accrual basis.

September 30, 1998	September 30, 1997	September 30, 1996	September 30, 1995	September 30, 1994	September 30, 1993
\$ 10,109,040	\$ 10,624,977	\$ 10,489,476	\$ 10,457,483	\$ 9,401,693	\$ 10,386,675
658,618	610,835	717,252	936,787	922,729	938,887
1,111,448	980,028	1,049,226	906,276	966,585	1,107,358
34,476	162,800	177,647	96,325	57,626	62,928
2,053,980	2,079,740	2,095,589	2,107,810	2,111,570	2,123,936
<u>3,858,522</u>	<u>3,833,403</u>	<u>4,039,714</u>	<u>4,047,198</u>	<u>4,058,510</u>	<u>4,233,109</u>
6,250,518	6,791,574	6,449,762	6,410,285	5,343,183	6,153,566
2,054,708	1,778,361	1,635,603	1,526,408	1,121,523	1,492,774
31,046	28,201	39,496	13,791	31,294	13,153
(7,489,184)	(7,422,123)	(8,262,136)	(8,323,563)	(8,452,199)	(8,772,154)
<u>(5,403,430)</u>	<u>(5,615,561)</u>	<u>(6,587,037)</u>	<u>(6,994,134)</u>	<u>(7,299,382)</u>	<u>(7,266,227)</u>
\$ 847,088	\$ 1,176,013	(\$ 137,275)	(\$ 583,849)	(\$ 1,956,199)	(\$ 1,112,661)

Condensed Statement of Net Assets
Windy Gap Water Activity

1993 - 2002
 Unaudited

	September 30, 2002	September 30, 2001	September 30, 2000	September 30, 1999
Assets				
Current assets	\$ 10,529,655	\$ 11,474,468	\$ 1,092,017	\$ 1,728,291
Restricted assets	24,882,501	24,716,497	35,745,450	34,635,791
Capital assets	50,512,820	52,753,755	54,991,450	57,249,185
Total assets	<u>85,924,976</u>	<u>88,944,720</u>	<u>91,828,917</u>	<u>93,613,267</u>
Liabilities				
Current liabilities	6,670,947	6,308,384	6,578,229	6,088,315
Revenue bonds payable (1)	93,309,602	96,738,464	99,941,041	102,933,278
Total liabilities	<u>99,980,549</u>	<u>103,046,848</u>	<u>106,519,270</u>	<u>109,021,593</u>
Net Assets				
Invested in capital assets, net of related debt	(32,430,782)	(33,403,709)	(31,547,120)	(32,209,072)
Restricted				
Debt Service	10,537,267	10,371,437	7,676,970	7,529,075
Unrestricted	7,837,942	8,930,144	9,179,797	9,271,672
Total net assets	<u>(\$ 14,055,573)</u>	<u>(\$ 14,102,128)</u>	<u>(\$ 14,690,353)</u>	<u>(\$ 15,408,325)</u>

Source: Subdistrict's accounting records—presented on the accrual basis.

(1) During 1983 Water Revenue Bonds Series C were issued for the purpose of completing construction and advance refunding Water Revenue Bonds Series B. During 1986 Water Revenue Bonds Series D were issued for the purpose of advance refunding \$78,530,000 of the \$107,445,000 Water Revenue Bonds Series C. On December 29, 1993, Water Revenue Bonds Series E were issued for the purpose of refunding \$22,755,000 of the Subdistrict's outstanding Water Revenue Bonds Series C. During October 1996, Subdistrict issued \$68,870,000 Water Revenue Bonds Series F to refund \$66,390,000 of the Water Revenue Bonds Series D. On July 23, 1997, Subdistrict sold \$23,880,000 Water Revenue Bonds Series G to refund \$23,435,000 of the Water Revenue Bonds Series D.

