



2021

Annual Comprehensive Financial Report

For the Year Ended September 30, 2021

Annual Comprehensive Financial Report

Year ended September 30, 2021

Northern Colorado Water Conservancy District

Berthoud, Colorado



Issued by:
Northern Colorado Water Conservancy District
with the assistance of the
Financial Services Department, Northern Water



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INTRODUCTION

The introduction provides a framework for understanding Northern Water and a guide to its Annual Comprehensive Financial Report. The section provides an overview of Northern Water's enterprise funds, while shedding light on the current local economy, major initiatives and more.



March 28, 2022

To the Board of Directors of Northern Water,

We are pleased to transmit the Annual Comprehensive Financial Report of the Northern Colorado Water Conservancy District (Northern Water) as of and for the year ended September 30, 2021.

Northern Water's management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Internal controls are designed to provide Northern Water's management with reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the overall reliability of the financial records for preparing financial statements and for maintaining accountability and control over Northern Water's assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments by management.

Plante & Moran, PLLC (Plante Moran), a certified public accounting and consulting firm, has issued unmodified opinions on the Northern Water financial statements for the year ended September 30, 2021. The independent auditors' report is located on page 19.

Management's Discussion and Analysis, located on page 21, provides a narrative introduction, overview and analysis of the basic financial statements. Management's Discussion and Analysis complements, and should be read in conjunction with, this letter of transmittal.

Profile of Northern Water

Northern Water is a public agency created in 1937 to partner with the U.S. Bureau of Reclamation (Reclamation) in the construction and operation of the Colorado-Big Thompson (C-BT) Project. The C-BT Project diverts, stores and regulates water from the Colorado River on the West Slope of the Continental Divide to the East Slope of the Rocky Mountains. C-BT Project water provides supplemental irrigation for more than 615,000 acres of farm and ranch land and supplements the water needs of over 1 million people in the eight Northern Colorado counties within the Northern Water boundaries. The C-BT Project became fully operational in 1957 and today delivers on average more than 212,000 acre-feet of water annually.

Northern Water's mission is to provide water resources management, project operations and conservation services for project beneficiaries. Its vision is to be a leader in ensuring a secure water future for Northern Colorado by collecting and delivering water, protecting and conserving water supplies, planning and implementing new water supply projects, cultivating operational and organizational excellence and maintaining and strengthening relationships.

The values and principles Northern Water adheres to as it works toward its mission are:

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

Northern Water's financial structure is defined by Colorado's Water Conservancy Act, C.R.S. §37-45-101 et. seq., and its contract with Reclamation, the Contract Between the United States and the Northern Colorado Water Conservancy District Providing for the Construction of the Colorado-Big Thompson Project, Colorado (Repayment Contract). Northern Water establishes water assessment rates in accordance with terms of perpetual allotment contracts with water users for delivery of wholesale C-BT Project water for use within Northern Water boundaries. Water users are charged based on allotment units held, independent of actual water deliveries. In addition, Northern Water collects a voter-approved 1 mil levy property tax on real property located within its boundaries in accordance with the Repayment Contract. Northern Water charges for services provided to the Northern Water enterprise funds, the Municipal Subdistrict of the Northern Colorado Water Conservancy District (Subdistrict), Reclamation and others.

Northern Water owns the following water activity enterprises, which are government-owned businesses within the meaning of Article X, Section 20 of the Colorado Constitution: the Southern Water Supply Project Water Activity Enterprise created in 1993, the Pleasant Valley Pipeline Project Water Activity Enterprise created in 1999, the Northern Integrated Supply Project Water Activity Enterprise created in 2003, and the Northern Water Hydropower Water Activity Enterprise created in 2010. In addition, Northern Water has a Pension Trust fund, a defined benefit retirement plan, which was closed to new participants as of 2003.

Northern Water

Northern Water and Reclamation individually own portions of and jointly operate and maintain the C-BT Project, a large transmountain diversion, storage and delivery system. The project includes dams, dikes, reservoirs, powerplants, pumping plants, pipelines, tunnels, transmission lines, substations and other associated structures. These structures are for single purpose water distribution; single purpose power generation; or multipurpose, serving or benefitting both water supply and power generation. Northern Water bears the cost of single purpose water distribution features. Reclamation bears the cost of single purpose power generation features. Northern Water and Reclamation share the cost of multipurpose water and power generation works.

In addition to the C-BT Project and the activities and operations of its other enterprise funds, Northern Water engages in water management and planning activities for the purpose of meeting present and future water supply needs of water users. Northern Water is committed to actively engaging in working collaboratively and maintaining relationships with other water users, governing bodies and stakeholders to promote proactive solutions to Northern Colorado's water challenges.

Southern Water Supply Project Enterprise Fund

Southern Water Supply Project Enterprise Fund (SWSP) was developed to convey C-BT Project and Windy Gap Project water supplies to areas located within Northern Water and Subdistrict boundaries through 113 miles of pipeline. A second 20-mile pipeline was completed in early 2020. Both pipelines are operated and maintained by Northern Water for the benefit of project participants. The participants fully funded construction of both pipelines and provide ongoing cash requirements.

Pleasant Valley Pipeline Project Enterprise Fund

In 2004, the Pleasant Valley Pipeline Project Enterprise Fund (PVP) project was constructed to increase water reliability and flexibility for project participants on the East Slope using an 8.5-mile reversible flow pipeline. The project is maintained by Northern Water for the benefit of project participants who fully funded construction costs and provide ongoing cash requirements.

Northern Integrated Supply Project Enterprise Fund

Northern Integrated Supply Project Enterprise Fund (NISP) is a collaborative effort to develop new water supplies along with a storage and distribution system that will supply water to 15 participants located in Northern Water boundaries. See further discussion below.

Northern Water Hydropower Enterprise Fund

The Northern Water Hydropower Enterprise Fund (Hydropower) was established to construct and operate small hydropower plants. Hydropower currently owns and operates the Robert V. Trout Hydropower Plant at Carter Lake and the Granby Hydropower Plant at Lake Granby. The two plants became operational in 2012 and 2016, respectively, and, combined, generated almost 14 million kwh of energy in 2021. Energy is sold to local electric utilities. Construction of the plants was funded through debt and interfund financing. Revenue from energy sales provides all operating and debt service cash requirements.

Highlights

District Enterprise Fund

- In 2021 Northern Water partnered with Grand County and others in the NRCS Emergency Watershed Protection program and CWCB grant programs to implement watershed restoration efforts in areas impacted by the East Troublesome Fire.
- The Campus Development Project kicked off in 2021 with construction starting on Phase I of the Berthoud campus improvements and the new Willow Creek campus on the West Slope.
- Certificates of Participation, Series 2021 were issued to fund the Campus Development Project.
- Northern Water's defined benefit plan was fully funded as of the plan's December 31, 2020, calendar year end.



Northern Water participated with Grand County for the NRCS Emergency Watershed Protection program to help in watershed recovery efforts from the East Troublesome Fire in late 2020.

Southern Water Supply Project

- SWSP's Eastern Pump Plant, a \$10 million project to increase capacity in the SWSP pipeline, neared completion and became operational in December 2021. The project was fully funded by SWSP participants.

Northern Integrated Supply Project

- In 2021, NISP invested almost \$9 million in land acquisitions to secure acreage for future project development sites.
- The NISP project continues design and permitting efforts.



The Eastern Pump Plant neared completion in 2021.

MAJOR ACTIVITIES AND INITIATIVES

Northern Water

Emergency Watershed Protection Program

In October 2020, Grand County was devastated by the East Troublesome Fire that burned almost 200,000 acres before it was contained six weeks later. A significant portion of the burn area was located above the C-BT Project's West Slope Collection System in the Upper Colorado River Basin. Northern Water has provided a leadership role for portions of the post-fire watershed restoration effort. Northern Water has partnered with Grand County to co-sponsor and collaborate with the Three Lakes Watershed Association, the Middle Park Conservation District, and the Colorado River Water Conservation District and others to implement the Natural Resources Conservation Service (NRCS) Emergency Watershed



Inspections of the aerial mulching took place in September 2021.

Protection (EWP) Program recovery effort for areas impacted by the fire. Implementation of the EWP Program reached approximately 350 landowners and the work was completed by multiple contractors and consultants.

The EWP Program’s purpose is to implement watershed protection projects that mitigate risks to life and property caused by sudden watershed impairments such as post-fire flooding, sediment loading and debris flows. Watershed protection is vital to Northern Water to help maintain high water quality and minimize changes in operations or damage to C-BT facilities that could occur from increased sediment and debris and degraded water quality. Using funds through the EWP Program, matched with money from the Colorado Water Conservation Board (CWCB), Northern Water and Grand County have worked to develop projects to mitigate hillslope erosion, install debris booms to protect key water infrastructures, manage increased sediment load and preemptively remove debris. Seeding and mulching to mitigate increased post-fire hillslope erosion was applied to approximately 5,200 acres. As of September 30, 2021, approximately \$14.2 million had been invested in the watershed protection effort and grant reimbursements of \$12.3 million had been requested. The program extends through August 2022 with continued efforts on hillslope erosion, sediment management and general flood protection practices.

Campus Development Project

With growth to both present operations as well as anticipated needs for projects currently under construction or in final permitting, Northern Water launched its Campus Development Project in 2021 with groundbreaking for both the Berthoud headquarters campus expansion and a new West Slope campus. At the Berthoud headquarters, Phase I of the project will include approximately 41,000 square feet of office and fleet maintenance space, a control room, and a new meeting space that will be available to regional partners. On the West Slope, the new Willow Creek campus, located just south of the Willow Creek Pump Plant, will accommodate Northern Water's West Slope employees and replace the existing office, control center and shop facilities at the Farr and Windy Gap pump plants. Construction of both the



The Northern Water Senior Management team broke ground on the new West Slope campus in June 2021.

Berthoud headquarters Phase I and the Willow Creek campus projects commenced in 2021 and are expected to be completed in 2022.

Phases II and III of the Berthoud headquarters project are expected to begin in 2022 and will include an addition to the existing Berthoud main office complex as well as other shop and storage facilities.

Certificates of Participation, Series 2021

In 2021 Northern Water issued its Certificates of Participation, Series 2021 (the 2021 Certificates), to fund its Campus Development Project. The 2021 Certificates were issued in an original principal amount of \$52,050,000 with stated interest rates of either 4 percent or 5 percent. The 2021 Certificates were sold at a premium to yield net proceeds of approximately \$63,416,000 and a true interest cost of 2.57 percent. It is anticipated that Northern Water will issue a second series of Certificates of Participation in 2022 to fund Phases II and III of the Berthoud headquarters campus improvements.

Southern Water Supply Project Enterprise Fund

Eastern Pump Plant

In 2021, construction continued on SWSPs Eastern Pump Plant. The plant, located near Platteville, Colorado, increases the capacity of the SWSP pipeline and consists of a 5,200 square-foot building containing five vertical turbine pumps, each powered by 700 horsepower motors with variable frequency drives. The pump plant was completed and became operational in December 2021. Project participants fully funded the \$10 million cost.

Northern Integrated Supply Project Enterprise Fund

The NISP project is designed to yield 40,000 acre-feet of new water supply annually and provide more than 200,000 acre-feet of storage capacity with the construction of Glade and Galeton reservoirs. The project also includes pump plants, conveyance pipelines and other appurtenant structures.

NISP participants are committed to building an environmentally responsible project. The NISP State Fish and Wildlife Mitigation and Enhancement Plan will improve the aquatic and riparian habitat of the Poudre River, regional wildlife habitat and enhance recreational opportunities. In 2021, NISP purchased Table Top Conservation Bank credits for \$2.4 million. The bank provides riparian and upland habitat for the Endangered Species Act listed Preble's Meadow Jumping Mouse. The purchase of these credits provides a portion of the mitigation required by the U.S. Fish and Wildlife Services Biological Opinion of the project. Overall, NISP is committing nearly \$60 million toward mitigation and enhancement activities.

In 2021, NISP continued design and permitting efforts. After having received its State 401 Water Quality Certification from the State of Colorado and a Larimer County 1041 Land Use Permit for construction of Glade Reservoir in 2020, it is anticipated that NISP will receive its federal Clean Water Act Section 404 Record of Decision in 2022. Additional permitting with local jurisdictions is ongoing.

Local Economy

The Colorado Economic & Revenue Forecast, published in December 2021 by the Colorado Legislative Council Staff, provides an economic overview of the state of Colorado and includes analysis of two of the major regions with Northern Water District boundaries: the Metro Denver Region and the Northern Region. The Metro Denver Region includes Boulder and Broomfield counties. It has the largest share of the state's population and more than 60 percent of the state's workers. Leisure and hospitality are key economic sectors. The Northern Region consists of Larimer and Weld counties. Larimer County has a diverse economy that continues to outperform the state, fueled largely by population growth. Weld County economics are driven primarily by energy and agriculture.

Colorado has enjoyed more than a decade of strong economic growth, outpacing most other states in the nation in employment, personal income and growth. In coming years, the state is likely to evidence slower growth more on par with the nationwide average due to the ongoing effect of the COVID-19 pandemic. Headwinds to regional economic growth include supply chain disruptions, inflation concerns, a tight labor market and risks of future pandemic-related uncertainties.

Assessed Values

Data indicates that total statewide taxable assessed property values increased 4.4 percent in Colorado in 2021. Residential property increased by 11.3 percent offset by a 1.6 percent decline in nonresidential values. In 2023, the next property value reassessment year, the forecast anticipates a 14.1 percent increase in assessed values, driven by residential housing supply constraints caused by increased costs for building materials and labor. Regionally, the Metro Denver three-year annual average assessed values are expected to increase 5.8 percent, while the Northern Region is expected to increase 7.2 percent, with strong home price appreciation in both Larimer and Weld counties.

Colorado's residential housing market remains a bright spot in the economy. Historically low mortgage rates have boosted demand and a shift to working at home during the pandemic had many buyers looking for bigger homes, often in suburban areas. In 2021, home prices increased 10.1 percent and 11.6 percent in Fort Collins and Greeley, respectively. Home prices are expected to moderate in 2022 as supply chain issues are resolved, homebuilding increases and interest rates rise. Nonresidential construction is expected to grow at 5.1 percent in 2022 and 3.1 percent in 2023.

Labor

Labor markets are challenged by a shrinking job force. Retirements and resignations in Colorado have contributed to labor shortages with workers reevaluating their work-life balance. Employment is expected to slightly outpace national trends by growing at 3.4 percent in 2022. Colorado's unemployment rate is approximately 5.4 percent compared to 4.3 percent nationally. Wage and salary income growth is expected to continue at 5.7 and 5.2 percent in 2022 and 2023.

Energy

Weld County economic activity is driven largely by energy production and agriculture. Oil production declined throughout 2020 because of the collapse in demand for oil and gas from COVID-19 related shutdowns. However, production began to rebound in March 2021. The price of oil and gas has been on the rise in recent months and 2021 ended with demand exceeding production. However, 2021 production remained 19.4 percent below 2020 levels and natural gas was 5 percent below 2020 levels. Increased demand for oil and gas along with rising prices is expected to spur additional production.

Personal Income

Personal income serves as an aggregate measure of most sources of household and business income. The federal policy response to the pandemic resulted in increases of 6.6 percent in Colorado in 2021. Personal income is expected to grow at 0.8 percent in Colorado in 2022, reaccelerating to over 4 percent in coming years. Larimer County's economy continues to expand with an average population growth of 2 percent per year. Colorado consumer activity is expected to improve in 2022; however pandemic conditions continue to pose a downside risk and source of uncertainty. Inflation fueled by supply chain issues is expected to be at 3.4 percent in 2022 in the Denver Metro Area. Colorado inflationary pressures are lower than the national average.

Agriculture

Conditions in Colorado's agriculture economy continue to improve, but the sector faces significant challenges. Farm income is expected to grow 23 percent in calendar year 2021, bolstered by strength in the commodity market, record-low farm loan interest rates and support from government programs. Corn prices reached an eight-year high with average prices up 62.9 percent compared with the same period last year. Demand continued to be a key driver in livestock markets from re-opening restaurant and hospitality industries. However, supply chain disruptions have dampened profits by increasing prices for farm inputs. Farm production expenses were forecasted to increase by 8.3 percent in 2021. In addition, redeveloping drought continues to plague farmers by depleting crop production in some areas, particularly in the eastern plains.

Water Year 2021

When the water year began in November 2020, water storage in the C-BT Project was at 116 percent of average. Statewide winter precipitation was poor, but by March it had increased for much of the South Platte River Basin. By April 2021, statewide snowpack was 93 percent of average, Upper Colorado River Basin snowpack was 88 percent of average, and snowpack in the South Platte River's northern tributaries was 104 percent of average. Northeastern Colorado experienced above average spring precipitation, but by summer the precipitation pattern had shifted, leaving Eastern Colorado and the

northern mountains dry. Fall precipitation was generally below average and C-BT Project storage ended the year at 108 percent of average. Federal and state agencies closely monitored drought conditions in the Colorado River Basin and western states.

At the April 2021 Northern Water Board meeting, Directors issued a 70 percent C-BT Project quota allocation, nearly equivalent to the long-term average quota and consistent with Northeastern Colorado’s hydrologic conditions.

Water Assessments

Northern Water annually updates its financial projections to determine adjustments to water assessment rates that may be needed to meet current and projected operating and capital cost requirements, as well as to maintain adequate financial reserves. Based on the projections, Northern Water increased its open-rate assessments as follows:

Year	Irrigation	Municipal/Industrial
2022	\$29.00	\$49.10
2021	\$28.20	\$47.80
2020	\$27.40	\$46.50

Forward guidance projections based on the updated Cost of Service Rate model and adopted by Board resolution in early 2022 are as shown below:

Year	Irrigation	Municipal/Industrial
2023	\$30.60	\$50.55
2024	\$32.30 - \$33.00	\$52.09 - \$53.60
2025	\$33.80 - \$35.65	\$53.65 - \$57.10
2026	\$35.40 - \$38.50	\$55.25 - \$60.75

Single Audit

In conformity with the provisions of the Uniform Grant Guidance, Northern Water was required to undergo a single audit relating to the NRCS grant for the EWP Program. Information related to this Single Audit included the schedule of expenditures of federal awards, findings and questioned costs, and the independent auditors’ reports on internal control and compliance with applicable laws and regulations. This information is available as a separate document.

Financial Policies

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

AWARDS AND ACKNOWLEDGEMENTS

Annual Comprehensive Financial Report

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Northern Water for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2020. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. Northern Water has received this award each year since 1987. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized report, the contents of which 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 the Northern Water ACFR for the year ended September 30, 2021, continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility.

Annual Budget

Northern Water also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2021. To qualify for this award, the Northern Water budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

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

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

Kristyn Unrein, CGFM <i>Financial Services Department Manager</i>	Judy Skram, CPA <i>Financial Compliance Officer</i>	Bernice Rupp <i>Staff Accountant II</i>	Kathy Jo Price <i>Staff Accountant II</i>
Fahim Ghafoori, MBA/MS <i>Senior Financial Analyst</i>	Emma Kuntz <i>Staff Accountant I</i>	Myles Baker <i>Financial Analyst</i>	Shelley Robinson <i>Accounts Payable Clerk</i>

We would also like to recognize the leadership of the Board of Directors of Northern Water for its unfailing support for maintaining the highest standards of professionalism in the management of Northern Water finances.

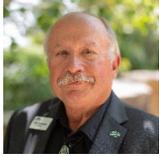
Sincerely,

Gerald A. Gibbens, P.E.
Treasurer, Northern Water

Bradley D. Wind, P.E.
General Manager, Northern Water

BOARD OF DIRECTORS AND OFFICERS⁽¹⁾

The 12-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 directors' terms expire, they continue to serve until the judge reappoints or replaces them. Board officers are elected by the Board at its annual organizational meeting each October. The Board holds its public meetings twice a month.



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



Dale Trowbridge
Vice President
Audit Committee Chair
Weld County
Aug. 15, 2014 – Sept. 28, 2023
* ♦ ✓



Bill Emslie
Finance and Benefits Committee Chair
Larimer County
Sept. 28, 2005 – Sept. 28, 2025
* ♦ ✓



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



Sue Ellen Harrison
Legal and Legislative Committee Chair
Boulder County
Sept. 28, 2009 – Sept. 28, 2022
✓



Don Magnuson
Weld County
Sept. 28, 2004 – Sept. 28, 2024
✓



Gene Manuella
Logan County
Sept. 28, 2018 – Sept. 28, 2022
✓



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



David Nettles
Weld County
Oct 18, 2018 – Sept. 28, 2022
♦ ✓



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



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



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

Northern Water District Officers:

Secretary
Treasurer

Brad Wind, General Manager
Jerry Gibbens, Director of Operations

The General Manager is appointed by and serves at the pleasure of the Board.

Committees: Audit * Finance and Benefits ♦ Legal and Legislative ✓

⁽¹⁾ Effective October 1, 2021

BOARD COMMITTEES



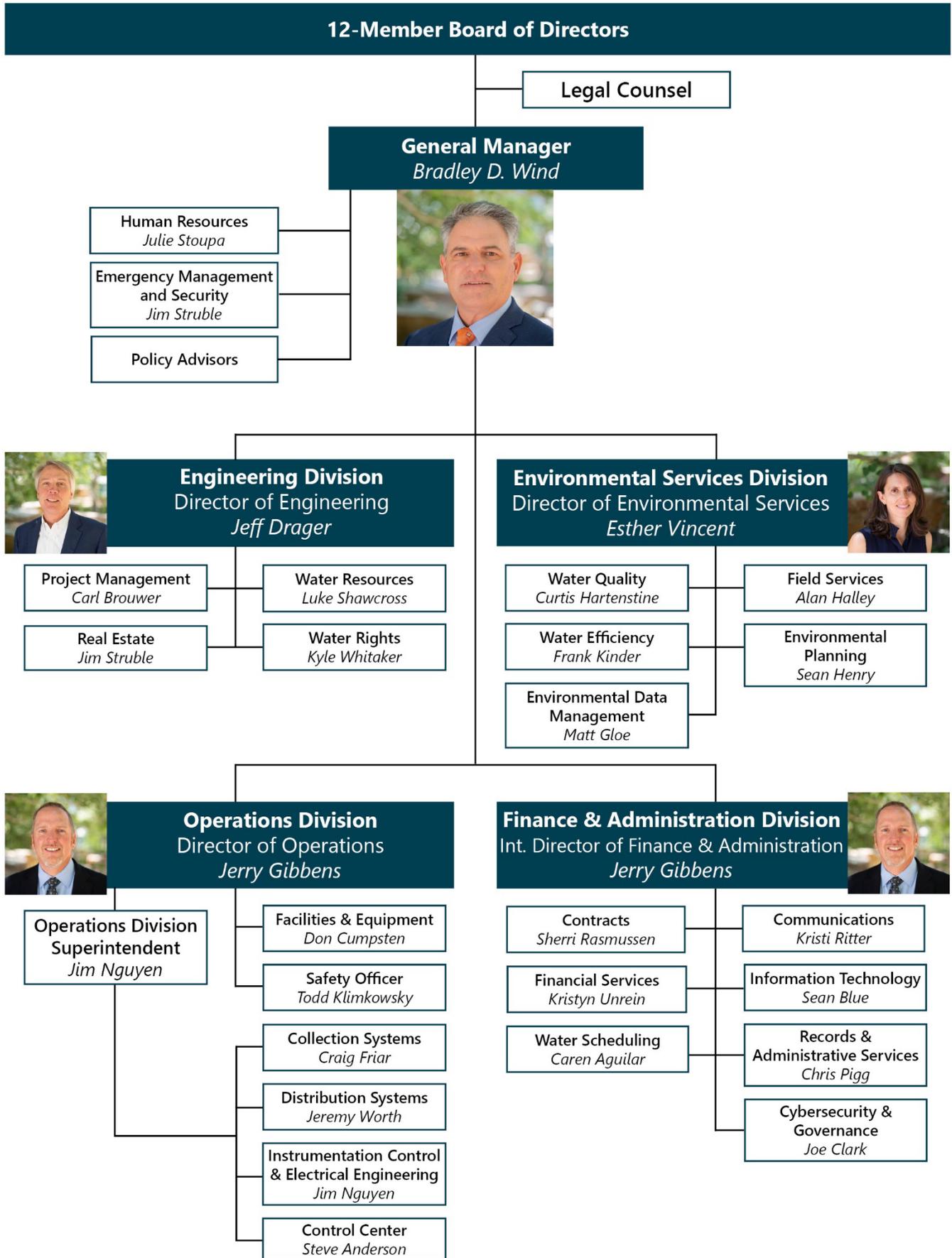
Northern Water has three standing committees tasked with the detailed study of specialized topics: the Audit Committee, the Finance and Benefits Committee and the Legal and Legislative Committee. The chair of each committee reports on the committee's activities and, depending on the subject matter, may present committee recommendations for Board action to the Board of Directors.

The Audit Committee meets semi-annually, or more often as necessary, to initiate and then conclude each year's annual financial audit process. The committee receives the auditor's findings and recommendations for changes to policy and procedures. The committee works closely with the independent auditors to ensure that the Board can faithfully carry out its fiduciary obligations to the Northern Water.

The Finance and Benefits Committee meets on a regular basis with Northern Water financial, actuarial and benefit advisors to review financial and employee benefit policies, investment and Pension Plan fund performance, and to discuss any other financial matters.

The Legal and Legislative Committee meets at least quarterly to receive updates on federal, state and local legislation of interest to Northern Water and its constituents. The committee works closely with its legislative consultant to recommend positions on proposed legislation and to provide input to authors of new legislation. The committee also receives briefings on specialized legal topics.

ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Northern Colorado Water Conservancy District

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO



FINANCIAL

The Financial section includes the Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information and Supplementary Information.

INDEPENDENT AUDITORS' REPORT



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P.O. Box 307
3000 Town Center, Suite 100
Southfield, MI 48075
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Northern Colorado Water Conservancy District

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Northern Colorado Water Conservancy District (the "District") as of and for the year ended September 30, 2021 and the related notes to the financial statements, which collectively comprise Northern Colorado Water Conservancy District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Northern Colorado Water Conservancy District as of September 30, 2021 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



To the Board of Directors
Northern Colorado Water Conservancy District

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northern Colorado Water Conservancy District's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory and statistical sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

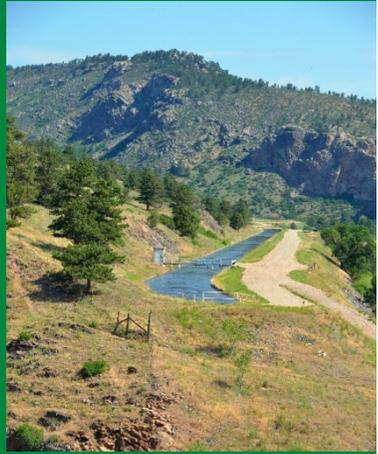
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2022 on our consideration of Northern Colorado Water Conservancy District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northern Colorado Water Conservancy District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Colorado Water Conservancy District's internal control over financial reporting and compliance.



March 28, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis presents a narrative overview of the financial activities of Northern Water for the fiscal year ended September 30, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis presents a narrative overview of the financial activities of Northern Water for the fiscal year ended September 30, 2021. It should be considered in conjunction with the additional information furnished in the Transmittal Letter (page 6).

Overview of the Financial Statements

The Northern Water financial statements consist of enterprise fund financial statements used to report the business-type activities of Northern Water, fiduciary fund financial statements reporting the transactions of the Northern Water defined benefit Group Pension Plan (Pension Plan) and accompanying Notes to Financial Statements. The report also contains required supplementary information, supplementary information and statistical information. The Management's Discussion and Analysis includes comparative data to enable the reader to review information against the prior year.

The enterprise fund financial statements include the following:

- Statement of Net Position – reports Northern Water's current and noncurrent assets, deferred inflows and outflows of resources, current and noncurrent liabilities. The difference between assets and deferred outflows and liabilities and deferred inflows is reported as net position (page 36).
- Statement of Revenues, Expenses and Changes in Net Position – reports Northern Water's operating and nonoperating revenues and expenses by major classifications, capital contributions and changes in net position (page 38).
- Statement of Cash Flows – reports Northern Water's cash flows from operating, noncapital financing, capital and related financing, and investing activities (page 39).
- Statements of Fiduciary Net Position and Changes in Fiduciary Net Position – report the net position restricted for the pension and the increase in net position for the year (page 40). The net position of the Pension Plan is not reflected as part of the Northern Water net position because the Pension Plan resources are not available to support Northern Water operations. Required information concerning Northern Water's net pension asset and contributions to the Pension Plan can be found in the Required Supplementary Information (page 69).
- Notes to Financial Statements – provide further explanations and details that are essential to a full understanding of the information provided in the financial statements described above (page 43).

Financial Analysis – Statement of Net Position⁽¹⁾

(condensed)

September 30,

	\$000s		
	2021	2020	Change
Assets			
Cash, cash equivalents and investments, unrestricted	\$ 108,746	\$ 124,645	\$ (15,899)
Cash, cash equivalents and investments, restricted	70,435	2,846	67,589
Receivables (Note 6)	22,473	10,734	11,739
Other current assets	2,185	3,888	(1,703)
Interfund loan receivable	2,813	3,040	(227)
Capital assets, net of accumulated depreciation	309,408	274,588	34,820
Assets	<u>\$ 516,060</u>	<u>\$ 419,741</u>	<u>\$ 96,319</u>
Deferred outflows of resources related to Pension Plan			
	<u>\$ 3,311</u>	<u>\$ 3,792</u>	<u>\$ (481)</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 16,596	\$ 9,257	\$ (7,339)
Unearned revenue	-	2,270	2,270
Other current liabilities	3,895	4,367	472
Long-term debt, net of current maturities	70,381	8,579	(61,802)
Interfund loan payable, net of current	2,813	3,040	227
Net pension (asset) liability	(920)	4,231	5,151
Liabilities	<u>\$ 92,765</u>	<u>\$ 31,744</u>	<u>\$ (61,021)</u>
Deferred inflows of resources related to Pension Plan			
	<u>\$ 4,843</u>	<u>\$ 1,559</u>	<u>\$ (3,284)</u>
Net position			
Net investment in capital assets	\$ 285,218	\$ 265,628	\$ 19,590
Restricted net position			
Major repairs	1,909	2,295	(386)
Capital projects	18,044	22,948	(4,904)
Debt service	252	229	23
Restricted net position	<u>20,205</u>	<u>25,472</u>	<u>(5,267)</u>
Unrestricted net position	<u>116,340</u>	<u>99,130</u>	<u>17,210</u>
Net position	<u>\$ 421,763</u>	<u>\$ 390,230</u>	<u>\$ 31,533</u>

⁽¹⁾ Balances reflect all Northern Water's enterprise funds combined unless otherwise indicated.

Financial Analysis – Changes in Net Position⁽¹⁾

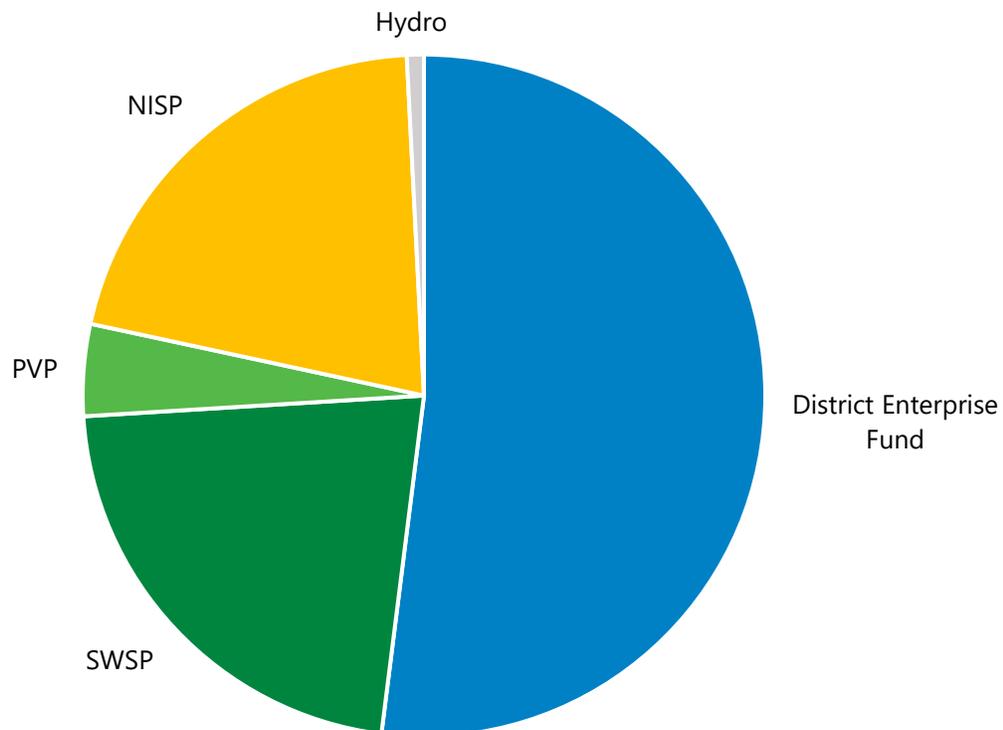
September 30,

	\$000s		
	2021	2020	Change
Income before contributions	\$ 14,507	\$ 14,465	\$ 42
Capital contributions	17,026	47,244	(30,218)
Changes in net position	31,533	61,709	(30,176)
Net position, beginning of year	390,230	328,521	61,709
Net position, end of year	\$ 421,763	\$ 390,230	\$ 31,533

Net position by enterprise fund was as follows:

	\$000s		
	2021	2020	Change
District Enterprise Fund	\$ 221,072	\$ 203,688	\$ 17,384
Southern Water Supply Project	92,127	92,644	(517)
Pleasant Valley Pipeline Project	18,176	18,828	(652)
Northern Integrated Supply Project	87,018	72,310	14,708
Northern Water Hydropower	3,370	2,760	610
Changes in net position	\$ 421,763	\$ 390,230	\$ 31,533

Net Position by Enterprise Fund September 30, 2021



⁽¹⁾ Balances reflect all Northern Water's enterprise funds combined unless otherwise indicated.

Financial Analysis – Changes in Net Position (continued)

District Enterprise Fund

The District Enterprise Fund had a net position of \$221 million at year end. Approximately half of this balance, \$103 million, reflected the District's investment in capital assets, net of related debt. Unrestricted cash and investment balances and trade receivables primarily made up the remainder of the balance.

Southern Water Supply Project

SWSP net investment in capital assets comprised the majority of its \$92 million net position at September 30, 2021. Net position decreased slightly in 2021 reflecting the current year depreciation on capital assets.

Pleasant Valley Pipeline Project

PVP net investment in capital assets comprise the majority of its \$18 million net position at September 30, 2021. Net position decreased slightly in 2021 reflecting the current year depreciation on capital assets.

Northern Integrated Supply Project

Net position for NISP increased \$14.7 million in 2021 reflecting an increase of \$19.9 in net investment in capital assets offset by a \$5.2 million decrease in net position restricted for capital projects. Net investment in capital assets increased due to additional capital project costs. Net position restricted for capital projects decreased due to the use of restricted cash for property acquisitions.

Northern Water Hydropower

Hydropower net position of \$3.4 million consisted primarily of its net investment in the hydropower plants. Net position increased reflecting positive operating income and cash flows.

Financial Analysis – Revenues⁽¹⁾

(condensed)

Years ended September 30,

Operating and nonoperating revenues were as follows:

	\$000s		
	2021	2020	Change
Operating revenues			
Assessments	\$ 13,979	\$ 13,496	\$ 483
Charges for services	7,276	7,962	(686)
Energy revenue	1,349	1,302	47
Other operating revenues	4,320	2,509	1,811
Operating revenues	26,924	25,269	1,655
Nonoperating revenues			
Property and specific ownership taxes	26,964	27,187	(223)
Intergovernmental grants	12,462	105	12,357
Earnings on investments	449	2,174	(1,725)
Other nonoperating revenues	3,645	368	3,277
Nonoperating revenues	43,520	29,834	13,686
Revenues	\$ 70,444	\$ 55,103	\$ 15,341

Operating and nonoperating revenues for the District Enterprise Fund are as follows:

	\$000s		
	2021	2020	Change
Assessments	\$ 12,060	\$ 11,580	\$ 480
Charges for services	7,276	7,962	(686)
Property and specific ownership taxes	26,963	27,187	(224)
Intergovernmental grant revenue	12,317	-	12,317
Earnings on investments	447	2,132	(1,685)
Other revenues	7,965	2,878	5,087
District Enterprise Fund revenues	\$ 67,028	\$ 51,739	\$ 15,289

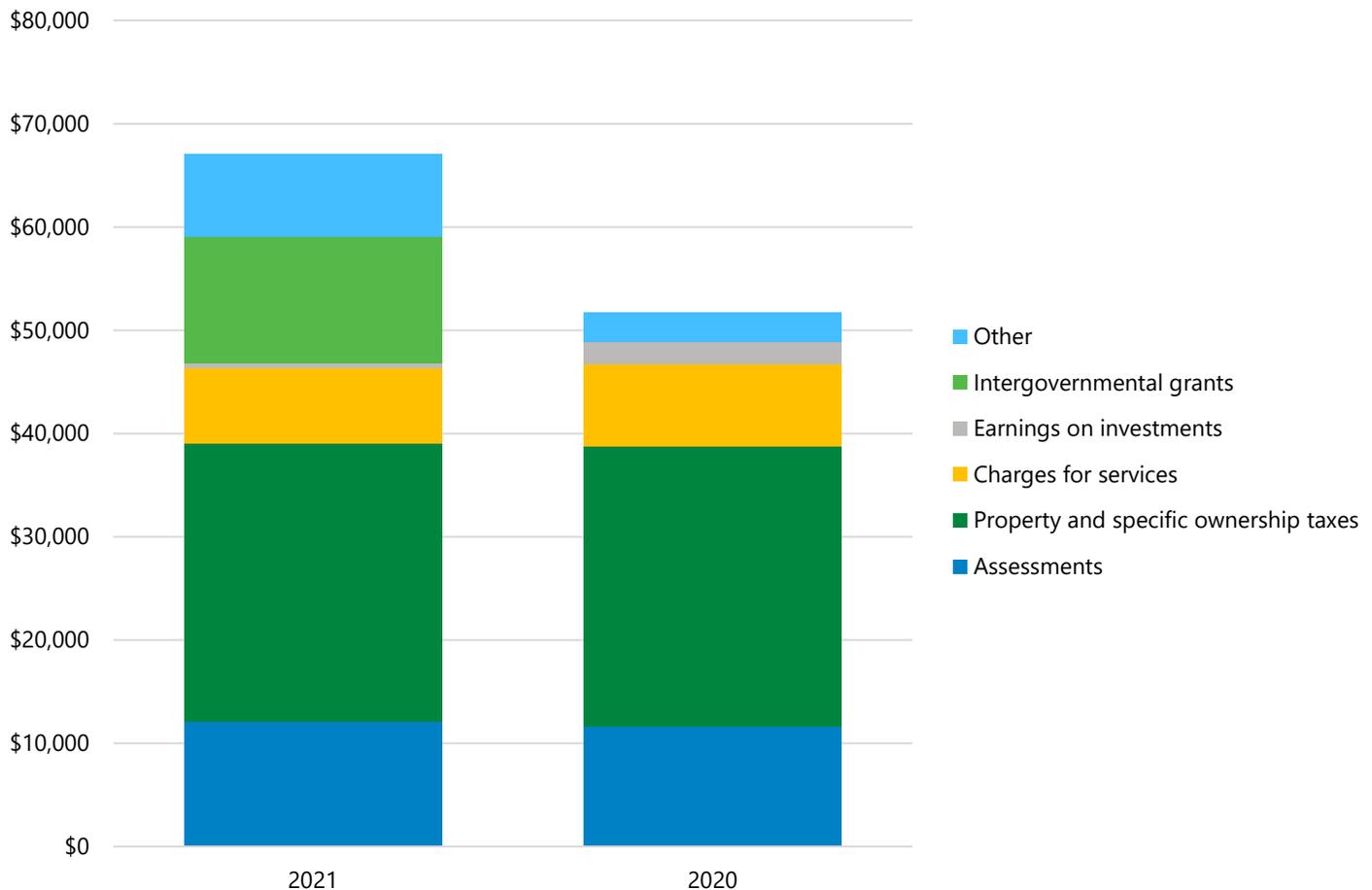
⁽¹⁾ Balances reflect all Northern Water's enterprise funds combined unless otherwise indicated.

Financial Analysis – Revenues (continued)

(condensed)

Years ended September 30,

Revenues for District Enterprise Fund



District Enterprise Fund operating revenues consist primarily of water assessments from allottees and charges for services. District annual water assessments are based on units held and independent of actual water deliveries. The 2021 water assessment open rates increased 2.8 percent from \$46.50 to \$47.80 per acre-foot unit for municipal/industrial users and 2.9 percent from \$27.40 to \$28.20 for agricultural users. In addition, District Enterprise Fund assessments included approximately \$2.3 million and \$2.1 million, in 2021 and 2020, respectively, from its Carryover Program, a program whereby allottees may carry over allotted but undelivered water from one year to the next as a hedge against drought and low runoff. The terms and limitations of the program are specified in the Northern Water Annual Carryover Program rule.

Charges for services relate to amounts charged by the District Enterprise Fund to other enterprise funds for providing certain administrative, engineering, environmental and operational services to those enterprises. In addition, the charges include amounts reimbursable by Reclamation under the terms of the Repayment Contract between Northern Water and Reclamation.

In 2021, nonoperating revenues included property taxes, intergovernmental grant revenue, earnings on investments and other nonoperating revenues.

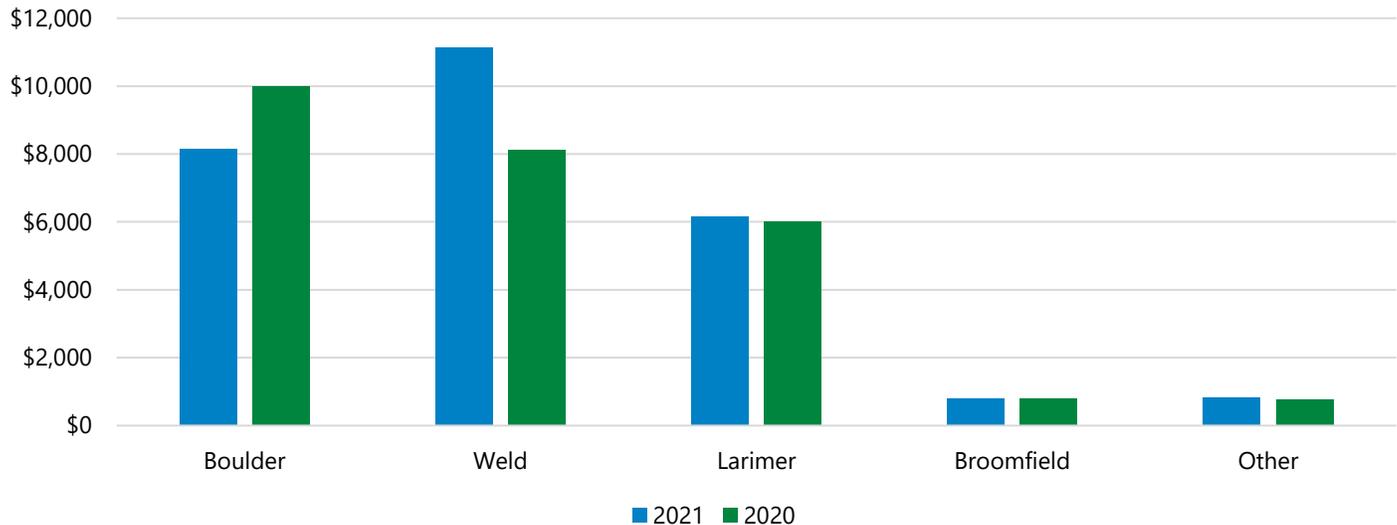
Financial Analysis – Revenues (continued)

(condensed)

Years ended September 30,

Northern Water collects a voter-approved 1 mill levy tax on real property located within its boundaries. The counties of Weld, Boulder, Larimer and Broomfield account for the majority of property tax revenue. Revenue remained substantially the same at \$26.9 million in 2021 and \$27.2 million in 2020.

Property Tax Revenue by County



In 2021, Northern Water acted as a sponsor for the NRCS EWP Program to implement watershed protection projects that mitigate risks caused by sudden watershed impairments. As a sponsor, Northern Water partnered with other entities impacted by the East Troublesome Fire to ensure the effective implementation of emergency watershed restoration recovery efforts. In addition to the NRCS grant, Northern Water received a \$1.5 million grant through the CWCB Colorado Watershed Restoration Grant and Forest Restoration and Wildfire Risk Management Grant Programs. Grant revenue requested for reimbursement under both of these grants amounted to approximately \$12.3 million in 2021 and is reflected as intergovernmental grant revenue in the financial statements. The initial term of the NRCS and CWCB grants went through November 2021 and June 2022, respectively. The NRCS grant has been extended through August 2022.

Earnings on investments remained positive in 2021 but decreased \$1.7 million from 2020 earnings due to fluctuations in the investment markets.

Other nonoperating revenue of \$3.6 million consisted primarily of \$2.3 million from the Subdistrict resulting from a 2012 mitigation agreement that was contingent upon the start of Chimney Hollow Reservoir construction (Note 19 Intergovernmental Transactions). In addition, Northern Water received an insurance claim payment of almost \$1 million for damage caused to West Slope property by the East Troublesome Fire.

Other Enterprise Funds

SWSP and PVP revenues consisted of annual assessments from their respective participants and were generally consistent between 2021 and 2020. NISP had no operating revenue.

Hydropower energy revenue, reflecting power charges earned based on energy produced from the hydropower plants, was consistent between 2021 and 2020 at \$1.3 million. In 2021 Hydropower received a \$145,000 incentive payment from the U.S. Department of Energy based on energy production from the Trout hydropower plant. This amount was included in intergovernmental grants.