September 30, 1998	September 30, 1997	September 30, 1996	September 30, 1995	September 30, 1994	September 30, 1993
\$ 2,781,074	\$ 3,525,112	\$ 3,263,535	\$ 2,565,618	\$ 2,640,259	\$ 5,955,225
32,288,911	27,979,843	27,506,959	27,009,929	24,718,962	22,588,815
59,534,040	61,824,969	63,454,061	65,725,770	68,722,051	69,134,135
<u>94,604,025</u>	<u>93,329,924</u>	<u>94,224,555</u>	<u>95,301,317</u>	<u>96,081,272</u>	<u>97,678,175</u>
4,798,590	2,870,911	5,221,296	4,181,343	3,405,292	4,686,079
105,741,511	107,242,177	106,682,046	108,661,486	109,633,643	107,993,560
<u>110,540,101</u>	<u>110,113,088</u>	<u>111,903,342</u>	<u>112,842,829</u>	<u>113,038,935</u>	<u>112,679,639</u>
(31,053,762)	(28,518,879)	(28,495,634)	(27,339,112)	(24,655,428)	(23,901,005)
5,763,915	3,819,517	6,164,168	6,190,420	4,861,215	5,913,776
9,353,771	7,916,198	4,652,679	3,607,180	2,836,550	2,985,765
<u>(\$ 15,936,076)</u>	<u>(\$ 16,783,164)</u>	<u>(\$ 17,678,787)</u>	<u>(\$ 17,541,512)</u>	<u>(\$ 16,957,663)</u>	<u>(\$ 15,001,464)</u>

Share of Annual Water Assessment by Allottee and Water Rental

1983 - 2002

Unaudited

Year	Platte River Power Authority	Longmont	Boulder	Greeley	Loveland	Estes Park
1983	\$ 320,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 80,000	\$ 80,000
1984	320,000	160,000	160,000	160,000	80,000	80,000
1985 (1)	742,983	348,688	348,688	348,688	174,344	174,344
1986	3,116,358	1,557,036	1,559,322	1,557,036	778,518	759,055
1987	3,092,410	1,534,272	1,531,986	1,540,810	767,136	806,800
1988	3,547,817	1,685,044	1,694,596	1,691,094	842,278	821,242
1989 (2)	3,376,764	1,679,776	1,679,776	1,675,735	837,867	62,840
1990 (3)	3,682,383	1,684,279	1,680,668	1,409,105	837,882	63,617
1991 (4)	3,396,194	1,677,326	1,677,895	1,403,701	838,661	44,808
1992 (4)	3,782,819	1,690,377	1,691,543	1,416,352	845,193	63,389
1993 (4)	3,447,861	1,690,008	1,694,844	1,417,749	845,004	63,375
1994 (4)	3,284,685	1,486,179	1,595,747	1,244,616	743,089	55,732
1995 (4)	3,600,571	1,713,133	1,708,622	1,464,349	845,212	64,659
1996 (4)	3,669,437	1,680,991	1,707,065	1,410,452	844,962	63,823
1997 (4)	3,647,173	1,690,947	1,866,136	1,421,319	845,474	63,505
1998 (4)	3,535,581	1,667,448	1,505,139	1,396,562	833,724	73,081
1999 (4)	3,683,218	1,667,112	1,836,344	1,413,615	836,212	66,616
2000 (4)	3,558,217	1,666,520	1,745,059	1,562,683	833,368	52,088
2001 (4)	3,613,986	1,722,583	1,743,463	1,519,078	833,521	57,001
2002 (4)	3,480,628	1,759,805	1,732,104	1,586,502	835,450	64,897
	<u>\$ 60,899,085</u>	<u>\$ 28,921,524</u>	<u>\$ 29,318,997</u>	<u>\$ 25,799,446</u>	<u>\$ 14,377,895</u>	<u>\$ 3,580,872</u>

Source: Subdistrict's accounting records.

Note: Water assessments are take-or-pay contracts with allottees. The allottees must make certain minimum payments whether or not the allottee receives water.