Financial Analysis – Expenses⁽¹⁾

(condensed)

Years ended September 30,

Operating and nonoperating expenses were as follows:

	\$000s		
	2021	2020	Change
Operating expenses			
Operations	\$ 17,421	\$ 13,955	\$ 3,466
Engineering	6,297	4,645	1,652
Environmental Services	13,416	3,947	9,469
Administration	11,350	12,287	(937)
Depreciation	6,564	5,554	1,010
Operating expenses	55,048	40,388	14,660
Nonoperating expenses			
Interest expense	503	238	265
Bond issuance costs	386	-	386
Other nonoperating expenses	-	12	(12)
Nonoperating expenses	889	250	639
Expenses	\$ 55,937	\$ 40,638	\$ 15,299

Operating expenses for the District Enterprise Fund were as follows:

	\$000s		
	2021	2020	Change
Operations	\$ 15,965	\$ 12,595	\$ 3,370
Engineering	5,701	4,370	1,331
Environmental Services	13,414	3,947	9,467
Administration	11,217	12,186	(969)
Depreciation	2,638	2,349	289
District Enterprise Fund	\$ 48,935	\$ 35,447	\$ 13,488

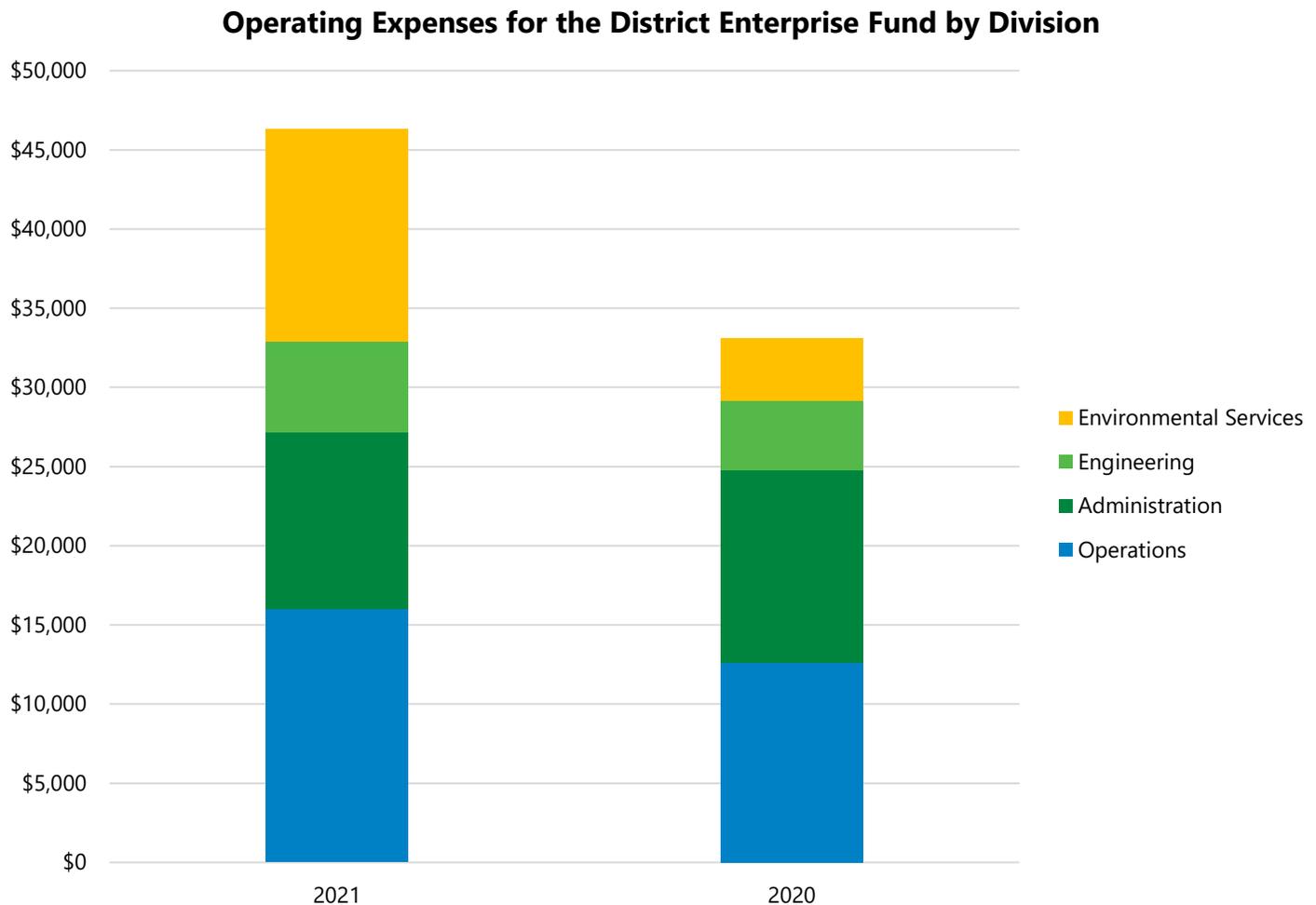
⁽¹⁾ Balances reflect all Northern Water's enterprise funds combined unless otherwise indicated.

Financial Analysis – Expenses (continued)

(condensed)

Years ended September 30,

Operating for the District Enterprise Fund by division are as follows:



District Enterprise Fund total operating expenses increased \$13.5 million from \$35.4 million in 2020 to \$48.9 million in 2021. This increase primarily related to the East Troublesome Fire recovery effort, which totaled \$14.7 million over the four divisions. Environmental Services and Operations incurred the majority of these costs at \$9.2 million and \$4.1 million, respectively.

Operating expenses for SWSP increased in 2020 from \$3.4 million to \$4.6 million primarily reflecting a full year's depreciation on the SWSP II pipeline completed towards the end of 2020. Operating expenses for other Northern Water enterprise funds were largely consistent with prior years. There were no operating expenses for NISP because that enterprise fund is in the design and permitting phase.

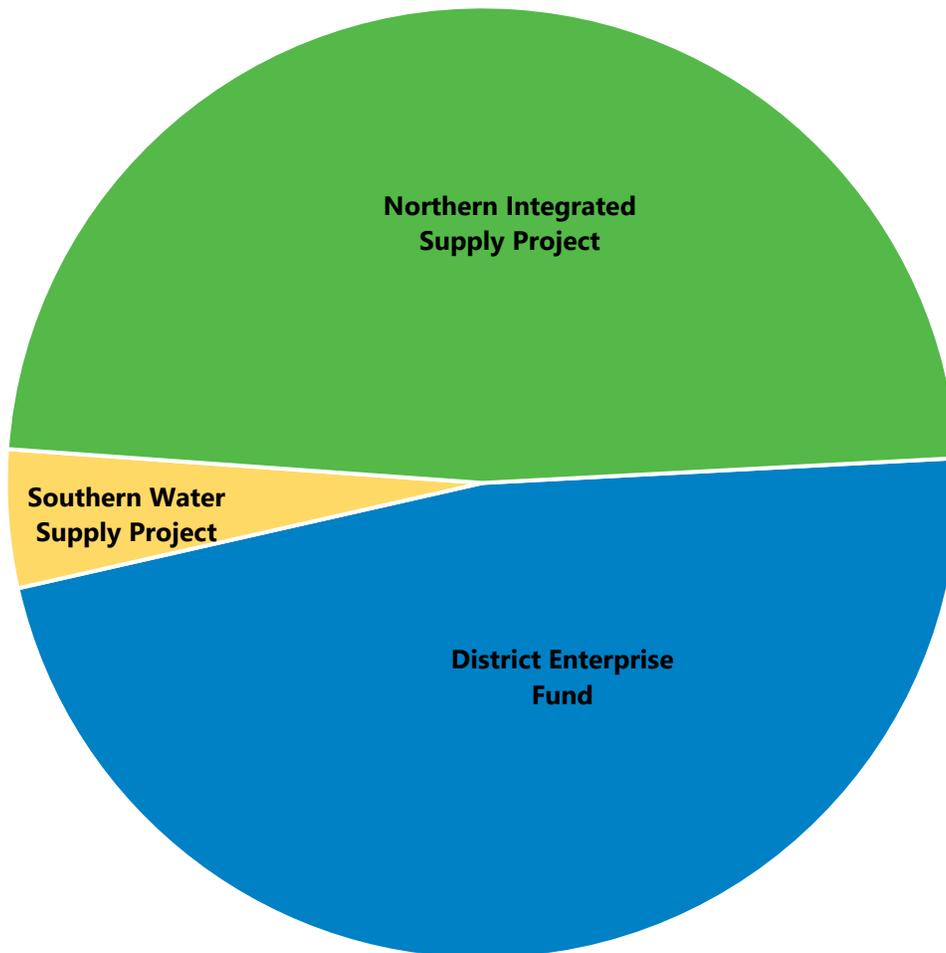
Nonoperating expenses consisted primarily of interest expense and bond issuance costs associated with the 2021 Certificates issued in fiscal year 2021.

Capital Assets, Net (continued)

(condensed)

September 30,

2021 Capital Additions



District Enterprise Fund

District capital assets, net of depreciation, increased almost \$17 million from \$105 million in 2020 to \$122 million in 2021 primarily due to construction of the Campus Development Project. Project costs are included in construction in progress at September 30, 2021.

Southern Water Supply Project

In 2021 construction of the SWSP Eastern Pump Plant continued, increasing construction in progress from \$8.8 million in 2020 to \$10.6 million in 2021. The pump plant was completed in December 2021.

Northern Integrated Supply Project

NISP costs cumulative since inception of the project amounted to \$69.5 million at September 30, 2021. The \$20 million invested in 2021 included land acquisition costs of just under \$9 million, \$2 million in mitigation and enhancement efforts and ongoing permitting and design costs.

Other Enterprise Funds

Other enterprise funds had no significant capital asset activity.

See additional information relating to capital assets at Notes 1 and 11 to the financial statements.

Financial Analysis – Debt Administration

(condensed)

September 30,

\$000s

	2021	2020	Change
District Enterprise Fund			
Certificates of Participation, Series 2021	\$ 63,292	\$ -	\$ 63,292
Horsetooth Safety of Dams	2,905	3,053	(148)
District Enterprise Fund debt	66,197	3,053	63,144
Northern Water Hydropower			
Colorado Water Resources and Power Development Authority	1,197	1,294	(97)
Colorado Water Conservation Board Hydropower	4,476	4,613	(137)
District Enterprise and Northern Water Hydropower long-term debt	71,870	8,960	62,910
Less current maturities of long-term debt	(1,489)	(381)	(1,108)
Long-term debt, net of current maturities	\$ 70,381	\$ 8,579	\$ 61,802

\$000s

	2021	2020	Change
Interfund loan			
District Enterprise Fund/Hydropower interfund loan	\$ 3,040	\$ 3,262	\$ (222)
Less current maturities of long-term debt	(227)	(222)	(5)
Long-term debt, net of current maturities	\$ 2,813	\$ 3,040	\$ (227)

Financial Analysis - Debt Administration (continued)

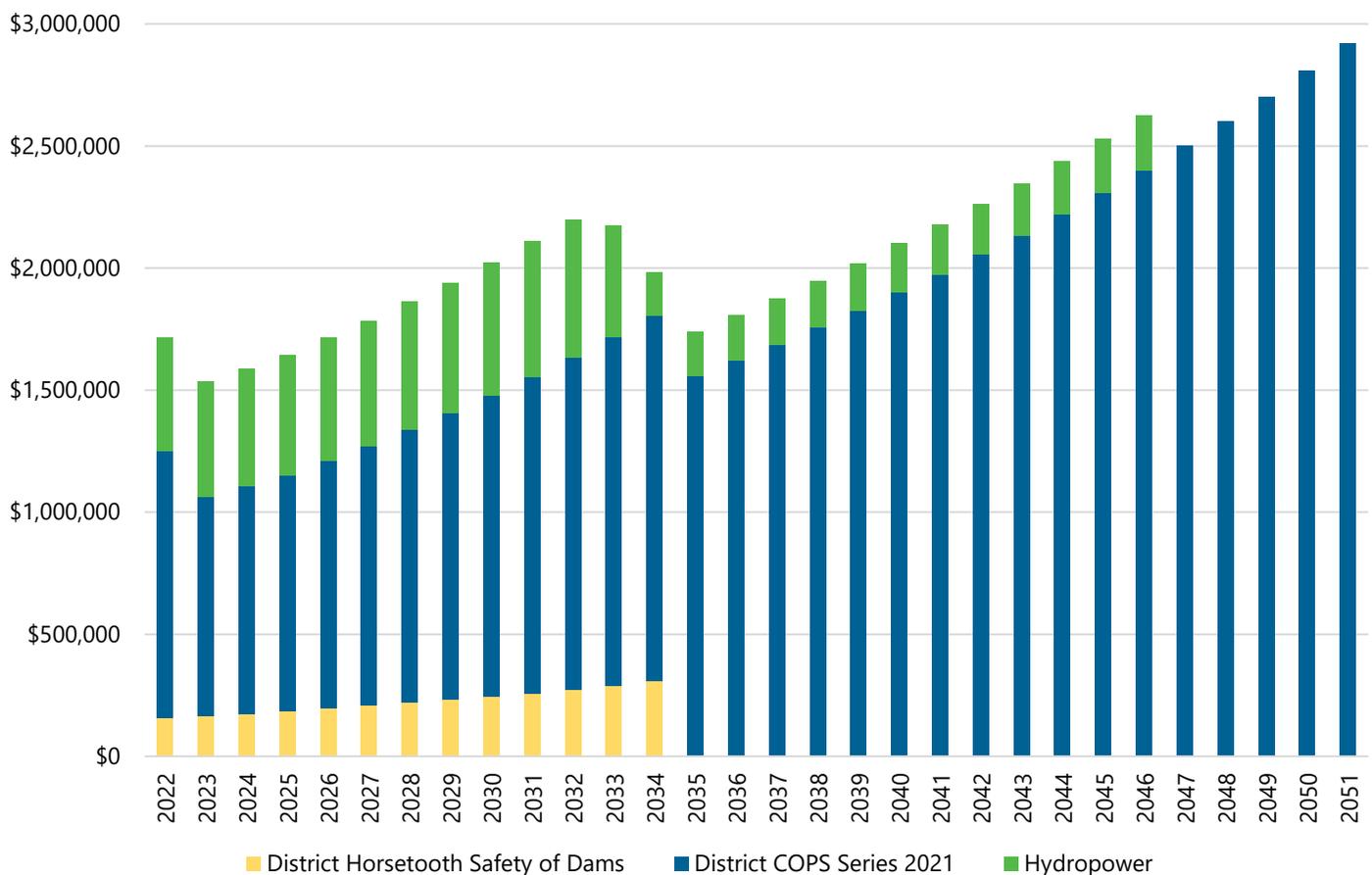
(condensed)

September 30,

In 2021, Northern Water issued the 2021 Certificates to fund the initial phase of its Campus Development Project. The 2021 Certificates represent undivided proportionate interests in Base Rentals and other revenues under an annually renewable lease purchase agreement between the trustee for the 2021 Certificates and Northern Water. The 2021 Certificates have a 30-year term, an original principal amount of \$52,050,000, bear interest at 4 percent or 5 percent and were issued at a premium. Annual principal and interest payments begin in fiscal year 2022.

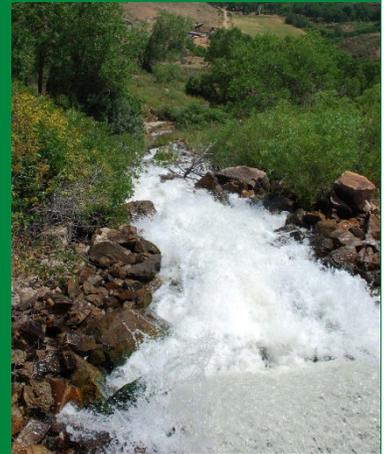
Northern Water and Hydropower continued to pay their regularly scheduled debt service payments on previously outstanding debt. See additional information relating to long-term debt and the District Enterprise Fund/Hydropower interfund loan receivable/payable at Notes 1 and 14.

Long Term Debt Maturities



Financial Contact

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



BASIC FINANCIAL STATEMENTS

Statement of Net Position – Proprietary Funds

September 30, 2021

	Business-type Activity Enterprise Funds					Total
	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline Project	Northern Integrated Supply Project	Hydropower	
ASSETS						
Current assets						
Cash and cash equivalents						
Unrestricted	\$42,162,118	\$ 2,040,092	\$ 115,646	\$ 11,329,702	\$ 1,801,598	\$ 57,449,156
Restricted	28,623,605	589,274	-	9,546,317	-	38,759,196
Investments						
Unrestricted	51,296,519	-	-	-	-	51,296,519
Restricted	29,192,107	-	-	-	-	29,192,107
Receivables						
(Notes 6 and 18)	22,249,528	-	-	1,225	222,511	22,473,264
Due from other funds	358,271	-	-	-	105,355	463,626
Advances	1,258,402	-	-	28,006	32,835	1,319,243
Other current assets	175,210	-	-	-	-	175,210
Current maturity of interfund loan	226,642	-	-	-	-	226,642
Current assets	<u>175,542,402</u>	<u>2,629,366</u>	<u>115,646</u>	<u>20,905,250</u>	<u>2,162,299</u>	<u>201,354,963</u>
Noncurrent assets						
Cash equivalents, restricted	228,028	-	-	-	574,407	802,435
Investments, restricted	1,681,136	-	-	-	-	1,681,136
Interfund loan receivable	2,813,098	-	-	-	-	2,813,098
Capital assets, net of accumulated depreciation	122,144,699	90,303,847	18,068,299	69,503,327	9,387,808	309,407,980
Noncurrent assets	<u>126,866,961</u>	<u>90,303,847</u>	<u>18,068,299</u>	<u>69,503,327</u>	<u>9,962,215</u>	<u>314,704,649</u>
Assets	<u>\$ 302,409,363</u>	<u>\$ 92,933,213</u>	<u>\$ 18,183,945</u>	<u>\$ 90,408,577</u>	<u>\$ 12,124,514</u>	<u>\$ 516,059,612</u>
DEFERRED						
OUTFLOWS OF						
RESOURCES						
RELATED TO						
PENSION PLAN						
	\$ 3,311,303	\$ -	\$ -	\$ -	\$ -	\$ 3,311,303

See accompanying Notes to Financial Statements.

Statement of Net Position – Proprietary Funds (continued)

September 30, 2021

	Business-type Activity Enterprise Funds					Total
	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline Project	Northern Integrated Supply Project	Hydropower	
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	\$ 12,748,948	\$ 625,045	\$ 542	\$ 3,220,616	\$ 1,218	\$ 16,596,369
Due to other funds	105,355	180,966	7,702	169,603	-	463,626
Interest payable	403,211	-	-	-	39,992	443,203
Compensated absences	1,270,549	-	-	-	-	1,270,549
Current maturities of long-term debt	1,251,357	-	-	-	238,129	1,489,486
Current maturity of interfund loan	-	-	-	-	226,642	226,642
Current liabilities	15,779,420	806,011	8,244	3,390,219	505,981	20,489,875
Noncurrent liabilities						
Long-term debt, net of current maturities	64,945,564	-	-	-	5,435,380	70,380,944
Interfund loan, net of current maturity	-	-	-	-	2,813,098	2,813,098
Net pension asset	(919,742)	-	-	-	-	(919,742)
Noncurrent liabilities	64,025,822	-	-	-	8,248,478	72,274,300
Liabilities	\$ 79,805,242	\$ 806,011	\$ 8,244	\$ 3,390,219	\$ 8,754,459	\$ 92,764,175
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION PLAN						
	\$ 4,843,511	\$ -	\$ -	\$ -	\$ -	\$ 4,843,511
NET POSITION						
Net investment in capital assets	\$ 103,628,753	\$ 90,303,847	\$ 18,068,300	\$ 69,503,327	\$ 3,714,299	\$ 285,218,526
Restricted net position						
Major repairs	1,909,163	-	-	-	-	1,909,163
Capital projects	-	528,479	-	17,515,031	-	18,043,510
Debt service	-	-	-	-	251,449	251,449
Restricted net position	1,909,163	528,479	-	17,515,031	251,449	20,204,122
Unrestricted net position (deficit)	115,533,997	1,294,876	107,401	-	(595,693)	116,340,581
Net position	\$ 221,071,913	\$ 92,127,202	\$ 18,175,701	\$ 87,018,358	\$ 3,370,055	\$ 421,763,229

See accompanying Notes to Financial Statements.

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

Year ended September 30, 2021

	Business-type Activity Enterprise Funds					Total
	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline Project	Northern Integrated Supply Project	Hydropower	
Operating revenues						
Assessments	\$ 12,059,790	\$ 1,759,742	\$ 159,199	\$ -	\$ -	\$ 13,978,731
Charges for services	7,276,338	-	-	-	-	7,276,338
Energy revenue	-	-	-	-	1,349,216	1,349,216
Other operating revenues	4,320,428	-	-	-	-	4,320,428
Operating revenues	23,656,556	1,759,742	159,199	-	1,349,216	26,924,713
Operating expenses						
Operations	15,965,340	1,022,872	35,091	-	397,744	17,421,047
Engineering	5,701,243	573,834	17,211	-	4,857	6,297,145
Environmental Services	13,414,586	1,014	-	-	-	13,415,600
Administration	11,216,914	103,575	15,027	-	14,165	11,349,679
Depreciation	2,637,689	2,893,466	744,114	-	288,604	6,563,873
Operating expenses	48,935,770	4,594,759	811,443	-	705,372	55,047,344
Operating income (loss)	(25,279,214)	(2,835,017)	(652,244)	-	643,844	(28,122,631)
Nonoperating revenues						
Property and specific ownership taxes	26,963,388	-	-	-	-	26,963,388
Intergovernmental grant revenue	12,316,953	-	-	-	145,403	12,462,356
Earnings on investments	447,267	284	16	-	1,465	449,032
Other nonoperating revenues	3,644,883	-	-	-	-	3,644,883
Nonoperating revenues	43,372,491	284	16	-	146,868	43,519,659
Nonoperating expenses						
Interest expense, net of bond premium amortization	(323,000)	-	-	-	(180,440)	(503,440)
Bond issuance costs	(386,052)	-	-	-	-	(386,052)
Nonoperating expenses	(709,052)	-	-	-	(180,440)	(889,492)
Nonoperating income (loss)	42,663,439	284	16	-	(33,572)	42,630,167
Income (loss) before contributions	17,384,225	(2,834,733)	(652,228)	-	610,272	14,507,536
Capital contributions	-	2,317,731	-	14,708,164	-	17,025,895
Changes in net position	17,384,225	(517,002)	(652,228)	14,708,164	610,272	31,533,431
Net position beginning of year	203,687,688	92,644,204	18,827,929	72,310,194	2,759,783	390,229,798
Net position, end of year	\$ 221,071,913	\$92,127,202	\$18,175,701	\$ 87,018,358	\$ 3,370,055	\$ 421,763,229

See accompanying Notes to Financial Statements.

Statement of Cash Flows – Proprietary Funds

Year ended September 30, 2021

	Business-type Activity Enterprise Funds					Total
	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline Project	Northern Integrated Supply Project	Hydropower	
Cash flows from operating activities						
Receipts from participants	\$ 21,523,138	\$ 2,374,275	\$ 171,959	\$ -	\$ 1,216,862	\$ 25,286,234
Payments to suppliers	(19,895,200)	(902,108)	(37,372)	-	(299,318)	(21,133,998)
Payments to employees	(21,539,052)	(1,652,190)	(125,731)	-	(316,884)	(23,633,857)
Net cash provided by (used in operating activities)	(19,911,114)	(180,023)	8,856	-	600,660	(19,481,621)
Cash flows from noncapital financing activities						
Property and specific ownership tax receipts	28,824,758	-	-	-	-	28,824,758
Intergovernmental grants	4,382,205	-	-	-	145,403	4,527,608
Net cash provided by noncapital financing activities	33,206,963	-	-	-	145,403	33,352,366
Cash flows from capital and related financing activities						
Capital contributions (refund of prior contributions)	-	(1,846,243)	-	14,708,164	-	12,861,921
Acquisition and construction of capital assets	(15,753,037)	(4,559,902)	-	(18,918,764)	(824)	(39,232,527)
Proceeds from Series 2021 Certificates	63,415,647					63,415,647
Principal paid on capital debt and interfund loan	(147,854)	-	-	-	(455,658)	(603,512)
Interest paid of capital debt and interfund loan	(175,560)	-	-	-	(183,378)	(358,938)
Bond issuance costs	(386,052)					(386,052)
Principal receipts from interfund loan	222,198	-	-	-	-	222,198
Interest receipts from interfund loan	65,239	-	-	-	-	65,239
Proceeds from disposal of capital assets	1,391,994	-	-	-	-	1,391,994
Net cash provided by (used in capital and related financing activities)	48,632,575	(6,406,145)	-	(4,210,600)	(639,860)	37,375,970
Cash flows from investing activities						
Investment purchases	(97,190,816)	-	-	-	-	(97,190,816)
Investment sales	56,508,696	-	-	-	-	56,508,696
Proceeds from earnings on investments	798,981	284	16	-	1,465	800,746
Net cash provided (used) by investing activities	(39,883,139)	284	16	-	1,465	(39,881,374)
Net change in cash and cash equivalents	22,045,285	(6,585,884)	8,872	(4,210,600)	107,668	11,365,341
Cash and cash equivalents, beginning of year	48,968,466	9,215,250	106,774	25,086,619	2,268,337	85,645,446
Cash and cash equivalents, end of year	\$ 71,013,751	\$ 2,629,366	\$ 115,646	\$ 20,876,019	\$ 2,376,005	\$ 97,010,787

See accompanying Notes to Financial Statements.

Statement of Cash Flows – Proprietary Funds (continued)

Year ended September 30, 2021

	Business-type Activity Enterprise Funds					Total
	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline Project	Northern Integrated Supply Project	Hydropower	
Reconciliation of operating income (loss) to net cash provided (used) in operating activities						
Operating income (loss)	\$ (25,279,214)	\$ (2,835,017)	\$ (652,244)	\$ -	\$ 643,844	\$ (28,122,631)
Adjustments						-
Depreciation	2,637,689	2,893,466	744,114	-	288,604	6,563,873
(Increase) decrease in current assets						
Receivables	(4,074,997)	614,535	12,760	-	(10,040)	(3,457,742)
Due to/from other funds	2,008,353	(853,007)	(95,778)	-	-	1,059,568
Advances	(220,380)	-	-	-	-	(220,380)
Other current assets	10,109	-	-	-	-	10,109
Increase (decrease) in current liabilities						
Accounts payable and accrued liabilities	5,987,747	-	4	-	(15,942)	5,971,809
Due to other funds	105,354	-	-	-	(305,806)	(200,452)
Retainage payable	252,867	-	-	-	-	252,867
Compensated absences	47,393	-	-	-	-	47,393
Increase (decrease) in Pension Plan-related items						
Net pension liability	(5,150,726)	-	-	-	-	(5,150,726)
Deferred outflows of resources	480,323	-	-	-	-	480,323
Deferred inflows of resources	3,284,368	-	-	-	-	3,284,368
Adjustments	5,368,100	2,654,994	661,100	-	(43,184)	8,641,010
Net cash provided (used) in operating activities	\$ (19,911,114)	\$ (180,023)	\$ 8,856	\$ -	\$ 600,660	\$ (19,481,621)
Non-cash activities						
Change in value of investments	\$ (358,019)	-	-	-	-	\$ (358,019)
Reconciliation of capital contributions						
Capital contributions	\$ -	\$ 2,317,731	\$ -	\$ 14,708,164	\$ -	\$ 17,025,895
Less capital contributions that were received in the prior year but considered unearned		(2,246,452)	-	-	-	\$ (2,246,452)
Less return of contributions that were received in the prior year	-	(1,917,522)	-	-	-	(1,917,522)
Cash flows from (refunded from) capital contributions	\$ -	\$ (1,846,243)	\$ -	\$ 14,708,164	\$ -	\$ 12,861,921

See accompanying Notes to Financial Statements.

Statement of Fiduciary Net Position – Fiduciary Fund Pension Trust Fund

December 31, 2020

	<u>Pension Plan</u>
ASSETS	
Cash and cash equivalents	\$ 1,034,458
Investments	
Domestic equities	14,066,562
Mutual funds	
Fixed income	15,899,630
International equities	6,526,290
Low correlated hedge	4,649,834
Emerging markets equities	2,593,522
Investments	<u>43,735,838</u>
Due from Northern Water	<u>97,680</u>
Assets	<u>44,867,976</u>
LIABILITIES	
Liabilities	-
Net position restricted for pension	<u>\$ 44,867,976</u>

See accompanying Notes to Financial Statements.

Statement of Changes in Fiduciary Net Position – Fiduciary Fund Pension Trust Fund

Year ended December 31, 2020

	<u>Pension Plan</u>
Additions	
Employer contributions	\$ 2,367,405
Investment earnings	
Net appreciation in fair value of investments	5,238,493
Interest and dividends	1,553,362
Investment earnings	6,791,855
Investment expenses	(71,294)
Investment earnings, net of expenses	6,720,561
Additions to Plan assets	9,087,966
Deductions	
Benefit payments	(2,429,379)
Increase in net position	6,658,588
Net position, beginning of year	38,209,389
Net position, end of year	<u>\$ 44,867,977</u>

See accompanying Notes to Financial Statements.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Northern Water was organized September 20, 1937, as a quasi-municipal entity and political subdivision of the State of Colorado. Northern Water is governed by a 12-member Board of Directors, which is appointed by the presiding district court judges of four of the five judicial districts located wholly or partially within Northern Water boundaries. Board members are appointed to four-year terms, which are staggered so three Board seats are up for appointment each year.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Northern Water is a special-purpose government engaged in business-type activities. The accounts are organized and operated on a fund basis. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses. For these business-type activities, enterprise fund financial statements are presented. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, consistent with businesses in the private sector. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. The Northern Water Group Pension Plan Fund, a defined benefit retirement plan, is presented as a fiduciary fund pension trust fund as of its December 31 year end.

The financial statements of Northern Water have been prepared in conformity with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), the accepted standard setting body for establishing governmental accounting and financial reporting principles.

GASB Statement No. 34 sets forth minimum criteria for the determination of major and nonmajor funds. All of the Northern Water business-type enterprise funds met the criteria specified in the statement at September 30, 2021, with the exception of the Pleasant Valley Pipeline Project Enterprise Fund. Northern Water management has elected to report this fund as a major fund.

Northern Water, pursuant to a perpetual contract with the U.S. Department of the Interior and in conjunction with Reclamation, operates and maintains a portion of the C-BT Project. The primary purpose of the C-BT Project is the development and use of the waters of the Colorado and Big Thompson rivers.

The following is a description of the proprietary business-type enterprise funds and fiduciary fund of Northern Water:

- The District Enterprise Fund accounts for the operating activities of the C-BT Project, engineering programs, environmental and administrative support services.
- Southern Water Supply Project Enterprise Fund accounts for the activities of the SWSP pipelines and pump plant system.
- The Pleasant Valley Pipeline Project Enterprise Fund accounts for the activities of the PVP project.
- The Northern Integrated Supply Project Enterprise Fund accounts for the activities of NISP. The fund is engaged in permitting, design and preconstruction activities.
- The Northern Water Hydropower Enterprise Fund accounts for the activities of the Robert V. Trout (Trout) and Granby hydropower plants.
- The Pension Plan Fund accounts for the activities of the Northern Water Group Pension Plan. Since January 1, 2003, the Pension Plan has been closed to new participants. As a fiduciary component unit in accordance with GASB No. 84, the Pension Plan reports net position restricted for pensions and, therefore, is not available to support Northern Water operations. The reporting focus of the Pension Plan is on net position and changes in net position and employs accounting principles similar to the proprietary enterprise funds described above. As further described in Note 17, the financial statements of the Pension Plan are reported using the economic resources measurement focus and the accrual basis of accounting.

Note 1 continued

Proprietary enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and delivering goods in connection with the funds' principal ongoing operations. Operating revenues of Northern Water enterprise funds consist primarily of assessments, charges for services and energy revenue. Operating expenses include operations, engineering, environmental services and administrative costs associated with providing untreated water, services, energy and depreciation on capital assets. All revenues and expenses not meeting this definition of operating revenues and expenses, including property and specific ownership taxes, are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is Northern Water's policy to use restricted resources for their specified purposes first, then unrestricted resources as needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Cash Equivalents, Unrestricted and Restricted

Cash and cash equivalents are considered to be cash deposits and short-term investments with original maturities of three months or less from the date of acquisition. Certain cash balances are held in the Colorado Statewide Investment Pool (CSIP), a local government investment pool. The State Securities Commissioner administers and enforces State statutes governing the CSIP. The CSIP seeks to maintain a stable net asset value of \$1.00 per share. Cash equivalents are reported at amortized cost, which is not considered significantly different from fair value. There are no limitations or restrictions on withdrawal. The weighted average maturity of the liquid portfolios is 55 days. The weighted average maturity of the term portfolios Series Dec 2021 and Series Dec 2022 are 36 days and 92 days, respectively. The fund has ratings of AAAM and AAAf. Certain balances are classified as restricted on the Statement of Net Position because their use is limited by either contractual obligations or debt covenants (Notes 9 and 10).

Colorado statutes require that Northern Water 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 by the banks. The eligible collateral is determined by the Act and allows the financial institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to the aggregate uninsured deposits.

Investments, Unrestricted and Restricted

Northern Water's investment balances are reported at their fair value with net appreciation or depreciation on the assets included in earnings on investments. Northern Water categorizes its fair value measurements within the fair value level hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Investments classified as Level 1 are valued using prices quoted in active markets for identical assets; investments classified as Level 2 are valued using a matrix pricing technique from an independent securities pricing service. Matrix pricing is used to value securities based on the securities' relationship to quoted benchmark prices.

Northern Water's investment objectives are the preservation of capital (safety), liquidity, return and diversification. The Board has adopted an investment policy for its proprietary enterprise funds that incorporates those objectives and establishes investment scope. The investment policy allows for the following investments:

- U.S. Treasury Obligations guaranteed by the U.S. Government
- Federal Agency and Instrumentality Securities, including those issued by or fully guaranteed by federal agencies or U.S. government-sponsored enterprises
- Time Certificates of Deposit in FDIC-insured state or nationally chartered banks or savings banks
- Negotiable Certificates of Deposit issued by any bank organized and operating within or outside the United States
- Corporate Bonds issued by a corporation or bank organized and operating within or outside the United States and denominated in U.S. dollars
- Municipal Bonds representing general and revenue obligations of state or local governments or under the authority of any state or political subdivision of such a government entity

Note 1 continued

- Commercial Paper where the issuer's commercial paper program's size exceeds \$200 million and is organized within or outside the United States
- Bankers Acceptances issued by FDIC-insured state or national banks with combined capital and surplus of at least \$250 million
- Repurchase Agreements collateralized by U.S. Treasury Obligations and Federal Agency Instrumentality Securities
- Local Government Investment Pools (LGIPs) authorized under Colorado state statute
- Money Market Mutual Funds registered under the Investment Company Act of 1940 and authorized under Colorado state statute

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

Receivables

Northern Water does not provide an allowance for uncollectible receivable balances because all balances are considered fully collectible.

Other Current Assets

Other current assets consist primarily of supplies inventory and payments to vendors applicable to future periods considered prepaid at year end. Inventory is held for consumption and valued at the lower of cost or market on a first-in, first-out basis.

Capital Assets

Capital assets of Northern Water include intangible assets such as water rights, easements, and computer software; physical assets such as water pipelines and hydropower plant infrastructures, buildings and improvements, computer, office and operations equipment and construction in progress.

Northern Water's share of the original construction and subsequent modifications or enhancements to the C-BT Project are treated similar to water rights and easements. Under its Repayment Contract, Northern Water has a perpetual contractual right to use water made available by the C-BT Project. All control and ownership of the C-BT Project multipurpose facilities remains with Reclamation. These rights are considered intangible, have an indefinite useful life, and are not depreciated or amortized.

All costs incurred for the construction or acquisition of infrastructure assets not related to the C-BT Project, including labor and legal charges, are capitalized. Capital assets, other than infrastructure assets, are defined by Northern Water as those with an initial individual cost of more than \$5,000. As Northern Water completes construction or acquires capital assets, including infrastructure assets, the assets are capitalized and reported at their historical cost. This reported value excludes normal maintenance and repairs, which are amounts incurred in relation to capital assets that do not increase the capacity or efficiency of those assets or extend their useful lives beyond the original estimate.

Capital assets are depreciated using the straight-line method over the following estimated useful lives: water pipelines and hydropower plants over 40 years, buildings and improvements over 5 to 25 years, operations equipment over 3 to 10 years, office equipment over 5 to 10 years and computer equipment over 3 years.

Estimated Liability for Medical Claims

Northern Water self-insures its specific individual medical claims and has assigned funds as a reserve for future claims. In accordance with GAAP, Northern Water accrues an estimated liability for medical claims incurred but not reported (IBNR). The accrual is based on industry norms given actual claims paid by Northern Water. The estimated liability is included in accounts payable and accrued liabilities.

Compensated Absences

Northern Water accrues annual and compensatory leave benefits when earned by employees and reflects the unused accumulated leave obligation as an accrued liability. In the event of an employee's termination, the employee is paid for the unused accumulated days up to specified maximum amounts. Employees do not accumulate sick leave and, therefore, no liability for unpaid sick leave is accrued.

Net Position

The financial statements utilize a net position presentation categorized as net investment in capital assets; restricted net position for major repairs, capital projects and debt service; and unrestricted. Net investment in capital assets reflects the portion of net position associated with capital assets, less outstanding capital-asset-related debt. Restricted net position consists of liquid assets generated from revenues that have third-party debt or contractual limitations on their use. Unrestricted net position represents unrestricted liquid assets.

Revenues and Expenses

Charges for Services

The District Enterprise Fund provides certain administrative, engineering, environmental and operational services to the other Northern Water enterprise funds. Charges for these services are considered equal to their cost and, therefore, are reported as operating revenue from charges for services by the District Enterprise Fund and operating expenses by the enterprise funds receiving the services.

C-BT Project Operations Costs

Northern Water reimburses Reclamation 50 percent of the operations costs incurred by Reclamation on those multipurpose project features not maintained by Northern Water. Similarly, Reclamation reimburses Northern Water 50 percent of the operations costs incurred by Northern Water for multipurpose features up to agreed-upon limitations and contingent on appropriations being made. In accordance with Northern Water's Repayment Contract with Reclamation, Northern Water makes estimated advance payments to Reclamation for its share of operations costs as described above. Reclamation reimbursements to Northern Water and Northern Water reimbursements to Reclamation are reflected as operating revenues from charges for services and operating expenses for operations, respectively, on the accompanying Statement of Revenues, Expenses and Changes in Net Position.

Energy Revenue

Hydropower energy revenue includes revenue from generated power and the sale of green energy credits in accordance with renewable agreements between Hydropower and electric associations. Revenue earned is based on megawatt hours of energy produced.

Property and Specific Ownership Taxes

Northern Water collects a voter-approved 1 mill levy tax on real property located within Northern Water boundaries. This tax is levied by the respective eight county treasurers in December of each year and attached as an enforceable property lien on January 1 of the following year. The county treasurers are responsible for collecting the assessments and remitting them to Northern Water. Property and specific ownership tax revenue is reported as nonoperating revenues on the accompanying financial statements.

Intergovernmental Grants

Grant funding received under NRCS and CWCB grant agreements relating to the East Troublesome Fire recovery effort is recognized as earned under the terms of the agreements and reflected as intergovernmental grant revenue. Hydropower intergovernmental grant revenue represents an incentive payment from the U.S. Department of Energy based on hydropower energy production from the Trout hydropower plant.

2 IMPLEMENTATION OF GASB 98

Northern Water has implemented GASB 98 “The Annual Comprehensive Financial Report”, adopting the term *Annual Comprehensive Financial Report* and its acronym *ACFR*.

3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Article X, Section 20, of the Colorado Constitution contains limitations on the ability of state and local governmental entities to increase taxes, revenues and spending and to enter into multiple fiscal year debt, direct and indirect, or other financial obligations. However, these limitations do not apply to “enterprises” as defined in the constitutional provision. Northern Water’s Southern Water Supply Project Water Activity Enterprise, Pleasant Valley Pipeline Project Water Activity Enterprise, Northern Integrated Supply Project Water Activity Enterprise and the Northern Water Hydropower Water Activity Enterprise have been established as “water activity enterprises” in accordance with Colorado statutes and, as “enterprises,” are excluded from the application of these constitutional restrictions. Amendment X, Section 20 is complex and subject to judicial interpretation. Northern Water believes it is in compliance with the requirements of the Amendment. However, Northern Water has made certain interpretations of the Amendment’s language to determine its compliance.

Budgetary Information

Appropriated annual budgets are established and adopted for the proprietary enterprise funds on a basis consistent with GAAP with the following exceptions:

- Annual principal debt repayments are budgeted as nonoperating expense uses.
- Depreciation is not budgeted.
- Capital expenditures are treated as nonoperating expense uses and are not reduced by retainage.
- Interfund loan principal payments are budgeted by the District Enterprise Fund and Hydropower as nonoperating revenue sources and expense uses, respectively.
- Capital contributions are budgeted in the year received rather than when earned.
- Pension Plan expense is budgeted as contribution payments rather than the actuarially-determined pension expense.
- Supplemental Pension Plan contributions are budgeted on an amortized basis over eight years.
- Year-end payroll accruals are not budgeted.

Northern Water follows these annual procedures in establishing budgetary data reflected in the financial statements:

Task	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
Key goals and objectives formulated									
Major budget assumptions identified									
Final budget recommendations made by division directors									
Budget officers appointed by the Board and budget reports prepared									
Budget delivered to the Board									
Public hearing held and budget adopted by the Board									
Budget filed with the Colorado State Division of Local Government									

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

Note 3 continued

budgeted amounts between departments; however, any revisions that exceed the appropriated balances must be approved by the Board. Unused appropriations lapse at the end of each fiscal year. The overall objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board.

4 CASH AND CASH EQUIVALENTS

As of September 30, 2021, Northern Water had the following cash and cash equivalents:

	Current		Noncurrent	Total Cash and Cash Equivalents
	Unrestricted	Restricted	Restricted	
District Enterprise Fund				
Deposits	\$ 40,490,839	\$ -	\$ -	\$ 40,490,839
LGIP/Money Market Funds	1,671,279	28,623,605	228,028	30,522,912
District Enterprise fund	42,162,118	28,623,605	228,028	71,013,751
Southern Water Supply Project				
LGIP/Money Market Funds	2,040,092	589,274	-	2,629,366
Pleasant Valley Pipeline Project				
LGIP/Money Market Funds	115,646	-	-	115,646
Northern Integrated Supply Project				
LGIP/Money Market Funds	11,329,702	9,546,317	-	20,876,019
Northern Water Hydropower				
Deposits	1,801,598	-	-	1,801,598
LGIP/Money Market Funds	-	-	574,407	574,407
Northern Water Hydropower	1,801,598	-	574,407	2,376,005
Cash and cash equivalents	\$ 57,449,156	\$ 38,759,196	\$ 802,435	\$ 97,010,787

There is no custodial credit risk for deposits held since all are eligible public depositories pursuant to the PDPA.

5 INVESTMENTS

As of September 30, 2021, the District Enterprise Fund had the following investments:

	Current		Noncurrent	Total
	Unrestricted	Restricted	Restricted	Investments
U.S. Government Securities	\$ 24,159,091	\$ -	\$ 1,681,136	\$ 25,840,227
Federal Agency Securities	9,159,850	-	-	9,159,850
Federal Agency Collateralized Mortgage Obligations	1,490,218	-	-	1,490,218
Negotiable Certificates of Deposit	6,097,446	15,023,729	-	21,121,175
Supranationals	4,599,262	-	-	4,599,262
Municipal Obligations	3,968,004	-	-	3,968,004
Commercial Paper	799,768	14,168,378	-	14,968,146
Corporate Notes	1,022,880	-	-	1,022,880
Investments	<u>\$ 51,296,519</u>	<u>\$ 29,192,107</u>	<u>\$ 1,681,136</u>	<u>\$ 82,169,762</u>

Investment balances at September 30, 2021, by level hierarchy were as follows:

	Level 1	Level 2	Fair Value
U.S. Government Securities	\$ 25,840,227	\$ -	\$ 25,840,227
Federal Agency Securities	-	9,159,850	9,159,850
Federal Agency Collateralized Mortgage Obligations	-	1,490,218	1,490,218
Negotiable Certificates of Deposit	-	21,121,175	21,121,175
Supranationals	-	4,599,262	4,599,262
Municipal Obligations	-	3,968,004	3,968,004
Commercial Paper	-	14,968,146	14,968,146
Corporate Notes	-	1,022,880	1,022,880
Investments	<u>\$ 25,840,227</u>	<u>\$ 56,329,535</u>	<u>\$ 82,169,762</u>

Note 5 continued

In accordance with Northern Water's investment policy, investments are limited to those meeting the following criteria:

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

The Northern Water investments portfolio is limited to an aggregate exposure of 50 percent of the sum total of the following investment types: Time Certificates of Deposit, Corporate Bonds, Commercial Paper and Bankers Acceptances. The aggregate exposure to Municipal Bonds may not exceed 35 percent of the portfolio and no more than 5 percent of the portfolio may be invested with a single issuer with certain exceptions pursuant to the provisions of GASB 40 or to the extent Northern Water's investment policy is more restrictive.

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

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

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

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

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

Note 5 continued

As of September 30, 2021, the District Enterprise Fund had investments with the following maturities:

	Investment Maturities			Total Investments
	1 - 2 years	2 - 3 years	3 - 5 years	
U.S. Government Securities	\$ 1,595,906	\$ 7,913,594	\$ 16,330,727	\$ 25,840,227
Federal Agency Securities	-	8,545,607	614,243	9,159,850
Federal Agency Collateralized Mortgage Obligations	329,646	797,050	363,522	1,490,218
Negotiable Certificates of Deposit	21,121,175	-	-	21,121,175
Supranationals	-	1,677,619	2,921,643	4,599,262
Municipal Obligations	3,026,877	710,771	230,356	3,968,004
Commercial Paper	14,968,146	-	-	14,968,146
Corporate Notes	582,744	440,136	-	1,022,880
Investments	<u>\$ 41,624,494</u>	<u>\$ 20,084,777</u>	<u>\$ 20,460,491</u>	<u>\$ 82,169,762</u>

To the extent possible, Northern Water investments are matched with anticipated cash flow requirements.

Interest Rate and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Credit risk is generally considered to be the risk that a financial institution holding a deposit or an issuer of an investment will not fulfill its obligation to a depositor or investor. Credit risk can be measured in part by the assignment of a rating by a nationally-recognized statistical rating organization. Concentration of credit risk arises from the magnitude of an investment in a single issuer. As of September 30, 2021, there were no investments greater than 5 percent of the portfolio with any one issuer.