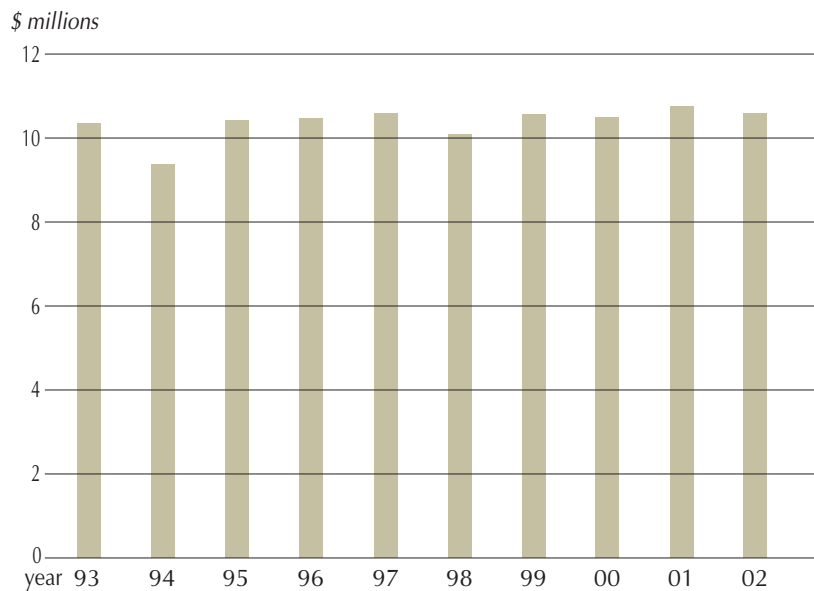
(1) Subdistrict became operational and began making water deliveries in 1985.

(2) Estes Park sold 35 units to Superior Metropolitan District No. 1 and one unit to Left Hand Water District in 1988 with first assessment in 1989.

(3) Greeley sold 13 units to City of Broomfield in fiscal year 1990.

(4) Boulder sold 43 units to City of Broomfield in fiscal year 1991. The agreement between Boulder and Broomfield requires Broomfield to pay Boulder and Boulder to pay Broomfield's annual water assessment for the 43 units.

Superior Metropolitan District No. 1	Broomfield	Central Weld Co. Water District	Left Hand Water District	Water Rental	Total
\$	\$	\$	\$	\$	\$ 960,000
					960,000
		19,463			2,137,735
		19,178			9,346,788
		22,206			9,292,592
		20,998	20,947		10,304,277
733,134		24,687	23,247		10,087,837
733,098	272,293	22,473	23,209	315,000	10,411,259
733,830	274,688	24,117	24,961	152,272	10,405,662
739,543	274,626	20,962	21,581	169,818	10,705,254
739,379	131,890	23,328	20,680	167,910	10,386,675
650,203	274,694	24,734	23,354		9,401,693
739,561	278,438	24,154	24,215		10,457,483
785,359	274,779	28,546	23,159		10,489,476
768,331	270,960	24,293	22,521		10,624,977
775,478	270,906	20,646	23,771		10,109,040
776,683	266,375	26,082	23,883		10,598,770
848,834	319,606	22,578	23,615		10,577,673
848,970	322,383	23,665	23,665		10,707,905
844,570					10,672,582
<u>\$ 10,716,973</u>	<u>\$ 3,504,203</u>	<u>\$ 390,875</u>	<u>\$ 322,808</u>	<u>\$ 805,000</u>	<u>\$ 178,637,678</u>



Schedule of Debt Service Coverage

1992 - 2002
Unaudited

Year	Debt Service			Assessments (1)	Coverage (2)
	Principal	Interest	Total		
1992	\$ 1,455,000	\$ 8,889,492	\$ 10,344,492	\$ 10,705,254	1.03
1993	1,555,000	8,772,154	10,327,154	10,386,675	1.01
1994 (3)	1,670,000	8,452,199	10,122,199	9,401,693	.93
1995	475,000	8,323,563	8,798,563	10,457,483	1.18
1996	1,315,000	8,262,136	9,577,136	10,489,476	1.10
1997	2,320,000	7,422,123	9,742,123	10,624,977	1.09
1998	145,000	7,489,184	7,634,184	10,109,040	1.33
1999	2,085,000	7,379,003	9,464,003	10,598,770	1.12
2000	3,380,000	7,197,033	10,577,033	10,577,673	1.01
2001	3,555,000	6,987,245	10,542,245	10,707,905	1.02
2002	3,755,000	6,758,158	10,513,158	10,672,582	1.02

Source: Subdistrict's accounting records—presented on the accrual basis.

(1) Water Revenue Bonds, Series E, F & G are secured by a pledge of water assessments.

(2) Computed by dividing water assessments by total debt service.