As of September 30, 2021, the District Enterprise Fund had investments with the following Standard and Poor's ratings:

Ratings	Investments	Percentage
A-1	\$ 26,476,252	32.2%
A-1+	9,613,069	11.7%
AA-	624,955	0.8%
AA	1,009,764	1.2%
AA+	37,671,754	45.8%
AAA	5,849,385	7.1%
Not rated	924,583	1.2%
Investments	<u>\$ 82,169,762</u>	<u>100.0%</u>

Note 5 continued

Interest Rate and Credit Risk (continued)

	Rating	Investments	Percentage
U.S. Government Securities	AA+	\$ 25,840,227	31.5%
Federal Agency Securities	AA+	9,159,850	11.1%
Federal Agency Collateralized Mortgage Obligations	AA+	1,490,218	1.8%
Negotiable Certificates of Deposit	A-1	14,624,702	17.8%
Negotiable Certificates of Deposit	A-1+	6,496,473	7.9%
Supranationals	AAA	4,599,262	5.6%
Municipal Obligations	AA	829,486	1.0%
Municipal Obligations	AA+	963,813	1.2%
Municipal Obligations	AAA	1,250,122	1.5%
Municipal Obligations	Not rated	924,583	1.1%
Commercial Paper	A-1	11,851,550	14.4%
Commercial Paper	A-1+	3,116,596	3.8%
Corporate Notes	AA-	624,955	0.8%
Corporate Notes	AA	180,278	0.2%
Corporate Notes	AA+	217,647	0.3%
Investments		<u>\$ 82,169,762</u>	<u>100.0%</u>

6 RECEIVABLES

Receivables at September 30, 2021, are summarized by major classification as follows:

	2021
Assessments	\$ 3,485,940
Power revenue	222,511
Charges for services	5,488,200
Property taxes receivable	429,945
Grant fund receivables	7,934,748
Interest receivable	123,632
Other	4,788,288
Receivables	<u>\$ 22,473,265</u>

As described in Note 19, receivables include approximately \$4.4 million due from the Subdistrict.

7 DUE TO/FROM OTHER FUNDS

Amounts due from the various Northern Water enterprise funds to the District Enterprise Fund at September 30, 2021, were as follows:

Due to District Enterprise Fund	2021
Southern Water Supply Project	\$ 180,966
Pleasant Valley Pipeline Project	7,702
Northern Integrated Supply Project	169,603
Due to District Enterprise Fund	<u>\$ 358,271</u>

Due from District Enterprise Fund	2021
Hydropower	<u>\$ 105,355</u>

8 OTHER CURRENT ASSETS

Other current assets at September 30, 2021, included the following:

	2021
Inventory	\$ 164,101
Prepaid expenses	10,310
Other	799
Other current assets	<u>\$ 175,210</u>

9 CASH EQUIVALENTS, RESTRICTED

Restricted cash equivalent balances have been classified as current and noncurrent consistent with the anticipated uses of the funds. The restricted balances at September 30, 2021, are detailed as follows:

Current Cash Equivalents, Restricted	2021
District Enterprise Fund	
Certificates of Participation, Series 2021	\$ 28,594,010
Certificates of Participation, Series 2021, Costs of Issuance	29,595
District Enterprise Fund	<u>28,623,605</u>
Southern Water Supply Project	
Eastern Pump Station	<u>589,274</u>
Northern Integrated Supply Project	
Phase 1	9,546,317
Current cash equivalents, restricted	<u><u>\$ 38,759,196</u></u>
Noncurrent Cash Equivalents, Restricted	
District Enterprise Fund	
Fund I Single Purpose (Reclamation)	\$ 47,077
Fund II Multipurpose (Reclamation)	65,104
Fund IV Contingency (Reclamation)	8,192
Northern Water Hydropower Facility Removal	107,655
District Enterprise Fund	<u>228,028</u>
Northern Water Hydropower	
Colorado Water Resources and Power Development	
Authority Debt Service	134,564
Interfund Loan Payable Debt Service	322,957
Colorado Water Conservation Board Debt Service	116,886
Northern Water Hydropower	<u>574,407</u>
Noncurrent cash equivalents and investments, restricted	<u><u>\$ 802,435</u></u>

District Enterprise Fund

- Certificates of Participation, Series 2021 – Restricted for Campus Development Project costs.
- Certificates of Participation, Series 2021, Costs of Issuance – Restricted for payment of 2021 Certificates issuance costs.
- Fund I Single Purpose (Reclamation) – Restricted for operations and maintenance costs, major repairs, extraordinary and unforeseen expenditures for the C-BT Project single-purpose water supply features in the event there are insufficient funds available for such purposes from current revenues. Funding requirements are \$600,000 with a minimum of \$100,000.
- Fund II Multipurpose (Reclamation) – Restricted for operations and maintenance costs, major repairs, extraordinary and unforeseen expenditures for the C-BT Project multipurpose features in the event there are insufficient funds available for such purposes from current revenues. Funding requirements are \$800,000 with a minimum of \$150,000.
- Fund IV Contingency (Reclamation) – Restricted for contingent items with a funding requirement of \$100,000.
- Northern Water Hydropower Facility Removal – Restricted for any future removal costs of the Trout hydropower plant.

Note 9 continued

Southern Water Supply Project

- Eastern Pump Plant – Restricted for construction of the pump plant.

Northern Integrated Supply Project

- Phase 1– Restricted for the acquisition of properties in conjunction with the NISP project.

Northern Water Hydropower

- Colorado Water Resources and Development Authority (CWRPDA) Debt Service – Restricted for the payment of one year’s debt service requirement.
- Interfund Loan Payable Debt Service – Restricted for the payment of one year’s debt service requirement.
- CWCB Debt Service – Restricted for debt service in accordance with the CWCB loan agreement.

10 INVESTMENTS, RESTRICTED

Restricted investments have been classified as noncurrent consistent with the anticipated uses of the funds. District Enterprise Fund restricted balances at September 30, 2021, are detailed as follows:

	<u>2021</u>
Current Investments, Restricted	
Certificates of Participation, Series 2021	\$ 29,192,107
Noncurrent Cash Equivalents, Restricted	
Fund I Single Purpose (Reclamation)	\$ 661,680
Fund II Multipurpose (Reclamation)	910,700
Fund IV Contingency (Reclamation)	108,756
District Enterprise Fund	<u>\$ 1,681,136</u>

See Note 9 Cash Equivalents, Restricted for description of the purpose of restricted funds.

11 CAPITAL ASSETS

Capital asset activity for the Northern Water enterprise funds for the year ended September 30, 2021, was as follows:

	2020	Additions	Retirements/Other	2021
District Enterprise Fund				
Non-depreciable capital assets				
Construction in progress	\$ 2,094,548	\$ 17,188,021	\$ -	\$ 19,282,569
Land, easements and water rights	87,363,568	455,640	-	87,819,208
Depreciable capital assets				
Buildings and improvements	23,271,621	67,588	(40,683)	23,298,526
Operations equipment	6,784,510	1,566,438	(355,439)	7,995,509
Computer and office equipment	10,264,276	296,245	(110,724)	10,449,797
Capital assets	129,778,523	19,573,932	(506,846)	148,845,609
Less accumulated depreciation				
Buildings and improvements	(13,013,770)	(870,340)	-	(13,884,110)
Operations equipment	(4,958,262)	(411,619)	-	(5,369,881)
Computer and office equipment	(6,580,705)	(866,214)	-	(7,446,919)
Accumulated depreciation	(24,552,737)	(2,148,173)	-	(26,700,910)
District Enterprise Fund capital assets, net	105,225,786	17,425,759	(506,846)	122,144,699
Southern Water Supply Project				
Non-depreciable capital assets				
Construction in progress	8,842,041	1,742,591	-	10,584,632
Land and easements	5,232,983	-	-	5,232,983
Depreciable capital assets				
Water pipeline and equipment	118,809,604	198,133	-	119,007,737
Capital assets	132,884,628	1,940,724	-	134,825,352
Less accumulated depreciation				
Water pipeline and equipment	(41,628,039)	(2,893,466)	-	(44,521,505)
Southern Water Supply Project capital assets, net	91,256,589	(952,742)	-	90,303,847
Pleasant Valley Pipeline Project				
Non-depreciable capital assets				
Land and easements	934,330	-	-	934,330
Depreciable capital assets				
Water pipeline and equipment	29,764,565	-	-	29,764,565
Capital assets	30,698,895	-	-	30,698,895
Less accumulated depreciation				
Water pipeline and equipment	(11,886,482)	(744,114)	-	(12,630,596)
Pleasant Valley Pipeline Project capital assets, net	18,812,413	(744,114)	-	18,068,299
Northern Integrated Supply Project				
Non-depreciable capital assets				
Construction in progress	49,617,922	19,885,405	-	69,503,327
Northern Water Hydropower				
Non-depreciable capital assets				
Construction in progress	-	824	-	824
Depreciable capital assets				
Hydropower plants	11,502,848	-	-	11,502,848
Capital assets	11,502,848	824	-	11,503,672
Less accumulated depreciation				
Hydropower plants	(1,827,259)	(288,605)	-	(2,115,864)
Hydropower capital assets, net	9,675,589	(287,781)	-	9,387,808
Capital assets, net	\$ 274,588,299	\$ 35,326,527	\$ (506,846)	\$ 309,407,980

See outstanding commitments described in Note 21.

12 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at September 30 consisted primarily of trade payables, but also included the IBNR liability at year end. IBNR activity for the years ended September 30 was as follows:

	2021	2020
Claims incurred	\$ 1,805,834	\$ 1,405,983
Claims paid	(1,805,834)	(1,405,983)
Adjustment to IBNR estimate	65,237	(5,069)
IBNR, beginning of year	223,228	228,297
IBNR, end of year	<u>\$ 288,465</u>	<u>\$ 223,228</u>

Claims incurred and paid are shown net of stop loss reimbursements.

13 COMPENSATED ABSENCES

Activity for annual leave and compensatory time off for the years ended September 30 was as follows:

	2021	2020
Absences accrued	\$ 1,235,991	\$ 1,211,399
Absences taken	(1,188,599)	(947,310)
Compensated absences, beginning of year	1,223,157	959,068
Compensated absences, end of year	<u>\$ 1,270,549</u>	<u>\$ 1,223,157</u>

14 LONG-TERM DEBT, INTERFUND LOAN RECEIVABLE/PAYABLE AND NET PENSION (ASSET) LIABILITY

District Enterprise Fund

Certificates of Participation, Series 2021

In 2021, the District issued the 2021 Certificates to fund its Campus Development Project. The 2021 Certificates were issued with an original principal amount of \$52,050,000 and at a premium of \$11,365,647. Annual principal payments on the 2021 Certificates are due each July through 2051 beginning in 2022. Interest is payable in semi-annual installments in January and July at either 4 percent or 5 percent beginning January 2022. Amortization of the related premium amounted to \$124,102 for the year ended September 30, 2021, and was credited against interest expense. The 2021 Certificates are subject to optional redemption, mandatory sinking fund redemption and extraordinary mandatory redemption under terms as described below.

The 2021 Certificates represent undivided proportionate interests in Base Rentals and other revenues under an annually renewable lease purchase agreement between the trustee for the 2021 Certificates and Northern Water. Although no particular funds or sources of revenue are pledged to make payments under the lease, the District intends to budget, appropriate and pay the Base Rentals allocable to the 2021 Certificates from the District's revenues. The lease is subject to annual appropriation. Base Rental amounts contain or equal the annual debt service on the 2021 Certificates. The 2021 Certificates are subject to federal arbitrage regulations applicable to tax-exempt bonds.

The 2021 Certificates maturing on or prior to July 1, 2031, are not subject to optional redemption prior to maturity. The 2021 Certificates maturing on or after July 1, 2032, are subject to redemption prior to maturity at the option of the District at any time on or after July 1, 2031, at a redemption price equal to the principal amount of the 2021 Certificates being redeemed plus accrued interest to the redemption date, but without a premium.

The 2021 Certificates maturing on July 1, 2046, are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without a premium, as follows:

July 1,	Amount
2042	\$ 2,055,000
2043	2,135,000
2044	2,220,000
2045	2,310,000
(maturity)	2,400,000

The 2021 Certificates maturing on July 1, 2051, are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without a premium, as follows:

July 1,	Amount
2047	\$ 2,500,000
2048	2,600,000
2049	2,700,000
2050	2,810,000
(maturity)	2,920,000

If the lease is terminated by reason of non-appropriation, lease default or in the event the leased property is damaged or destroyed or title thereto is jeopardized in any way, the 2021 Certificates are subject to being called for extraordinary mandatory redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date (subject to availability of funds).

Horsetooth Safety of Dams

Northern Water is obligated under its contract with Reclamation to pay a portion of the costs of the Reclamation Horsetooth Safety of Dams project. This obligation, with an original loan amount of \$4,234,399, was funded by Reclamation under Supplement No. 7 of the Repayment Contract between Northern Water and Reclamation. Annual payments of \$323,416, including interest at 5.75 percent, are due on December 31 through the year 2033.

Northern Water Hydropower

Colorado Water Resources and Power Development Authority

Hydropower has a 20-year loan agreement with CWRPDA for an original loan amount of \$2 million that was used to partially finance construction of the Trout hydropower plant.

Annual payments of \$122,313, including interest at 2 percent, are due September 1 through the year 2032. In accordance with the terms of the debt agreement, a restricted balance has been established for debt service payments (Note 9). In the event of default, the lender shall have the right to take any action required to collect the amounts then due. Capital assets of the Trout plant and energy revenues generated from the plant are pledged as security for the loan.

Interfund Loan Receivable/Payable

Hydropower capital financing for the Trout hydropower plant not provided by CWRPDA as described above was financed by the District Enterprise Fund in the form of a 20-year loan to Hydropower with an original loan amount of \$4.7 million. Annual payments of \$287,437, including interest at 2 percent, are due on February 15 through the year 2033.

In accordance with the terms of the debt agreement, a restricted balance has been established for debt service payments (Note 9). In the event of default the lender shall have the right to take any action required to collect the amounts then due. Capital assets of the Trout plant and energy revenues generated from the plant are pledged as security for the loan. The loan is subordinated to the lien granted to secure the loan from CWRPDA.

Colorado Water Conservation Board

Hydropower has a 30-year loan agreement with the CWCB for an original loan amount of \$5,135,183, which was used to finance construction of the Granby hydropower plant. Annual payments of \$229,285, including interest at 2 percent, are due on October 1 through the year 2047.

In accordance with the terms of the debt agreement, a restricted debt service balance has been established (Note 9). The balance is increased annually by one-tenth of the annual debt service through 2026. Energy revenues generated from the Granby plant are pledged as security for the loan. In the event of default, CWCB may, at its option, declare the entire outstanding principal and accrued interest amounts as immediately due and payable.

All Northern Water outstanding debt is considered to be direct borrowings under GASB 88.

Note 14 continued

Long-term debt activity for the year ended September 30, 2021, was as follows:

	2020	Additions	Reductions	2021	Amounts Due Within One Year
District Enterprise Fund					
Certificates of Participation, Series 2021	\$ -	\$ 52,050,000	\$ -	\$ 52,050,000	\$ 1,095,000
Unamortized premium	-	11,365,647	(124,102)	11,241,545	-
Certificates of Participation, Series 2021	-	63,415,647	(124,102)	63,291,545	1,095,000
Contract payable to Reclamation Horsetooth Safety of Dams District Enterprise Fund	3,053,230	-	(147,854)	2,905,376	156,357
	3,053,230	63,415,647	(271,956)	66,196,921	1,251,357
Northern Water Hydropower					
Colorado Water Resources and Power Development	1,293,507	-	(96,444)	1,197,063	98,372
Colorado Water Conservation Board	4,613,462	-	(137,016)	4,476,446	139,757
Northern Water Hydropower	5,906,969	-	(233,460)	5,673,509	238,129
Total long-term debt outstanding	8,960,199	63,415,647	(505,416)	71,870,430	\$ 1,489,486
Less current maturities of long- term debt	(381,315)	(1,108,171)	-	(1,489,486)	
Long-term debt, net of current maturities	\$ 8,578,884	\$ 62,307,476	\$ (505,416)	\$ 70,380,944	

Interfund receivable/payable activity for the year ended September 30, 2021, was as follows:

	2020	Additions	Reductions	2021	Amounts Due Within One Year
Northern Water Hydropower Interfund					
Interfund loan receivable/ payable	\$ 3,261,938	\$ -	\$ (222,198)	\$ 3,039,740	\$ 226,642
Less current maturities of interfund loan receivable/payable	(222,198)	(4,444)	-	(226,642)	
Interfund loan receivable/ payable, net of current maturities	\$ 3,039,740	\$ (4,444)	\$ (222,198)	\$ 2,813,098	

Note 14 continued

Net pension (asset) liability activity for the year ended September 30, 2021, was as follows:

	2020	Additions	Reductions	2021
District Enterprise Fund				
Net pension (asset)/liability	\$ 4,230,984	\$ -	\$ (5,150,726)	\$ (919,742)

Annual debt service requirements to maturity by major type of debt including the interfund loan receivable/payable are as shown below:

Years ending September 30,	District Enterprise Fund							Debt Service
	Certificates of Participation, Series 2021		Horsetooth Safety of Dams		Hydropower			
	Principal	Interest	Principal	Interest	Principal	Interest		
2022	\$ 1,095,000	\$ 1,945,422	\$ 156,357	\$ 167,059	\$ 464,771	\$ 174,265	\$ 4,002,874	
2023	895,000	2,144,800	165,347	158,069	474,066	164,970	4,002,252	
2024	930,000	2,109,000	174,855	148,561	483,547	155,488	4,001,451	
2025	965,000	2,071,800	184,909	138,507	493,218	145,817	3,999,251	
2026	1,015,000	2,023,550	195,541	127,875	503,083	135,953	4,001,002	
2027 - 2031	5,890,000	9,303,750	1,159,859	457,220	2,670,423	524,754	20,006,006	
2032 - 2036	7,470,000	7,722,600	868,508	101,739	1,564,564	279,050	18,006,461	
2037 - 2041	9,140,000	6,055,800	-	-	978,849	167,579	16,342,228	
2042 - 2046	11,120,000	4,075,000	-	-	1,080,728	65,700	16,341,428	
2047 - 2051	13,530,000	1,665,600	-	-	-	-	15,195,600	
Debt service	\$ 52,050,000	\$ 39,117,322	\$ 2,905,376	\$ 1,299,030	\$ 8,713,249	\$ 1,813,576	\$ 105,898,553	

Annual debt service requirements to maturity for all types of debt for Northern Water including the interfund loan receivable/payable are as follows:

Years ending September 30,	Principal	Interest	Total
2022	\$ 1,716,128	\$ 2,286,746	\$ 4,002,874
2023	1,534,413	2,467,839	4,002,252
2024	1,588,402	2,413,049	4,001,451
2025	1,643,127	2,356,124	3,999,251
2026	1,713,624	2,287,378	4,001,002
2026 - 2031	9,720,282	10,285,724	20,006,006
2032 - 2036	9,903,072	8,103,389	18,006,461
2037 - 2041	10,118,849	6,223,379	16,342,228
2042 - 2046	12,200,728	4,140,700	16,341,428
2047 - 2051	13,530,000	1,665,600	15,195,600
Debt service	\$ 63,668,625	\$ 42,229,928	\$ 105,898,553

15 DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

At September 30, 2021, Northern Water had deferred outflows and inflows of resources relating to the Pension Plan as follows:

	2021
Deferred Outflows	
Contributions subsequent to December 31, 2020, measurement date	\$ 1,169,958
Effect of assumption changes	1,339,973
Economic/demographic gains/losses	801,372
Deferred Outflows	<u>\$ 3,311,303</u>
Deferred Inflows	
Investments gains/losses	\$ (4,764,716)
Effect of assumption changes	(78,795)
Deferred Inflows	<u>\$ (4,843,511)</u>

16 MONEY PURCHASE PLAN

Northern Water has a defined contribution Money Purchase Plan established by the Board in 2003 to provide retirement benefits to employees not covered under the Pension Plan. The Money Purchase Plan is administered by a third-party plan administrator. The participants are neither permitted nor required to make contributions to the Money Purchase Plan. Plan administrative fees are paid by Northern Water. The Board established the Money Purchase Plan and may amend its provisions and contribution requirements.

In addition, Northern Water has a matching program whereby Northern Water makes additional contributions to the Money Purchase Plan to match employees' contributions to the Northern Water voluntary Deferred Compensation Plan up to specified maximums. Only employees participating in the Money Purchase Plan are eligible for the Northern Water match.

Years of Service	Percentage of Employee's Compensation	
	Money Purchase Plan Contribution	Matching Contribution
Less than 5 years	5%	3%
5 to 9 years	6%	2%
10 - 14 years	7%	2%
15 years or more	8%	1%

Northern Water's contributions to the Money Purchase Plan, including the matching portion, for the year ended September 30, 2021, was \$864,859.

17 PENSION PLAN

Plan Description

Northern Water has a single-employer Pension Plan, which provides retirement benefits to qualified employees hired prior to January 1, 2003, and their beneficiaries. The Pension Plan is on a calendar year end. The most recent actuarial valuation was as of January 1, 2021. The Measurement Date, the date as of which the net pension asset was determined, was December 31, 2020. The Pension Plan does not issue a stand-alone financial report.

Under the terms of the Pension Plan, at normal retirement age, eligible participants may elect to receive one of the following retirement benefit options:

- A monthly benefit equal to two percent of their average monthly compensation multiplied by their years of credited service
- An actuarially-determined lump sum benefit based on this same formula
- A benefit reflecting a combination of a monthly benefit and a lump sum benefit in three specified proportions

Normal retirement age is defined as having attained age 65 or 30 years of service and age 60. Monthly benefit payments are increased by an annual cost of living increase based on the Consumer Price Index. The Board established the Pension Plan and may amend it.

At January 1, 2021, the Pension Plan had a total of 62 participants including 26 retirees receiving benefits, 33 active plan members and 3 former employees entitled to benefits but not yet eligible to receive them.

Summary of Significant Accounting Policies

The financial statements of the Pension Plan are prepared using the accrual basis of accounting.

Pension Plan Contributions

Pension Plan contributions are approved and may be amended by the Board. Contributions are recognized when paid into the Pension Plan. Contributions are neither permitted nor required of the Pension Plan participants. Northern Water funds all Pension Plan administrative and investment management costs. It is the policy of Northern Water to fund the Pension Plan based on amounts duly appropriated by the Board for the current fiscal year. That amount is typically the actuarially-determined contribution as defined by the Pension Plan's actuarial report. For the year ended December 31, 2020, Northern Water contributions to the Pension Plan amounted to \$2,367,405, which included the annual actuarially-determined contribution, investment fees and a supplemental contribution of \$799,000.

Investment Portfolio

In accordance with the terms of the Pension Plan Investment Policy Statement, at December 31, 2020, Pension Plan assets were invested in a diversified portfolio as follows:

	Concentration
Domestic equities	31%
Fixed income	36%
International equities	15%
Low correlated hedge funds	10%
Emerging markets	6%
Investments	98%
Cash	2%
Pension Plan investment portfolio	100%

Note 17 continued

GAAP has established a fair value hierarchy that prioritizes the inputs to cash and investment fair value techniques, giving the highest priority to quoted prices in active markets for identical assets (Level 1 measurements) and lower priority to unobservable inputs (Level 3 measurements). Certain investments may be measured at their net asset value (NAV) as a practical expedient of fair value and excluded from the fair value hierarchy.

As of December 31, 2020, the Pension Plan had the following investments:

	December 31,	Level 1
Domestic equities	\$ 14,066,562	\$ 14,066,562
Fixed income	15,899,630	15,899,630
International equities	6,526,290	6,526,290
Low correlated hedge funds	215,223	215,223
Emerging markets	2,593,522	2,593,522
Investments at fair value	<u>39,301,227</u>	<u>\$ 39,301,227</u>
Low correlated hedge funds measured at NAV		
Equity long/short hedge fund	2,313,122	
Multi-strategy hedge fund	<u>2,121,489</u>	
Investments	<u>\$ 43,735,838</u>	

The equity long/short hedge fund invests in a variety of related segregated portfolios with various global investment strategies of which the majority follow a long/short or market neutral equity strategy that primarily relies on fundamental security analysis for the purchase or sale of individual securities. Redemptions are permitted monthly with a 30-day notice. The multi-strategy hedge fund invests in approximately 18 independent funds that pursue multiple strategies to diversify risk and reduce volatility including relative value, market neutral and low net equity, event-driven, and distressed and credit securities. Liquidity, representing the available frequency of redemption without a redemption fee, is permitted semi-annually with a 95-day notice.