(3) During 1993, the Subdistrict received a certificate of project completion of the Windy Gap Project. Upon receipt of the certificate, funds in the construction reserve in the amount of \$1,143,901 were transferred to the debt service fund and applied toward the 1994 debt service payments. Water assessments in 1994 were decreased by the amount transferred from the debt service funds.

Schedule of Allottees' Units

September 30, 2002
Unaudited

<u>Allottees</u>	<u>Units</u>	<u>Acre-Foot</u>	<u>Percentage</u>
1. Platte River Power Authority	160	16,000	33.33%
2. Longmont	80	8,000	16.67%
3. Greeley	67	6,700	13.96%
4. Broomfield	56	5,600	11.68%
5. Loveland	40	4,000	8.33%
6. Boulder	37	3,700	7.70%
7. Superior Metropolitan District No. 1	35	3,500	7.28%
8. Estes Park	3	300	.63%
9. Central Weld County Water District	1	100	.21%
10. Left Hand Water District	1	100	.21%
	<u>480</u>	<u>48,000</u>	<u>100%</u>

Source: Subdistrict's allotment contracts.

Schedule of Insurance in Force

September 30, 2002
Unaudited

Type of Coverage	Name of Company	Dates		Limits of Coverage
		From	To	
Boiler and Machinery	Specialty National Insurance Company	10/1/01	9/30/02	\$12,500,000 blanket property damage and \$1,500,000 blanket business interruption
Property	Specialty National Insurance Company	10/1/01	9/30/02	\$25,000,000 building and \$300,000 contents \$2,500 deductible
Public Officials & Employees Liability Policy	Specialty National Insurance Company	10/1/01	9/30/02	\$5,000,000
General Liability	Specialty National Insurance Company	10/1/01	9/30/02	\$10,000,000
Microwave Communications	Specialty National Insurance Company	10/1/01	9/30/02	\$400,000 hardware
Reclamation Bonds	The Travelers	10/1/01	9/30/02	\$49,000

Schedule of Water Pumped, Delivered, Rental, and Losses (Acre-Feet)

1988 - 2002
Unaudited

Year (1)	Water Pumped	Deliverable (2)	Water Delivered	Water Loss (3)	Water Spillage (4)	Net In-lieu Deliveries (5)	Water Rental	Balance
1988	19,863.0	17,876.0	(7,316.8)	(146.2)				12,878.6
1989	3,998.2	3,598.4	(7,940.2)	(963.4)				7,573.4
1990	14,519.4	13,068.6	(4,478.8)	(552.5)				15,610.7
1991	19,252.3	18,827.1	(6,213.2)	(1,305.7)			(15,000.0)	11,918.9
1992	21,856.8	19,671.0	(5,206.8)	(919.9)				15,946.2
1993	21,740.0	19,566.0	(5,619.7)	(971.8)			(9,517.0)	17,831.7
1994	10,784.0	9,705.6	(5,507.0)	(1,208.0)			(11,089.0)	9,628.3
1995	14,058.0	12,652.2	(5,400.9)	(728.2)	(10,463.0)		(11,194.0)	5,688.4
1996			(5,652.7)	(350.5)	(1,902.4)	2,149.2		(68.0)
1997			(5,911.1)			1,300.0		(4,679.1)
1998			(5,845.5)			12,675.6		2,151.0
1999			(8,141.0)			2,847.7		(3,142.3)
2000			(11,863.9)			12,537.1		(2,469.1)
2001	14,250.0	12,825.0	(13,310.1)			1,718.9		(1,235.3)
2002			(16,803)			9,131.0		(8,907.3)

Source: Subdistrict's operation and accounting records.

(1) Subdistrict became operational and began making water deliveries in 1985.

(2) 90 percent of the water pumped except for 15,000 acre-feet of water in 1991.