The long-term expected rate of return on Pension Plan investments was based on expected inflation, long-term real returns and volatility. The capital market assumptions listed below are from Northern Water's actuarial investment consulting practice as of December 31, 2020, and assume a 20-year time horizon.

	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
US Cash	3.0%	-0.64%
US Core Fixed Income	23.0%	0.49%
US Bank/Leveraged Loans	5.0%	2.59%
US Large Caps	22.0%	3.92%
US Small & Mid Caps	9.0%	4.85%
Foreign Developed Equity	17.0%	5.71%
Emerging Markets Equity	6.0%	7.48%
Hedge FOF Diversified	15.0%	1.67%

For the Pension Plan year ended December 31, 2020, the annual money-weighted rate of return was 17.7 percent. The money-weighted rate of return considered the changing amounts actually invested during the period and weighted the

Note 17 continued

amount of Pension Plan investments by the proportion of time they were available to earn a return during the period. External cash outflows were determined on a monthly basis and were assumed to occur at the middle of each month. External cash inflows were netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return was calculated net of investment expenses.

Interest Rate and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Credit risk is generally considered to be the risk that an issuer of an investment will not fulfill its obligations to an investor. The fixed income mutual funds held by the Pension Plan at December 31, 2020, were unrated by a nationally-recognized statistical rating organization. Concentration of credit risk arises from the magnitude of an investment in a single issuer. At December 31, 2020, there were no individual holdings of the Pension Plan exceeded 5 percent of total assets.

Weighted average maturities for the Pension Plan's fixed income mutual funds were as follows:

	Fair Value	
	December 31,	Weighted
	2020	Average Maturity
Eaton Vance Floating Rate	\$ 2,809,702	4.98 years
Metropolitan West	7,102,688	N/A
Schroder Fixed Income Fund	5,987,240	7.47 years

Actuarial Methods and Assumptions

Total pension liability was determined by an actuarial valuation as of the December 31, 2020, Measurement Date, using the following actuarial assumptions:

- Inflation – 2.2 percent
- Salary Increases – Based on the Northern Water step-grade pay increase program with periodic 5 percent increases at various years of service, plus an underlying wage increase of 3 percent
- Cost of Living Adjustments – 1.1 percent (prior valuation assumed 1.25 percent)
- Mortality – Pub-2010 Healthy Employee and Retiree Mortality Tables for General Employees projected generationally using Scale MP2020 (prior valuation used Scale MP2018)
- Investment Rate of Return – 5.25 percent (prior valuation assumed 5.5 percent)
- Valuation Timing – January 1
- Actuarial Cost Method – Entry Age Normal
- Retirement Age – Participants are assumed to retire at age 65

Note 17 continued

Changes in Net Pension (Asset) Liability

The net pension (asset) liability was determined by an actuarial valuation as of the December 31, 2020, Measurement Date, calculated based on a discount rate and long-term expected rate of return of 5.25 percent. Changes in pension liability for the Pension Plan year ended December 31, 2020, were as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension (Asset) Liability
Balances, December 31, 2019	\$ 42,440,373	\$ 38,209,389	\$ 4,230,984
Changes for the year:			
Service cost	673,664	-	673,664
Interest on total pension liability	2,305,359	-	2,305,359
Effect of economic/demographic gains/losses	215,956	-	215,956
Effect of assumption changes	742,260	-	742,260
Benefit payments	(2,429,380)	(2,429,380)	-
Employer contributions	-	2,367,405	(2,367,405)
Investment gains or losses	-	6,720,560	(6,720,560)
Net changes	1,507,859	6,658,585	(5,150,726)
Balance, December 31, 2020	\$ 43,948,232	\$ 44,867,974	\$ (919,742)

Fiduciary net position as a percentage of total pension liability	102.1%
Covered payroll	\$4,408,705
Net pension asset as a percentage of covered payroll	-20.9%

Sensitivity Analysis

The following presents the net pension (asset) liability as of December 31, 2020, calculated using the discount rate of 5.25 percent, as well as what the net pension liability would have been if it were calculated using a discount rate that was 1 percentage point lower (4.25 percent) or 1 percentage point higher (6.25 percent) than the current rate.

	1 Percentage Point Decrease (4.25%)	Current Discount Rate (5.25%)	1 Percentage Point Increase (6.25%)
Total pension liability	\$ 47,885,734	\$ 43,948,232	\$ 40,537,554
Fiduciary net position	44,867,975	44,867,974	44,867,975
Net pension (asset) liability	\$ 3,017,759	\$ (919,742)	\$ (4,330,421)

Note 17 continued

Pension Plan Deferred Inflows and Outflows of Resources

As of the December 31, 2020, Measurement Date deferred inflows and outflows of resources relating to the Pension Plan were as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Economic/demographic (gains)/losses	\$ -	\$ 801,372
Effect of assumption changes	(78,796)	1,339,973
Net difference between projected and actual earnings on investments	(4,764,715)	-
Northern Water contributions made subsequent to the December 31, 2020, measurement date	-	1,169,958
Deferred inflows and outflows of resources	<u>\$ (4,843,511)</u>	<u>\$ 3,311,303</u>

Deferred outflows of resources resulting from Northern Water contributions subsequent to the December 31, 2020, Measurement Date are included above and will be recognized as a reduction in the net pension asset in the fiscal year ending September 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Years ending September 30,	Amounts Recognized in Pension Expense
2022	\$ 22,493
2023	(155,416)
2024	(1,645,097)
2025	(924,145)
	<u>\$ (2,702,165)</u>

Additional future Pension Plan-related deferred inflows and outflows of resources may impact these numbers.

Pension Expense

For the fiscal year ended September 30, 2021, Northern Water recognized pension expense of \$968,647.

18 INTERGOVERNMENTAL GRANTS

As a sponsor for the NRCS EWP program, Northern Water was awarded a \$12 million NRCS federal grant. As of September 30, 2021, \$9.5 million in eligible costs had been incurred and recognized as intergovernmental revenue. The initial term of the grant expired in November 2021. Northern Water has received an extension of the grant through August 2022. In addition, Northern Water received awards from the CWCB under their Colorado Watershed Restoration Grant and Forest Restoration and Wildfire Risk Management Grant programs in the amount of \$5.5 million. As of September 30, 2021, \$2.7 million in eligible costs had been incurred and recognized as intergovernmental revenue. The grant expires June 30, 2022.

19 INTERGOVERNMENTAL TRANSACTIONS

For the year ended September 30, 2021, total charges from Northern Water to the Subdistrict for operations, engineering, environmental and administrative services amounted to \$3,802,829 including Subdistrict carriage costs of \$2,145,482. Of the \$3,802,829, a total of \$2,105,299 was receivable from the Subdistrict at year end and included in receivables in the accompanying financial statements. Receivables at September 30, 2021, also included \$2,266,650 from the Subdistrict as compensation for prior water rights. In addition, Northern Water provides centralized cash receipts and disbursement functions for the Subdistrict.

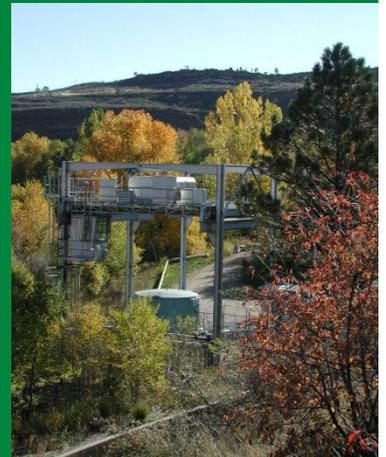
20 RISK MANAGEMENT

Northern Water carries commercial insurance for its operations and property risks including business interruption, property losses, casualty risks, liability to third parties, natural disasters and injuries to employees. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. Northern Water is self-insured for medical benefits with stop loss coverage.

21 COMMITMENTS AND CONTINGENCIES

Northern Water has outstanding commitments for NISP mitigation and enhancement, design and preconstruction work of \$12.8 million and for the Campus Development Project design and construction of \$39 million. The purchase order commitments had an original value of \$74.9 million.

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



REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios – Fiduciary Fund Pension Trust Plan⁽¹⁾

Pension Plan year ended December 31

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 673,664	\$ 744,039	\$ 750,237	\$ 593,304	\$ 629,104	\$ 767,076	\$ 746,409
Interest on total pension liability	2,305,359	2,357,210	2,412,496	2,481,636	2,533,835	2,479,704	2,360,109
Effect of economic/ demographic gains/losses	215,956	853,600	940,602	90,073	98,744	459,807	(63,355)
Effect of assumption changes	742,260	856,705	1,678,482	(529,054)	120,176	727,550	1,178,636
Benefit payments	(2,429,380)	(5,171,928)	(4,808,193)	(3,107,012)	(1,962,149)	(1,846,706)	(293,103)
Net change in pension liability	1,507,859	(360,374)	973,624	(471,053)	1,419,710	2,587,431	3,928,696
Total pension liability, beginning of year	42,440,373	42,800,747	41,827,123	42,298,176	40,878,466	38,291,035	34,362,339
Total pension liability, end of year	43,948,232	42,440,373	42,800,747	41,827,123	42,298,176	40,878,466	38,291,035
Fiduciary net position							
Employer contributions	2,367,405	2,089,663	2,533,926	2,612,183	3,315,464	1,511,622	631,338
Investment gains (losses)	6,720,560	5,854,474	(2,118,348)	4,636,518	1,611,802	(421,624)	1,091,271
Benefit payments	(2,429,380)	(5,171,928)	(4,808,193)	(3,107,012)	(1,962,149)	(1,846,706)	(293,103)
Change in fiduciary net position	6,658,585	2,772,209	(4,392,615)	4,141,689	2,965,117	(756,708)	1,429,506
Fiduciary net position, beginning of year	38,209,389	35,437,180	39,829,795	35,688,106	32,722,989	33,479,697	32,050,191
Fiduciary net position, end of year	44,867,974	38,209,389	35,437,180	39,829,795	35,688,106	32,722,989	33,479,697
Net pension (asset) liability, end of year	\$ (919,742)	\$ 4,230,984	\$ 7,363,567	\$ 1,997,328	\$ 6,610,070	\$ 8,155,477	\$ 4,811,338
Fiduciary net position as a percentage of pension liability	102.1%	90.0%	82.8%	95.2%	84.4%	80.0%	87.4%
Covered payroll	\$4,408,705	\$4,626,308	\$4,946,272	\$5,752,756	\$6,150,893	\$6,212,513	\$6,306,166
Net pension liability as a percentage of covered payroll	-20.9%	91.5%	148.9%	34.7%	107.5%	131.3%	76.3%
Money-weighted rate of return	17.7%	17.5%	-5.6%	13.2%	4.9%	-1.3%	3.4%

⁽¹⁾ Information for years prior to 2014 not disclosed because data was not available.

Schedule of Employer Contributions – Fiduciary Fund Pension Trust Plan

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Employer Contribution Over (Under) Actuarially-Determined Contribution	Covered Payroll	Employer Contribution as a Percentage of Covered Payroll
2012	\$ 1,486,930	\$ 1,505,057	\$ 18,127	\$ 6,340,694	23.7%
2013	1,427,987	1,624,350	196,363	6,212,281	26.1%
2014	1,464,770	1,740,550	275,780	6,193,924	28.1%
2015	1,478,222	1,457,540	(20,682)	6,292,764	23.2%
2016	1,402,690	1,721,211	318,521	6,229,543	27.6%
2017	1,626,008	3,301,343	1,675,335	6,197,108	53.3%
2018	1,534,694	2,390,592	855,898	6,051,359	39.5%
2019	1,268,476	2,374,835	1,106,359	5,551,135	42.8%
2020	1,216,085	2,374,032	1,157,947	4,866,281	48.8%
2021	1,497,032	2,352,187	855,155	4,571,907	51.4%



SUPPLEMENTARY INFORMATION

Schedule of Revenues and Expenses, Budget to Actual

District Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2021			Year ended September 30, 2020
	Budget (unaudited)	Actual	Variance	Actual
Operating revenue sources				
Water assessments	\$ 11,839,319	\$ 12,059,790	\$ 220,471	\$ 11,580,149
Charges for services	7,776,371	7,276,338	(500,033)	7,961,981
Other operating revenues	2,384,450	4,320,428	1,935,978	2,509,470
Operating revenue sources	22,000,140	23,656,556	1,656,416	22,051,600
Operating expense uses	(35,524,067)	(46,298,081)	(10,774,014)	(29,205,452)
Operating revenue sources under	(13,523,927)	(22,641,525)	(9,117,598)	(7,153,852)
Nonoperating revenue sources				
Property and specific ownership taxes	25,249,000	26,963,388	1,714,388	27,187,290
Earnings on investments	2,157,200	447,267	(1,709,933)	2,131,889
Intergovernmental grants	-	12,316,953	12,316,953	-
Other nonoperating revenues	159,775	3,644,883	3,485,108	368,138
Interfund loan receivable receipts	287,437	287,437	-	217,840
Bond proceeds	54,265,600	63,415,647	9,150,047	-
Nonoperating revenue sources	82,119,012	107,075,575	24,956,563	29,905,157
Nonoperating expense uses				
Debt service	(323,416)	(323,414)	2	(2,910,851)
Capital purchase and project expenditures	(39,476,145)	(18,737,467)	20,738,678	(9,498,294)
Reserve funding	(1,776,204)	(1,776,204)	-	-
Bond costs of issuance	-	(386,052)	(386,052)	-
Supplemental Pension Plan contribution	-	(129,125)	(129,125)	(229,000)
Contingency	(250,000)	-	250,000	-
Nonoperating expense uses	(41,825,765)	(21,352,262)	20,473,503	(12,638,145)
Nonoperating revenue sources over	40,293,247	85,723,313	45,430,066	17,267,012
Revenue sources over expenses uses	<u>\$ 26,769,320</u>	<u>63,081,788</u>	<u>\$ 36,312,468</u>	<u>10,113,160</u>
Adjustments to reconcile budgetary				
Bond proceeds		(63,415,647)		-
Interfund loan receivable principal receipts		(287,437)		(217,841)
Debt service payments		323,414		2,848,262
Interest expense, net of bond premium		(323,000)		-
Capital outlay		18,737,467		6,043,953
Reserve funding		1,776,204		-
Depreciation		(2,637,689)		(2,348,462)
Other		129,125		(195,355)
Changes in net position		<u>\$ 17,384,225</u>		<u>\$ 16,243,717</u>

Schedule of Revenues and Expenses, Budget to Actual

Southern Water Supply Project Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2021			Year ended September 30, 2020
	Budget (unaudited)	Actual	Variance	Actual
Operating revenue sources				
Water assessments	\$ 1,639,223	\$ 1,759,742	\$ 120,519	\$ 1,839,740
Operating revenue sources	1,639,223	1,759,742	120,519	1,839,740
Operating expense uses	(1,539,223)	(1,701,293)	(162,070)	(1,250,910)
Operating revenue sources over expense uses	100,000	58,449	(41,551)	588,830
Nonoperating revenue sources				
Earnings on investments	-	284	284	11,020
Capital contributions	264,000	-	(264,000)	9,853,917
Nonoperating revenue sources	264,000	284	(263,716)	9,864,937
Nonoperating expense uses				
Capital expenditures	(2,274,000)	(1,568,272)	705,728	(18,205,896)
Retainage	-	-	-	340,945
Contingency	(100,000)	-	100,000	-
Nonoperating expense uses	(2,374,000)	(1,568,272)	805,728	(17,864,951)
Nonoperating revenue sources under expense uses	(2,110,000)	(1,567,988)	542,012	(8,000,014)
Revenue sources under expenses uses	\$ (2,010,000)	(1,509,539)	\$ 500,461	(7,411,184)
Adjustments to reconcile budgetary basis to GAAP basis				
Unearned revenue recognized as capital contributions		2,317,731		7,737,402
Participant funding held as accrued liabilities for construction contingencies		-		(487,501)
Retainage		-		(340,969)
Capital expenditures		1,568,272		18,205,896
Depreciation		(2,893,466)		(2,175,496)
Changes in net position		\$ (517,002)		\$ 15,528,148

Schedule of Revenues and Expenses, Budget to Actual

Pleasant Valley Pipeline Project Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2021			Year ended September 30, 2020
	Budget (unaudited)	Actual	Variance	Actual
Operating revenue sources				
Water assessments	\$ 103,279	\$ 159,199	\$ 55,920	\$ 76,205
Operating revenue sources	103,279	159,199	55,920	76,205
Operating expense uses	(103,279)	(67,329)	35,950	(87,933)
Operating revenue sources over (under) expense uses	-	91,870	91,870	(11,728)
Nonoperating revenue sources				
Earnings on investments	-	16	16	588
Nonoperating revenue sources	-	16	16	588
Nonoperating expense uses				
Capital purchase and project expenditures	-	-	-	(48,361)
Loss on asset disposal	-	-	-	(10,000)
Nonoperating expense uses	-	-	-	(58,361)
Nonoperating revenue sources over (under) expense uses	-	16	16	(57,773)
Revenue sources over (under) expense	<u>\$ -</u>	<u>91,886</u>	<u>\$ 91,886</u>	<u>(69,501)</u>
Adjustments to reconcile budgetary basis to GAAP basis				
Depreciation		(744,114)		(742,905)
Capital projects		-		48,361
Changes in net position		<u>\$ (652,228)</u>		<u>\$ (764,045)</u>

Schedule of Revenues and Expenses, Budget to Actual**Northern Integrated Supply Project Enterprise Fund***Non-GAAP Budgetary Basis*

	Year ended September 30, 2021			Year ended September 30, 2020
	Budget (unaudited)	Actual	Variance	Actual
Nonoperating revenue sources				
Capital contributions	\$ 14,600,000	\$ 14,600,000	\$ -	\$ 30,000,000
Earnings on investments	-	14,091	14,091	136,162
Other nonoperating revenues	-	94,073	94,073	12,464
Nonoperating revenue sources	<u>14,600,000</u>	<u>14,708,164</u>	<u>108,164</u>	<u>30,148,626</u>
Nonoperating expense uses				
Capital purchase and project expenditures	(33,000,000)	(18,683,456)	14,316,544	(10,236,104)
Nonoperating expense uses	<u>(33,000,000)</u>	<u>(18,683,456)</u>	<u>14,316,544</u>	<u>(10,236,104)</u>
Nonoperating revenue sources over (under) expense uses	<u>\$ (18,400,000)</u>	<u>(3,975,292)</u>	<u>\$ 14,424,708</u>	<u>19,912,522</u>
Adjustments to reconcile budgetary basis to GAAP basis				
Capital outlay		<u>18,683,456</u>		<u>10,236,104</u>
Changes in net position		<u>\$ 14,708,164</u>		<u>\$ 30,148,626</u>

Schedule of Revenues and Expenses, Budget to Actual

Northern Water Hydropower Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2021			Year ended September 30, 2020
	Budget (unaudited)	Actual	Variance	Actual
Operating revenue sources				
Energy revenue	\$ 1,368,000	\$ 1,349,216	\$ (18,784)	\$ 1,301,644
Operating expense uses	(388,195)	(416,768)	(28,573)	(394,393)
Operating revenue sources over expense uses	979,805	932,448	(47,357)	907,251
Nonoperating revenue sources				
Earnings on investments	22,900	1,465	(21,435)	19,626
Intergovernmental grants	-	145,403	145,403	104,678
Nonoperating revenue sources	22,900	146,868	123,968	124,304
Nonoperating expense uses				
Debt service				
Principal	(446,723)	(455,658)	(8,935)	(446,721)
Interest	(192,314)	(180,440)	11,874	(192,314)
Capital purchase and project expenditures	(32,000)	-	32,000	-
Contingency	(50,000)	-	50,000	-
Nonoperating expense uses	(721,037)	(636,098)	84,939	(639,035)
Nonoperating revenue sources under expense uses	(698,137)	(489,230)	208,907	(514,731)
Revenue sources over expense uses	<u>\$ 281,668</u>	<u>443,218</u>	<u>\$ 161,550</u>	<u>392,520</u>
Adjustments to reconcile budgetary basis to GAAP basis				
Debt principal payments		455,658		446,721
Depreciation		(288,604)		(287,227)
Changes in net position		<u>\$ 610,272</u>		<u>\$ 552,014</u>



STATISTICAL

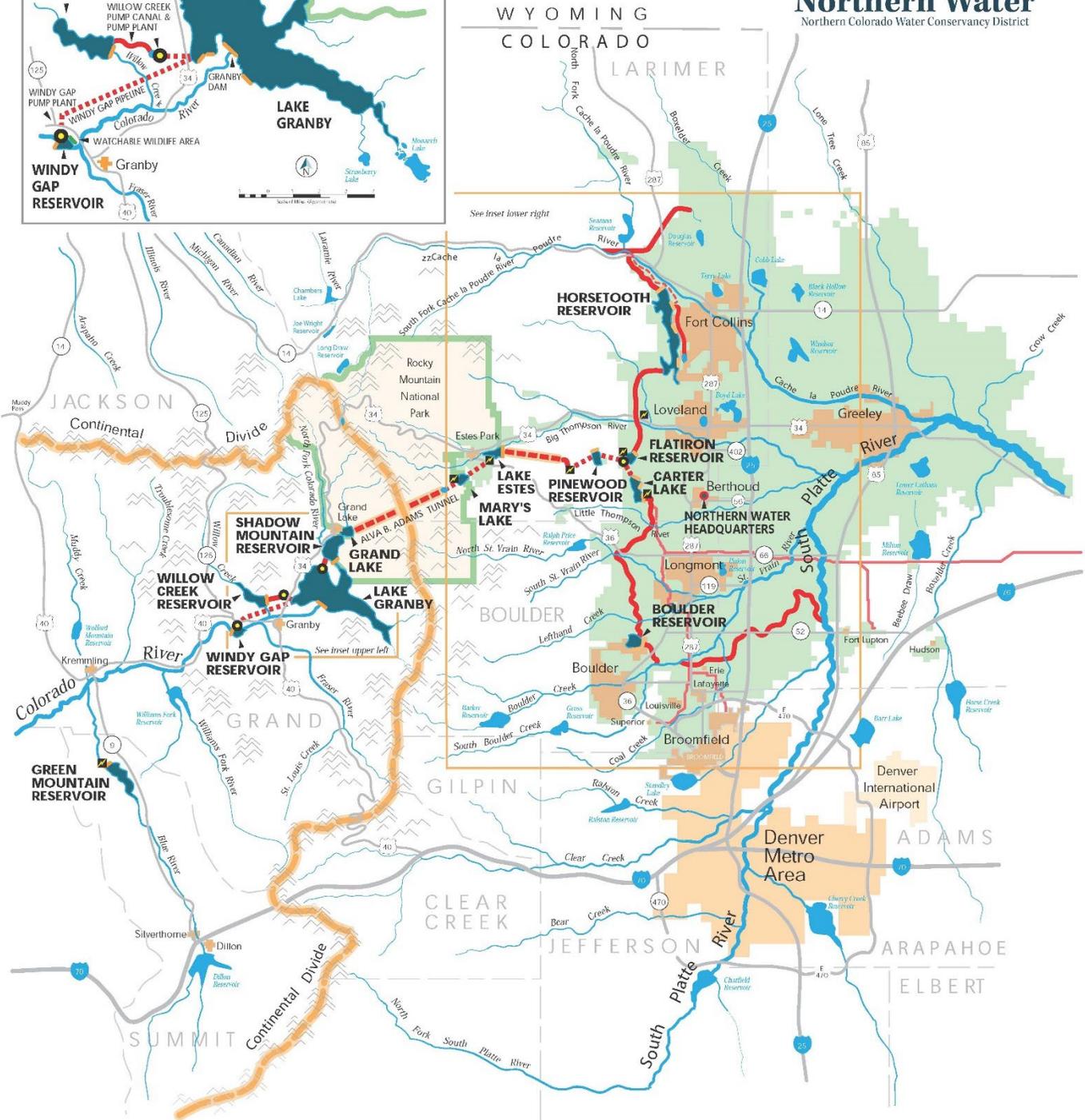
This section presents detailed information as a context for understanding information in the financial statements, note disclosures, required supplementary information and supplementary information. Unless otherwise noted, the statistical information is derived from the CAFRs and underlying accounting, allotment and operational information of Northern Water.