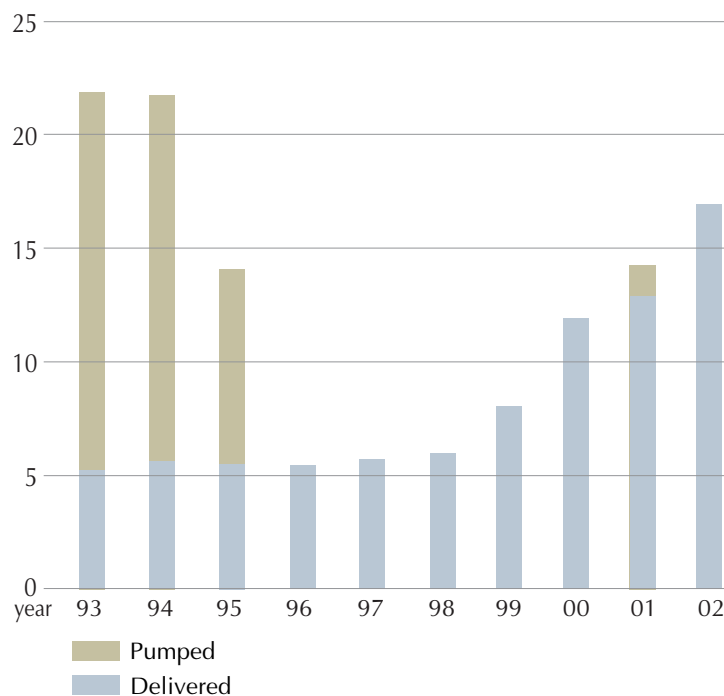
(3) 10 percent of all water remaining on March 31 of any fiscal year is considered shrinkage loss to the system.

(4) When Colorado-Big Thompson Project (C-BT) storage capacity in Lake Granby is occupied by Subdistrict water, and that storage capacity is needed for storage water available under C-BT project water rights, the Subdistrict is required to take delivery of the Subdistrict water stored in Lake Granby or the water is required to be spilled.

(5) Loan of C-BT water. Repayment may include C-BT water, Subdistrict water and cancellation of the loan as the result of C-BT water spillage.

Water pumped and delivered

thousands of acre-feet



Demographic Statistics of Principal Cities Served by the Subdistrict

1991 - 2002

Unaudited

	2002	2001	2000	1999	1998	1997
Boulder						
Estimated Population	103,216	94,673	96,727	95,033	94,250	95,662
Unemployment Rate	5.1%	3.9%	2.4%	2.9%	2.7%	2.7%
School Enrollment	13,088	13,371	13,356	13,352	13,702	12,953
Per Capita Income	\$ 39,347	\$ 37,523	\$ 37,523	\$ 37,523	\$ 35,561	\$ 33,198
Broomfield						
Estimated Population	44,996	38,272	38,272	37,521	36,946	34,657
Unemployment Rate		2.5%	2.5%	2.4%	2.9%	2.7%
School Enrollment	3,973	3,339	3,488	3,974	4,060	4,100
Per Capita Income	\$	\$ 22,834	\$ 22,834	\$ 22,062	\$ 21,316	\$ 20,595
Estes Park						
Estimated Population	5,855	5,413	5,413	5,200	5,229	5,077
Unemployment Rate	2.6%	2.6%	2.6%	2.5%	3.8%	2.5%
School Enrollment	1,376	1,380	1,354	1,366	1,353	1,353
Per Capita Income	\$	\$	\$	\$	\$	\$
Greeley/Evans						
Estimated Population	78,384	78,384	76,766	74,296	72,252	69,727
Unemployment Rate	5.6%	3.9%	3.4%	3.4%	3.6%	3.5%
School Enrollment		16,377	16,288	15,135	14,826	14,557
Per Capita Income	\$ 22,539	\$ 22,852	\$ 22,852	\$ 22,852	\$ 21,694	\$ 20,547
Longmont						
Estimated Population	76,098	71,093	65,308	62,785	60,000	58,173
Unemployment Rate	5.1%	3.9%	2.4%	3.5%	3.2%	3.2%
School Enrollment	20,631	19,931	18,942	18,280	17,857	17,412
Per Capita Income	\$ 39,347	\$ 37,523	\$ 37,523	\$ 37,523	\$ 35,561	\$ 33,198
Loveland						
Estimated Population	56,500	50,608	52,990	50,000	48,270	46,940
Unemployment Rate	4.7%	3.4%	2.9%	2.7%	3.1%	2.6%
School Enrollment	14,683	14,366	14,217	14,243	14,551	14,364
Per Capita Income	\$ 29,178	\$ 28,386	\$ 28,386	\$ 28,386	\$ 27,238	\$ 25,740