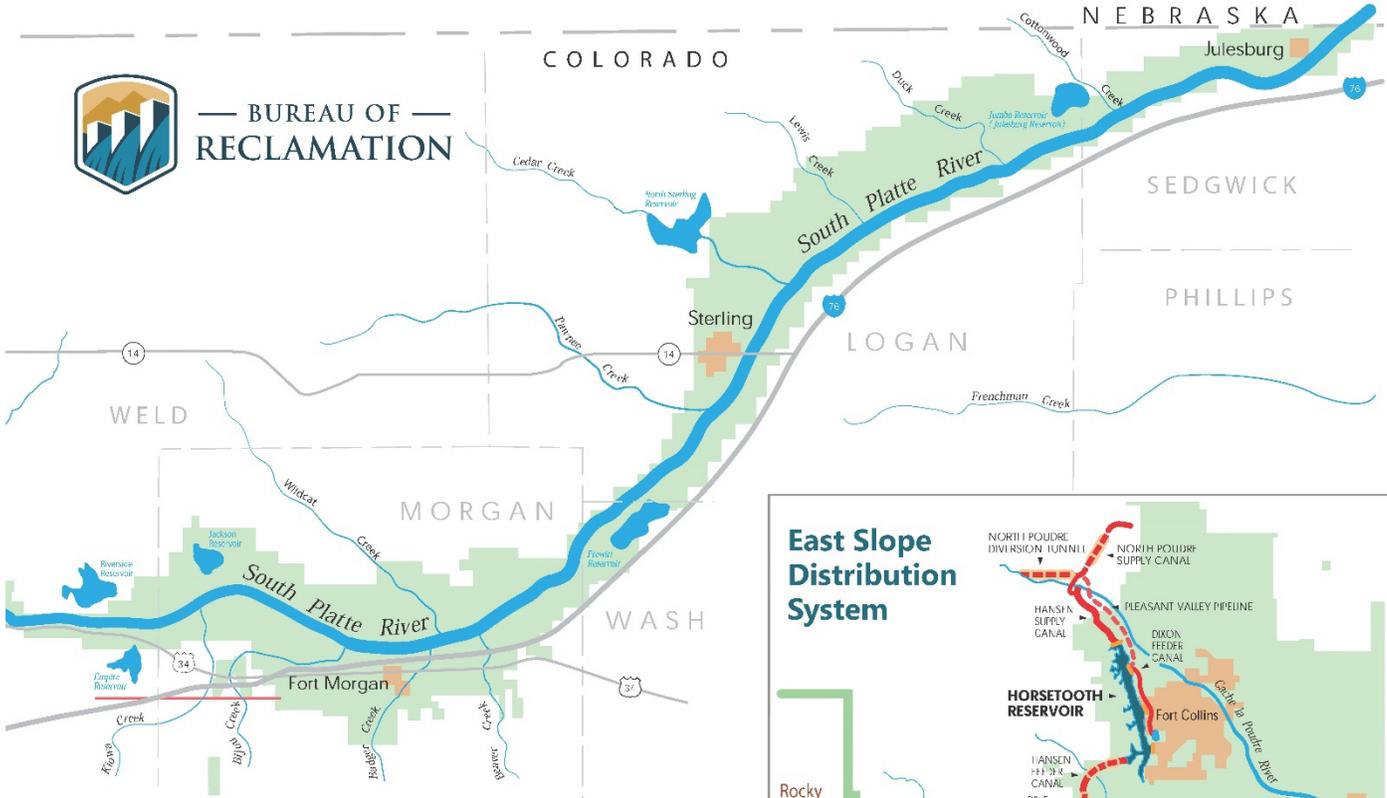
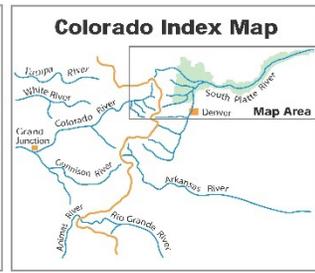
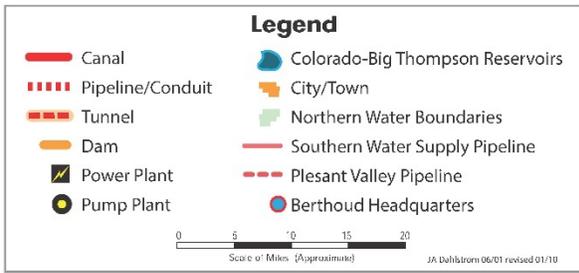
NORTHERN WATER FACILITIES, COLORADO-BIG THOMPSON PROJECT FACILITIES AND NORTHERN WATER BOUNDARIES



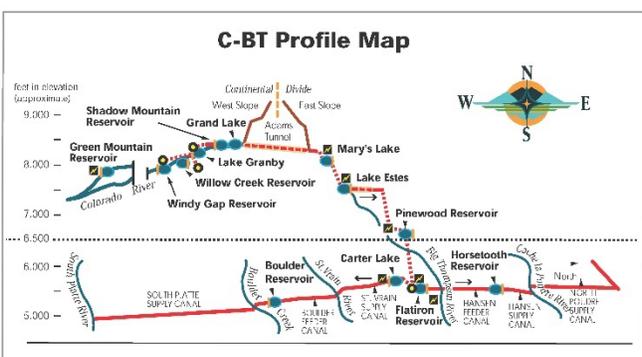
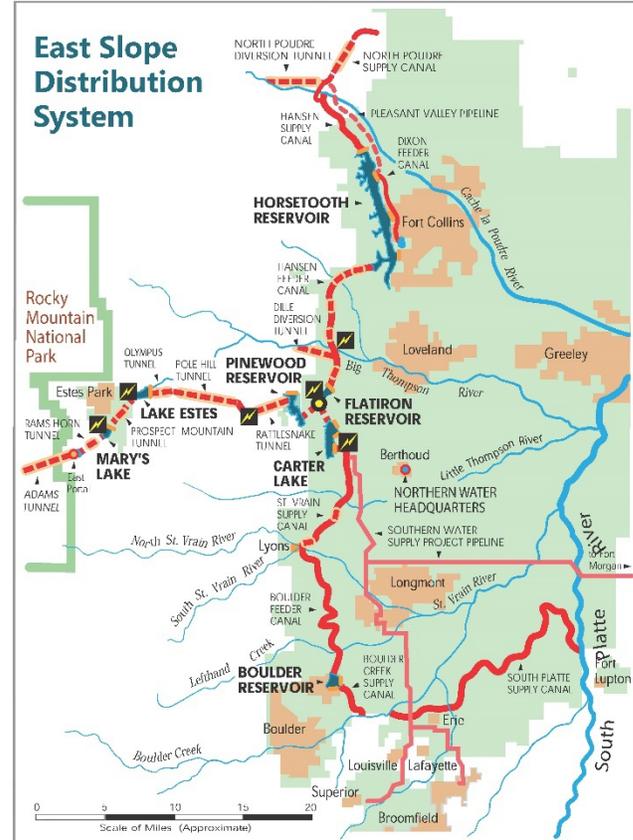
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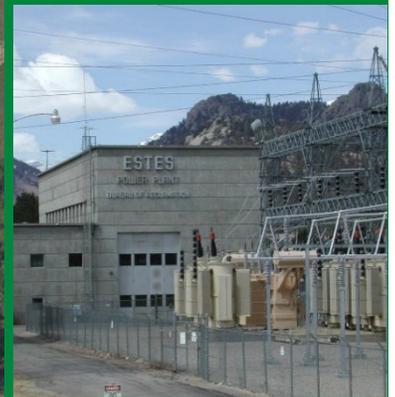
Colorado-Big Thompson Project Facilities and Northern Water Boundaries





BUREAU OF RECLAMATION





FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how Northern Water's financial performance has changed over time.

Statement of Changes in Net Position⁽¹⁾ (2012 - 2021)

Years ended September 30

Unaudited

	2021	2020	2019	2018	2017
Revenues					
Operating revenues					
Assessments	\$ 13,978,731	\$ 13,496,094	\$ 12,512,455	\$ 12,239,150	\$ 11,496,339
Charges for services	7,276,338	7,961,981	6,593,167	6,307,644	5,783,834
Energy revenue	1,349,216	1,301,643	1,115,254	1,112,541	1,110,090
Other operating revenues	4,320,428	2,509,470	1,923,491	2,374,919	1,916,281
Operating revenues	26,924,713	25,269,188	22,144,367	22,034,254	20,306,544
Nonoperating revenues					
Property and specific ownership taxes	26,963,388	27,187,290	23,043,100	21,282,930	18,807,149
Earnings on investments	449,032	2,173,881	2,257,120	390,058	314,956
Intergovernmental grants	12,462,356	104,678	129,279	253,333	83,449
Other nonoperating revenues, net	3,644,883	356,265	2,153,900	1,941,115	390,855
Use of facilities ⁽²⁾	-	-	-	782,263	-
Nonoperating revenues	43,519,659	29,822,114	27,583,399	24,649,699	19,596,409
Revenues	70,444,372	55,091,302	49,727,766	46,683,953	39,902,953
Expenses					
Operating expenses					
Operations	17,421,047	13,955,318	12,324,327	14,117,940	13,223,118
Administration	6,297,145	4,645,341	12,417,554	6,755,097	6,806,674
Engineering	13,415,600	3,946,941	3,713,533	7,695,271	7,102,192
Environmental Services ⁽³⁾	11,349,679	12,286,840	3,656,229	-	-
Depreciation	6,563,873	5,554,090	4,767,424	4,563,619	4,384,339
Operating expenses	55,047,344	40,388,530	36,879,067	33,131,927	31,516,323
Nonoperating expenses					
Interest expense	503,440	237,870	411,575	476,068	530,614
Bond issuance costs	386,052	-	-	-	-
Intergovernmental subgrantee payments	-	-	-	118,398	113,800
Participant gain on use of facilities ⁽²⁾	-	-	-	782,263	-
Refund of contributed capital	-	-	-	371,803	-
Nonoperating expenses	889,492	237,870	411,575	1,748,532	644,414
Expenses	55,936,836	40,626,400	37,290,642	34,880,459	32,160,737
Income before contributions	14,507,536	14,464,902	12,437,124	11,803,494	7,742,216
Capital contributions	17,025,895	47,243,558	39,470,161	12,552,674	6,528,346
Changes in net position	31,533,431	61,708,460	51,907,285	24,356,168	14,270,562
Net position, beginning of year	390,229,798	328,521,338	276,614,053	252,257,885	237,987,323
Net position, end of year	\$ 421,763,229	\$ 390,229,798	\$ 328,521,338	\$ 276,614,053	\$ 252,257,885

⁽¹⁾ Balances reflect all Northern Water's enterprise funds combined.

⁽²⁾ Balance in 2018 is the result of SWSP Pipeline II facilities transactions.

⁽³⁾ Established 2019. In previous years was included in Engineering

Statement of Changes in Net Position⁽¹⁾ (2012 - 2021) (continued)

Years ended September 30

Unaudited

	2016	2015	2014	2013	2012
Revenues					
Operating revenues					
Assessments	\$ 10,113,724	\$ 8,110,867	\$ 7,875,949	\$ 7,343,449	\$ 6,739,612
Charges for services ⁽²⁾	4,701,786	4,541,473	4,658,426	5,133,403	6,197,883
Energy revenue ⁽³⁾	936,746	606,827	480,309	625,371	484,632
Other operating revenues	1,644,774	2,592,305	1,836,432	10,622,677	1,273,387
Operating revenues	17,397,030	15,851,472	14,851,116	23,724,900	14,695,514
Nonoperating revenues					
Property and specific ownership taxes	19,027,007	15,997,115	15,569,049	15,217,883	14,614,826
Earnings on investments	344,096	313,207	208,444	196,413	91,339
Intergovernmental grants	536,777	1,397,620	1,962,262	-	-
Other nonoperating revenues, net	262,128	487,930	1,028,181	235,503	285,265
Gain on disposition of assets ⁽⁴⁾	-	-	-	906,507	35,879
Nonoperating revenues	20,170,008	18,195,872	18,767,936	16,556,306	15,027,309
Revenues	37,567,038	34,047,344	33,619,052	40,281,206	29,722,823
Expenses					
Operating expenses					
Operations	12,736,200	12,787,288	13,358,066	13,533,921	12,054,637
Administration	6,289,010	4,934,313	6,238,623	5,485,132	9,216,199
Engineering	5,435,991	5,497,912	5,090,341	4,645,297	4,970,541
Depreciation	4,169,073	4,102,074	4,149,642	3,841,086	3,997,207
Operating expenses	28,630,274	27,321,587	28,836,672	27,505,436	30,238,584
Nonoperating expenses					
Interest expense	475,720	522,045	566,912	783,119	980,401
Intergovernmental subgrantee payments	454,589	1,191,100	1,259,635	-	-
Participant gain on use of facilities ⁽⁵⁾	-	-	-	702,165	-
Refund of contributed capital	59,672	-	-	204,342	-
Nonoperating expenses	989,981	1,713,145	1,826,547	1,689,626	980,401
Expenses	29,620,255	29,034,732	30,663,219	29,195,062	31,218,985
Income (loss) before contributions	7,946,783	5,012,612	2,955,833	11,086,144	(1,496,162)
Capital contributions	4,400,000	3,542,024	1,890,000	1,799,304	1,003,100
Changes in net position	12,346,783	8,554,636	4,845,833	12,885,448	(493,062)
Net position, beginning of year	225,640,540	217,085,904	215,054,729	202,378,483	202,871,545
Restatement ⁽⁶⁾	-	-	(2,814,658)	(209,202)	-
Net position, end of year	\$ 237,987,323	\$ 225,640,540	\$ 217,085,904	\$ 215,054,729	\$ 202,378,483

⁽¹⁾ Balances reflect all Northern Water's enterprise funds combined.

⁽²⁾ Certain 2013 charges for services reclassified to other operating revenues for consistency with prior years.

⁽³⁾ The Trout and Granby hydropower plants became operational in 2012 and 2016, respectively.

⁽⁴⁾ Included in other nonoperating revenues from 2014 forward.

⁽⁵⁾ Balance in 2014 is the result of SWSP Pipeline II right-of-way transactions.

⁽⁶⁾ Balances reflect restatements due to implementation of GASB 67, 68 and 71 relating to pension plans and GASB 65 relating to debt issue costs in 2014 and 2013.

Statement of Net Position by Component⁽¹⁾ (2012 - 2021)

Years ended September 30

Unaudited

	2021	2020	2019	2018	2017
Net Position					
Net investment in capital assets	\$ 285,218,526	\$ 265,628,101	\$ 233,624,113	\$ 193,162,975	\$ 182,061,936
Restricted net position					
Debt service	251,449	228,413	202,653	174,967	149,684
Major repairs	1,909,163	2,295,393	2,106,516	1,970,697	2,007,139
Capital projects	18,043,510	22,947,964	3,285,800	2,420,068	2,786,161
Unrestricted net position	116,340,581	99,129,927	89,302,256	78,885,346	65,252,965
Net position	<u>\$ 421,763,229</u>	<u>\$ 390,229,798</u>	<u>\$ 328,521,338</u>	<u>\$ 276,614,053</u>	<u>\$ 252,257,885</u>

⁽¹⁾ Balances reflect all Northern Water's enterprise funds combined.

Statement of Net Position by Component⁽¹⁾ (2012 - 2021) (continued)

Years ended September 30

Unaudited

	2016	2015	2014 ⁽²⁾	2013 ⁽³⁾	2012
Net Position					
Net investment in capital assets	\$ 177,863,092	\$ 174,959,097	\$ 171,634,522	\$ 171,455,879	\$ 167,267,534
Restricted net position					
Debt service	126,010	125,505	125,363	425,806	-
Major repairs	1,993,343	1,989,621	1,989,049	1,988,522	1,987,672
Capital projects	1,959,697	1,381,990	840,935	1,326,539	949,872
Unrestricted net position	56,045,181	47,184,327	42,496,035	39,857,983	32,173,405
Net position	<u>\$ 237,987,323</u>	<u>\$ 225,640,540</u>	<u>\$ 217,085,904</u>	<u>\$ 215,054,729</u>	<u>\$ 202,378,483</u>

⁽¹⁾ Balances reflect all Northern Water's enterprise funds combined.

⁽²⁾ Net position restated at September 30, 2014, for GASB Statement Nos. 67, 68 and 71 changes in accounting principles. In addition, components of net position reclassified for consistency with subsequent years.

⁽³⁾ Net position at September 30, 2012, restated for GASB Statement No. 65 change in accounting principle.

Schedule of C-BT Project Joint Operations and Maintenance Costs (Historical)

District Enterprise Fund
Years ended September 30
Unaudited

	Reclamation ⁽¹⁾	WAPA Colorado River ⁽²⁾	Lower Boulder Ditch Company ⁽³⁾	Coal Ridge Ditch Company ⁽³⁾	Reclamation Power Interference ⁽⁴⁾	Joint Operation and Maintenance Costs
1985	\$ 1,043,062	\$ -	\$ 54,607	\$ 50,969	\$ 21,450	\$ 1,170,088
1986	607,616	17,541	57,515	57,316	21,735	761,723
1987	379,750	17,476	58,879	56,172	14,142	526,419
1988	537,794	23,509	60,647	53,107	8,384	683,441
1989 ⁽⁵⁾	592,768	17,632	62,748	45,000	9,795	727,943
1990	474,736	(11,536)	80,665	55,329	14,635	613,829
1991	360,290	(4,811)	34,303	60,579	14,321	464,682
1992	408,438	30,701	67,720	55,728	17,720	580,307
1993	458,527	72,509	77,370	65,058	21,566	695,030
1994	795,147	127,912	94,330	60,000	35,746	1,113,135
1995	876,034	13,193	75,160	61,384	41,781	1,067,552
1996	1,061,983	-	78,058	36,999	36,454	1,213,494
1997	822,471	121,323	93,142	62,655	43,492	1,143,083
1998	746,583	84,044	97,874	76,220	47,781	1,052,502
1999	999,856	96,154	120,554	118,947	45,002	1,380,513
2000	1,084,780	12,100	280,099	51,170	48,116	1,476,265
2001	1,381,264	62,100	150,772	115,872	58,078	1,768,086
2002	1,560,641	170,219	135,425	61,201	59,092	1,986,578
2003	1,258,913	69,421	148,829	75,598	66,804	1,619,565
2004	1,268,617	55,975	183,015	88,676	64,772	1,661,055
2005	1,933,792	59,283	176,078	69,467	54,307	2,292,927
2006	2,127,367	71,809	146,736	72,541	57,351	2,475,804
2007	1,417,394	133,184	203,812	73,607	88,077	1,916,074
2008	2,353,997	87,912	151,007	98,269	78,985	2,770,170
2009	4,150,250	151,287	161,432	74,253	81,857	4,619,079
2010	2,186,032	72,784	166,147	96,361	68,813	2,590,137
2011	2,562,308	25,862	184,213	70,148	68,225	2,910,756
2012	2,660,054	93,421	166,809	73,910	87,029	3,081,223
2013	1,809,712	26,472	155,247	92,945	77,686	2,162,062
2014	1,695,104	10,156	117,984	90,630	84,044	1,997,918
2015	1,347,374	3,394	181,260	67,673	161,075	1,760,776
2016	1,353,954	4,712	233,974	170,102	95,193	1,857,935
2017	1,646,323	364,136	121,646	117,090	94,492	2,343,687
2018	1,821,433	211,291	275,053	81,732	97,879	2,487,388
2019	1,890,330	21,500	201,879	15,515	104,054	2,233,278
2020	1,658,306	147,810	460,061	28,664	103,444	2,398,285
2021	1,667,717	40,188	273,608	109,209	108,717	2,576,064

⁽¹⁾ Beginning 1986, the responsibilities for daily operations and maintenance of the majority of multipurpose projects was transferred from Reclamation to Northern Water.

⁽²⁾ Northern Water costs incurred on joint works relate to the C-BT Project power distribution system. Increase in 2017 due to charges relating to a fiber optic connection and vegetation management on transmission lines.

⁽³⁾ Costs incurred under terms of agreements whereby Northern Water shares a portion of the ditch companies' costs in consideration for use of the ditch companies' conveyance systems.

⁽⁴⁾ Charges from Reclamation for losses in C-BT Project power revenue resulting from changes in the distribution pattern of C-BT Project water. Power interference charges for 2015 adjusted to reflect identified corrections.

⁽⁵⁾ The Board adopted a September 30 year end; accordingly, the expenses reflect nine months.



REVENUE CAPACITY

These schedules on assessments, charges for services, energy revenue and property taxes contain information to help the reader assess Northern Water's primary revenue sources. Since Northern Water is a regional water organization, it does not present overlapping information on property tax rates.

Water Assessments and Ownership by Water Allotment Contract Class and Rate (2012 - 2021)

District Enterprise Fund
 Years ended September 30
 Unaudited

	2021	2020	2019	2018	2017
Water Assessments					
Class B Municipal	\$ 5,335,633	\$ 5,213,301	\$ 5,064,728	\$ 4,875,560	\$ 4,689,355
Class C					
Domestic	2,556,864	2,453,720	2,356,342	2,259,151	2,163,133
Industrial	599,633	583,326	567,019	532,861	524,355
Irrigation	534,239	516,872	496,287	478,708	464,719
Multi-Purpose	14,101	13,718	13,334	12,832	22,998
Class D, irrigation	713,749	711,851	714,012	691,788	660,774
Carryover	2,305,571	2,087,361	2,084,736	2,056,639	1,817,185
Water assessments	<u>\$ 12,059,790</u>	<u>\$ 11,580,149</u>	<u>\$ 11,296,458</u>	<u>\$ 10,907,539</u>	<u>\$ 10,342,519</u>

**Ownership by Water Allotment
 Contract Class (acre-foot
 units)**

Class B, municipal	153,223	153,176	152,729	152,429	151,517
Class C					
Irrigation	56,980	57,057	57,063	56,754	56,490
Domestic/Industrial/ Multi-purpose	67,806	67,119	66,532	66,006	65,894
Class D irrigation ⁽¹⁾	31,991	32,648	33,676	34,811	36,099
Acre-foot units	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>

**Ownership by Water Allotment
 Contract Rate (acre-foot
 units)**

Fixed rate	94,216	94,824	95,299	96,289	97,401
Open rate	215,784	215,176	214,701	213,711	212,599
Acre-foot units	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>

⁽¹⁾ Includes inactive units.