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis

U.S. Department of Labor

Broomfield Planning Department

Various School Districts

	1996	1995	1994	1993	1992	1991
	95,442	95,665	94,346	90,987	89,025	83,312
	3.5%	3.2%	3.2%	3.3%	3.7%	3.8%
	13,498	13,284	13,472	13,222	13,134	12,792
\$	30,885	\$ 29,243	\$ 28,461	\$ 26,052	\$ 24,710	\$ 23,205
	32,413	30,670	28,845	28,030	26,653	24,980
	3.3%	3.4%	3.6%	3.8%	3.2%	3.8%
	3,906	7,855	7,387	3,708	6,542	6,398
\$	19,899	\$ 19,134	\$ 18,384	\$ 17,847	\$ 17,482	\$ 17,436
	4,258	4,258	4,258	3,900	3,800	3,758
	3.4%	3.9%	3.8%	4.2%	4.4%	4.1%
	1,349	1,392	1,344	1,297	1,255	1,162
\$	17,010	\$ 17,010	\$ 17,010	\$ 17,010	\$ 17,010	\$ 17,010
	67,164	65,650	64,092	63,996	63,113	60,536
	3.7%	4.1%	4.3%	4.2%	5.5%	5.9%
	13,571	13,642	13,066	12,670	12,563	12,100
\$	19,619	\$ 18,537	\$ 18,052	\$ 17,812	\$ 16,578	\$ 15,849
	57,802	56,102	56,102	54,000	51,555	51,555
	4.1%	3.8%	3.8%	3.9%	4.6%	3.9%
	16,995	16,841	16,524	16,104	15,863	11,938
\$	30,885	\$ 29,243	\$ 28,461	\$ 26,052	24,710	23,205
	44,291	42,000	42,000	40,000	39,210	37,352
	3.2%	3.4%	3.0%	3.4%	4.7%	5.6%
	13,806	13,439	13,175	12,882	12,554	12,192
\$	24,060	\$ 22,462	\$ 21,123	\$ 20,291	\$ 19,256	\$ 18,399

Project Features-Data Sheet

Unaudited

Windy Gap Dam:

Embankment section	
Length in miles	.97
Maximum height in feet	25
Volume of fill in cubic yards	249,000
Spillway	
Discharge capacity in cubic feet per second	32,400
Length in feet	345
Volume of concrete in cubic yards	15,000
Main bypass outlet works	
Discharge capacity in cubic feet per second	133
Length of 48-inch diameter - reinforced concrete pipe in feet	245
Auxiliary outlet works	
Discharge capacity in cubic feet per second	228

Windy Gap Pumping Plant:

Type	underground reinforced concrete
Maximum discharge capacity in cubic feet per second	600
Motor horsepower - per pump	12,000
Installed capacity (KW)	35,800
Maximum total dynamic head in feet	521
Number of 150 cfs pumps	4

Windy Gap - Lake Granby Pipeline:

Pipeline	
Capacity in cubic feet per second	600
Length in miles	6.2
Diameter in feet	9
Surge tank	
Dual 9-foot diameter pipes	
Surge tank length in feet	735
Vertical rise in feet	134
Twin baffled chutes	
Discharge capacity in cubic feet per second	1,040

Miscellaneous Statistics

September 30, 2002
Unaudited

Authority	Water Conservancy Act
Date of Formation	July 6, 1970
Governing Body	Board of Directors is the governing body of the Subdistrict. There are 12 Directors appointed for four-year terms by the presiding State District Court Judges of each of the four judicial districts located wholly or partly within the boundaries of the Subdistrict.
Organization	The Subdistrict is a public body political and corporate, a quasi-municipal district and a governmental and political subdivision of the State of Colorado.
Purpose	The Subdistrict was organized to acquire water; to obtain rights-of-way for certain water works; to provide for construction of water facilities; to incur contractual or bond indebtedness; to administer, operate and maintain physical works; and to conserve, control, allocate and distribute water supplies for supplemental use.
Number of Employees	There are no full-time employees of the Subdistrict. All administrative, operation and maintenance functions are provided through an agreement with another agency.

Source: Various records of the Subdistrict.

Bondholder Information

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