Water Assessments and Ownership by Water Allotment Contract Class and Rate (2012 - 2021) (continued)

District Enterprise Fund

Years ended September 30

Unaudited

	2016	2015	2014	2013	2012
Water Assessments					
Class B Municipal	\$ 4,371,754	\$ 3,529,939	\$ 3,181,025	\$ 2,950,799	\$ 2,805,799
Class C					
Domestic	1,795,448	1,442,564	1,308,281	1,222,250	1,165,155
Industrial	440,908	376,939	318,286	272,712	262,864
Irrigation	343,280	262,962	249,332	249,426	245,675
Multi-Purpose	17,053	14,487	19,797	18,693	18,028
Class D, irrigation	506,851	318,641	310,360	315,163	301,179
Carryover	1,545,158	1,224,416	1,528,117	1,209,928	968,104
Water assessments	<u>\$ 9,020,452</u>	<u>\$ 7,169,948</u>	<u>\$ 6,915,198</u>	<u>\$ 6,238,971</u>	<u>\$ 5,766,804</u>
Ownership by Water Allotment Contract Class (acre-foot units)					
Class B, municipal	151,063	150,161	149,879	149,568	148,891
Class C					
Irrigation	56,615	56,417	60,122	60,505	60,660
Domestic/Industrial/ Multi-purpose	64,587	63,878	58,999	57,414	56,871
Class D Irrigation ⁽¹⁾	37,735	39,544	41,000	42,513	43,578
Acre-foot units	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>
Ownership by Water Allotment Contract Rate (acre-foot units)					
Fixed rate	98,263	99,311	99,862	100,406	101,286
Open rate	211,737	210,689	210,138	209,594	208,714
Acre-foot units	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>

⁽¹⁾ Includes inactive units.

Largest Water Allotment Contract Holders by Acre-Foot Units (2012 and 2021)

District Enterprise Fund

Years ended September 30

Unaudited

Entity	2021		2012	
	Acre-Foot Units	Percentage	Acre-Foot Units	Percentage
North Poudre Irrigation Company	40,000	12.9%	40,000	12.9%
City of Greeley	22,804	7.4%	22,539	7.3%
City of Boulder	21,000	6.8%	21,264	6.9%
City of Fort Collins	18,855	6.1%	18,855	6.1%
City and County of Broomfield	13,698	4.4%	12,849	4.1%
Fort Collins-Loveland Water District	13,066	4.2%	11,129	3.6%
City of Longmont	12,713	4.1%	12,710	4.1%
City of Loveland	12,210	3.9%	12,048	3.9%
Little Thompson Water District	10,657	3.4%	9,766	3.2%
Xcel Energy (Public Service Company of Colorado)	10,007	3.3%	9,997	3.2%
Ten largest allottees by acre-foot units	175,010	56.5%	171,157	55.2%
Other allottees	134,990	43.5%	138,843	44.8%
Acre-foot units	310,000	100.0%	310,000	100.0%

Largest Water Allotment Contract Holders by Water Assessment (2012 and 2021)

District Enterprise Fund

Years ended September 30

Unaudited

Entity	2021			2012		
	Rank	Assessment	Percentage	Rank	Assessment	Percentage
City and County of Broomfield	1	\$ 672,572	6.9%	1	\$ 405,257	7.0%
Fort Collins-Loveland Water District	2	624,555	6.4%	3	282,514	4.9%
City of Fort Collins	3	622,265	6.4%	5	337,402	5.9%
Little Thompson Water District	4	509,405	5.2%	8	256,918	4.5%
Xcel Energy (Public Service Company of Colorado)	5	478,335	4.9%	4	300,767	5.2%
City of Boulder	6	434,870	4.5%		-	-
City of Greeley	7	393,128	4.0%	2	346,304	6.0%
City of Longmont	8	380,065	3.9%	7	271,731	4.7%
Left Hand Water District	9	352,047	3.6%		-	-
City of Loveland	10	349,408	3.6%	6	279,361	4.8%
Central Weld County Water District		-	-	9	235,819	4.1%
Town of Erie		-	-	10	231,374	4.0%
Water Assessments for ten largest allottees		4,816,650	49.4%		2,947,447	51.1%
Other allottees		4,937,569	50.6%		2,819,357	48.9%
C-BT Project water assessments, Classes B, C and D		\$ 9,754,219	100.0%		\$ 5,766,804	100.0%

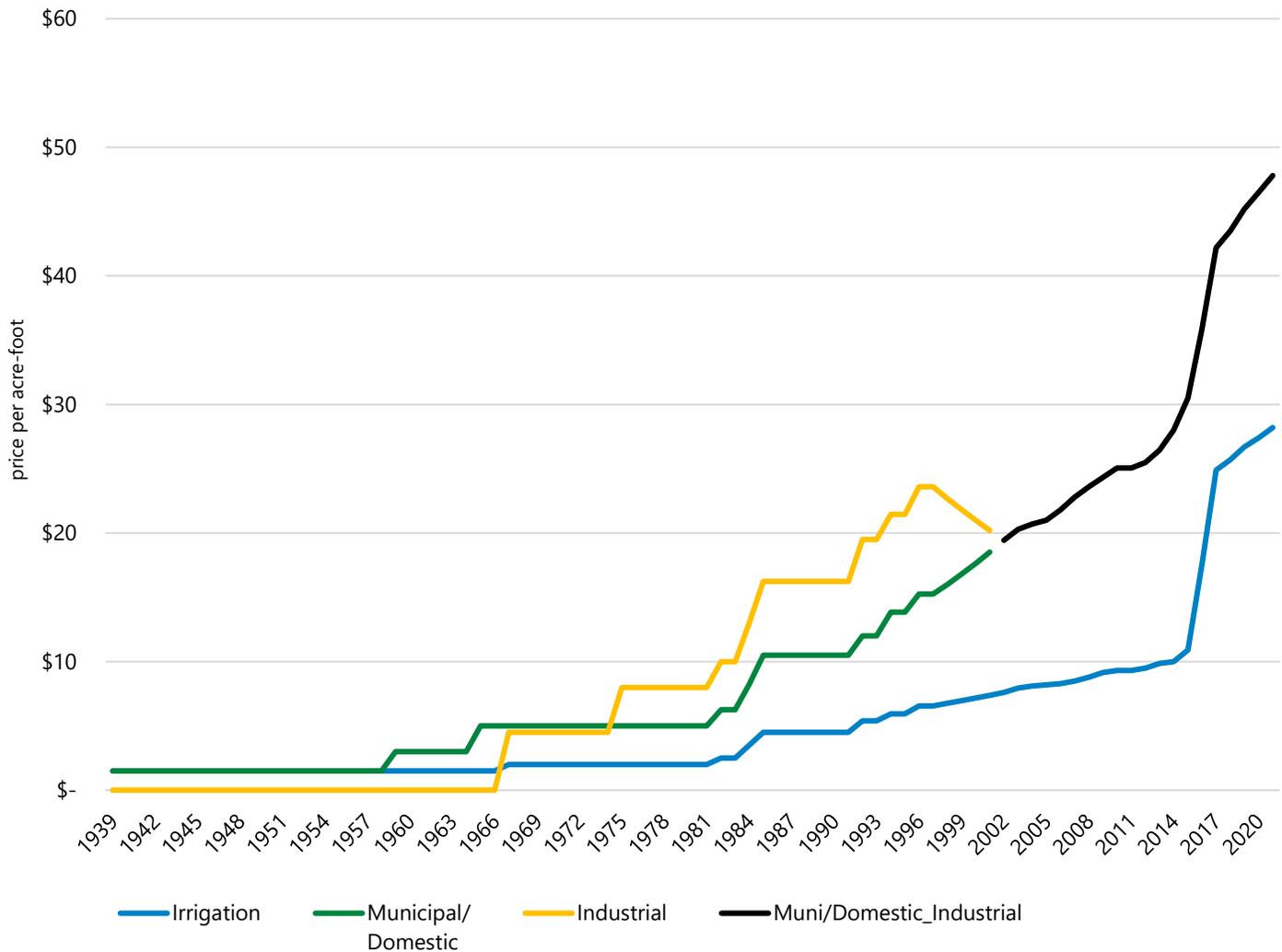
Open-Rate Water Assessment Charges⁽¹⁾ (Historical)

District Enterprise Fund

Years ended September 30

Unaudited

Open-Rate Assessments



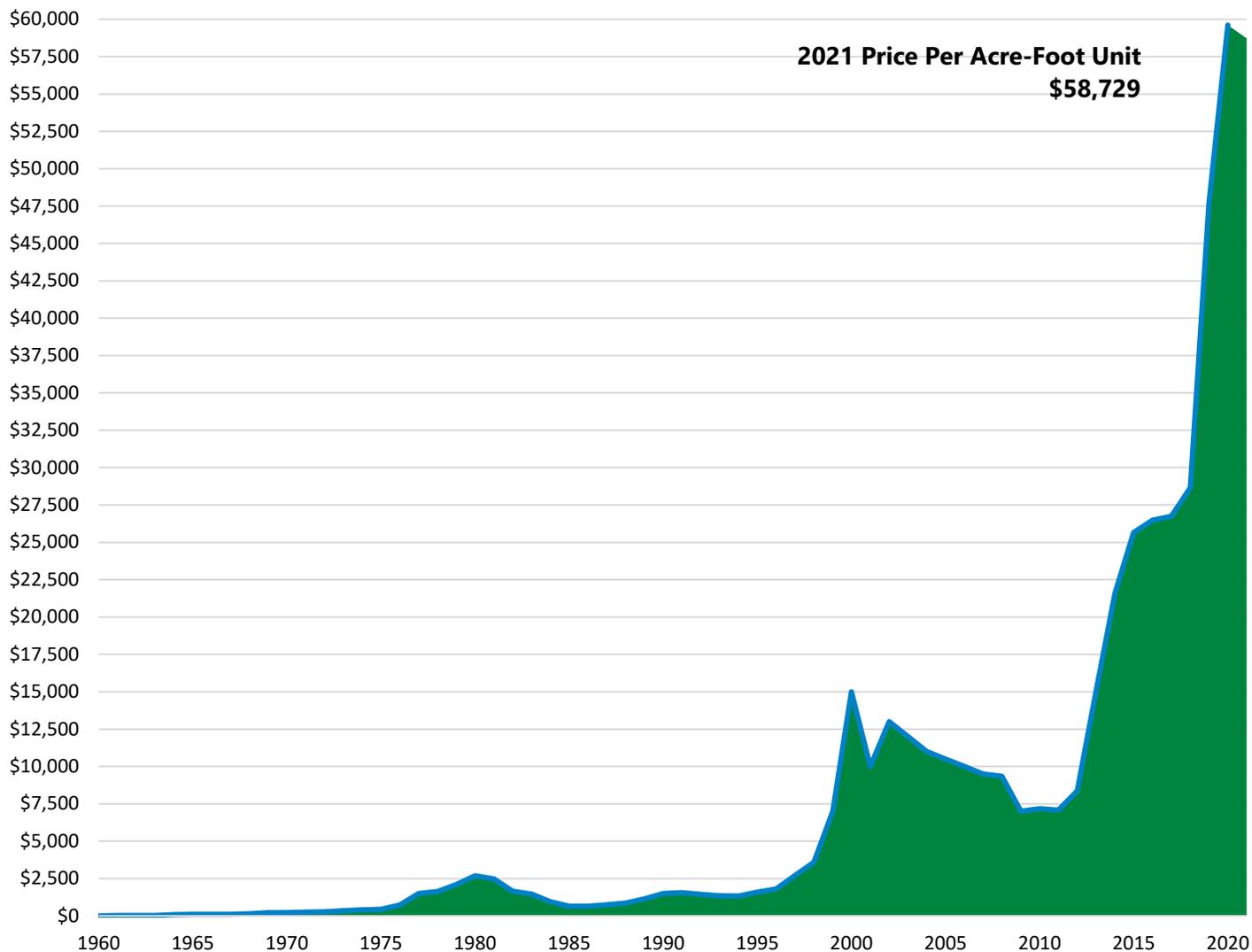
2021 Open-Rate Water Assessments

	Per Acre-Foot Unit
Irrigation	\$28.20
Municipal/Domestic/Industrial	\$47.80

⁽¹⁾ The District Enterprise Fund collects annual water assessments on each acre-foot unit. Assessments on fixed-rate contracts are \$1.50 per unit. When a fixed-rate unit contract is transferred, sold or altered, the contract is changed from the original fixed rate to an open-rate assessment. Open-rate assessments are determined annually by the Board. The assessments are not contingent on delivery of water and must be paid without regard to water deliveries.

Market Prices Per Acre-Foot Unit⁽¹⁾ (Historical)

District Enterprise Fund
Years ended September 30
Unaudited



⁽¹⁾ Northern Water allottees of C-BT Project water may transfer or sell their respective acre-foot units to other parties within Northern Water boundaries. These transactions are subject to rules and regulations of the Board. The above table represents data gathered by voluntary action and serves as an indicator of how the price of C-BT Project acre-foot units has fluctuated on the open market through the years. Actual transaction prices may vary.

Charges for Services and Energy Revenue (2012 - 2021)**District and Northern Water Hydropower Enterprise Funds**

Years ended September 30

Unaudited

	2021	2020	2019	2018	2017
CHARGES FOR SERVICES					
District Enterprise Fund					
Reclamation	\$ 2,396,404	\$ 3,313,886	\$ 2,721,725	\$ 2,736,656	\$ 2,796,752
Labor, overhead and supplies	4,879,934	4,648,095	3,871,442	3,570,988	2,987,082
Charges for services	<u>\$ 7,276,338</u>	<u>\$ 7,961,981</u>	<u>\$ 6,593,167</u>	<u>\$ 6,307,644</u>	<u>\$ 5,783,834</u>
ENERGY REVENUE AND OUTPUT					
Hydropower					
Trout	\$ 1,004,471	\$ 921,473	\$ 785,813	\$ 760,873	\$ 798,799
Granby	344,745	380,171	329,441	351,668	311,291
Hydropower	<u>\$ 1,349,216</u>	<u>\$ 1,301,644</u>	<u>\$ 1,115,254</u>	<u>\$ 1,112,541</u>	<u>\$ 1,110,090</u>
Hydropower(KWh)					
Trout	9,291,000	8,782,453	8,027,000	8,213,000	9,039,000
Granby	4,655,000	5,157,266	4,698,130	5,338,000	4,921,000
Hydropower	<u>13,946,000</u>	<u>13,939,719</u>	<u>12,725,130</u>	<u>13,551,000</u>	<u>13,960,000</u>

Charges for Services and Energy Revenue (2012 - 2021) (continued)

District and Northern Water Hydropower Enterprise Funds

Years ended September 30

Unaudited

	2016	2015	2014	2013	2012
CHARGES FOR SERVICES					
District Enterprise Fund⁽¹⁾					
Reclamation	\$ 2,162,973	\$ 2,243,156	\$ 2,645,274	\$ 2,666,441	\$ 2,803,614
Labor, overhead and supplies	2,538,813	2,298,317	2,013,152	2,466,962	2,962,499
Charges for services	\$ 4,701,786	\$ 4,541,473	\$ 4,658,426	\$ 5,133,403	\$ 5,766,113
ENERGY REVENUE AND OUTPUT					
Hydropower⁽²⁾					
Trout	\$ 750,251	\$ 606,827	\$ 480,309	\$ 625,371	\$ 484,632
Granby	186,492	-	-	-	-
Hydropower	\$ 936,743	\$ 606,827	\$ 480,309	\$ 625,371	\$ 484,632
Hydropower(KWh)⁽²⁾					
Trout	8,078,000	6,585,000	5,425,000	7,303,000	3,671,000
Granby	2,954,000	-	-	-	-
Hydropower	11,032,000	6,585,000	5,425,000	7,303,000	3,671,000

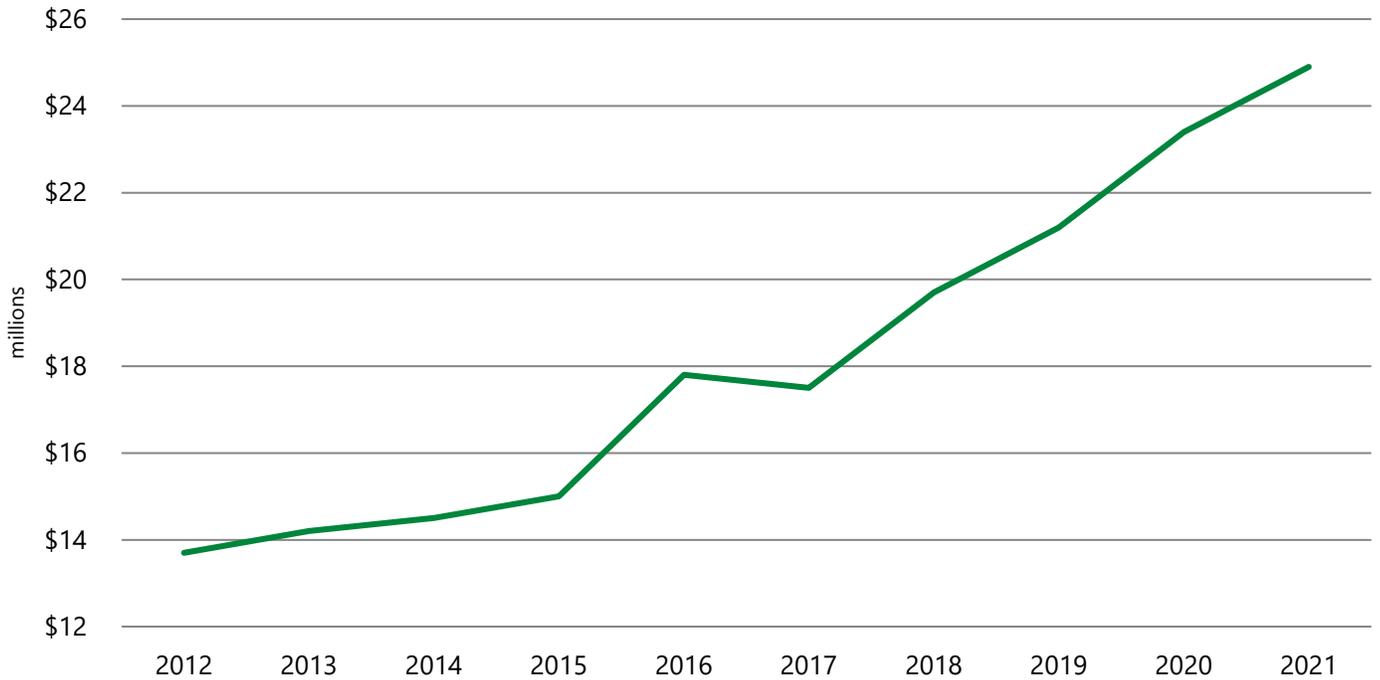
⁽¹⁾ Charges for services above do not reflect charges for services as shown on the Statement of Changes in Net Position for 2011 and 2012 because prior to 2013 the amounts included a Northern Water Interdistrict Fund.

⁽²⁾ The Trout and Granby hydropower plants became operational in 2012 and 2016, respectively.

Property Tax Levies and Collections (2012 - 2021)

District Enterprise Fund
 Years ended September 30
 Unaudited

Property Tax Collections



Year	Collections within the Fiscal Year			Collections in Subsequent Years ⁽¹⁾	Collections to Date	
	Tax Levy for Fiscal Year	Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 13,768,657	\$ 13,675,941	99.3%	\$ 18,387	\$ 13,694,328	99.5%
2013	14,313,566	14,217,057	99.3%	14,671	14,231,728	99.4%
2014	14,554,204	14,508,847	99.7%	18,643	14,527,490	99.8%
2015	15,066,441	15,004,109	99.6%	35,695	15,039,804	99.8%
2016	17,949,405	17,844,139	99.4%	10,536	17,854,675	99.5%
2017	17,645,466	17,521,665	99.3%	12,735	17,534,400	99.4%
2018	19,872,029	19,735,132	99.3%	44,785	19,779,917	99.5%
2019	21,571,402	21,231,116	98.4%	212,293	21,443,409	99.4%
2020	25,729,732	23,438,428	91.1%	9,404	23,447,832	91.1%
2021	25,322,157	24,892,211	98.3%	584,433	25,476,644	100.6%

⁽¹⁾ Collections in subsequent years represent reported delinquent payments during the year and have not been identified with specific assessment years. Subsequent collections do not include delinquent tax interest or refunds.

Assessed and Estimated Actual Value of Taxable Properties (2012 - 2021)

District Enterprise Fund

Years ended September 30, 2021

Unaudited (thousands)

	2021	2020	2019	2018	2017
Assessed Value					
Residential	\$ 11,617,806	\$ 11,712,174	\$ 9,780,474	\$ 9,075,556	\$ 7,866,349
Commercial	6,943,335	7,176,022	6,007,635	5,520,450	4,790,744
Industrial	1,349,671	1,268,476	1,097,984	1,134,693	1,009,321
Agricultural	126,611	131,222	138,057	147,053	125,283
Oil/Gas Natural Resources	4,150,302	4,289,146	3,337,096	2,615,159	2,560,357
Other	1,134,432	1,152,692	1,210,156	1,379,118	1,293,412
Assessed value of properties ⁽¹⁾	\$ 25,322,157	\$ 25,729,732	\$ 21,571,402	\$ 19,872,029	\$ 17,645,466
Estimated actual taxable value ⁽²⁾	\$ 207,146,522	\$ 195,474,271	\$ 163,528,648	\$ 151,243,740	\$ 132,544,573
	12.2%	13.2%	13.2%	13.1%	13.3%

Sources: Abstract of Assessment and Summary of Levies from various County Assessor's offices and County ACFRs.

⁽¹⁾ The counties assess residential property at approximately 7.96 percent of actual value and all other properties at 29 percent. Estimated actual taxable value was calculated by dividing assessed value by those percentages. Tax exempt properties are included in each property classification. Apparent differences between these amounts and those shown on Largest Corporate Taxpayers by Assessed Valuation on page 100 are due to averaging in the above assessed valuation calculations.

⁽²⁾ Tax rate at a maximum of 1 millage.

Assessed and Estimated Actual Value of Taxable Properties (2012 - 2021) (continued)

District Enterprise Fund
 Years ended September 30
 Unaudited (thousands)

	2016	2015	2014	2013	2012
Assessed Value					
Residential	\$ 7,693,115	\$ 6,281,199	\$ 6,099,667	\$ 6,074,677	\$ 5,909,508
Commercial	4,776,337	4,156,831	4,099,919	3,980,603	3,952,981
Industrial	911,830	827,148	778,650	774,364	771,045
Agricultural	105,901	91,905	101,879	93,038	100,511
Oil/Gas Natural Resources	3,182,430	2,565,815	2,193,319	2,062,585	1,699,052
Other	1,279,792	1,143,542	1,280,770	1,328,299	1,335,560
Assessed value of properties ⁽¹⁾	<u>\$ 17,949,405</u>	<u>\$ 15,066,440</u>	<u>\$ 14,554,204</u>	<u>\$ 14,313,566</u>	<u>\$ 13,768,657</u>
Estimated actual taxable value ⁽²⁾	<u>\$ 132,013,690</u>	<u>\$ 109,203,469</u>	<u>\$ 105,782,558</u>	<u>\$ 104,724,999</u>	<u>\$ 101,069,535</u>
	13.6%	13.8%	13.8%	13.7%	13.6%

Sources: Abstract of Assessment and Summary of Levies from various County Assessor's offices and County ACFRs.

⁽¹⁾ The counties assess residential property at approximately 7.96 percent of actual value and all other properties at 29 percent. Estimated actual taxable value was calculated by dividing assessed value by those percentages. Tax exempt properties are included in each property classification. Apparent differences between these amounts and those shown on Largest Corporate Taxpayers by Assessed Valuation on page 100 are due to averaging in the above assessed valuation calculations.

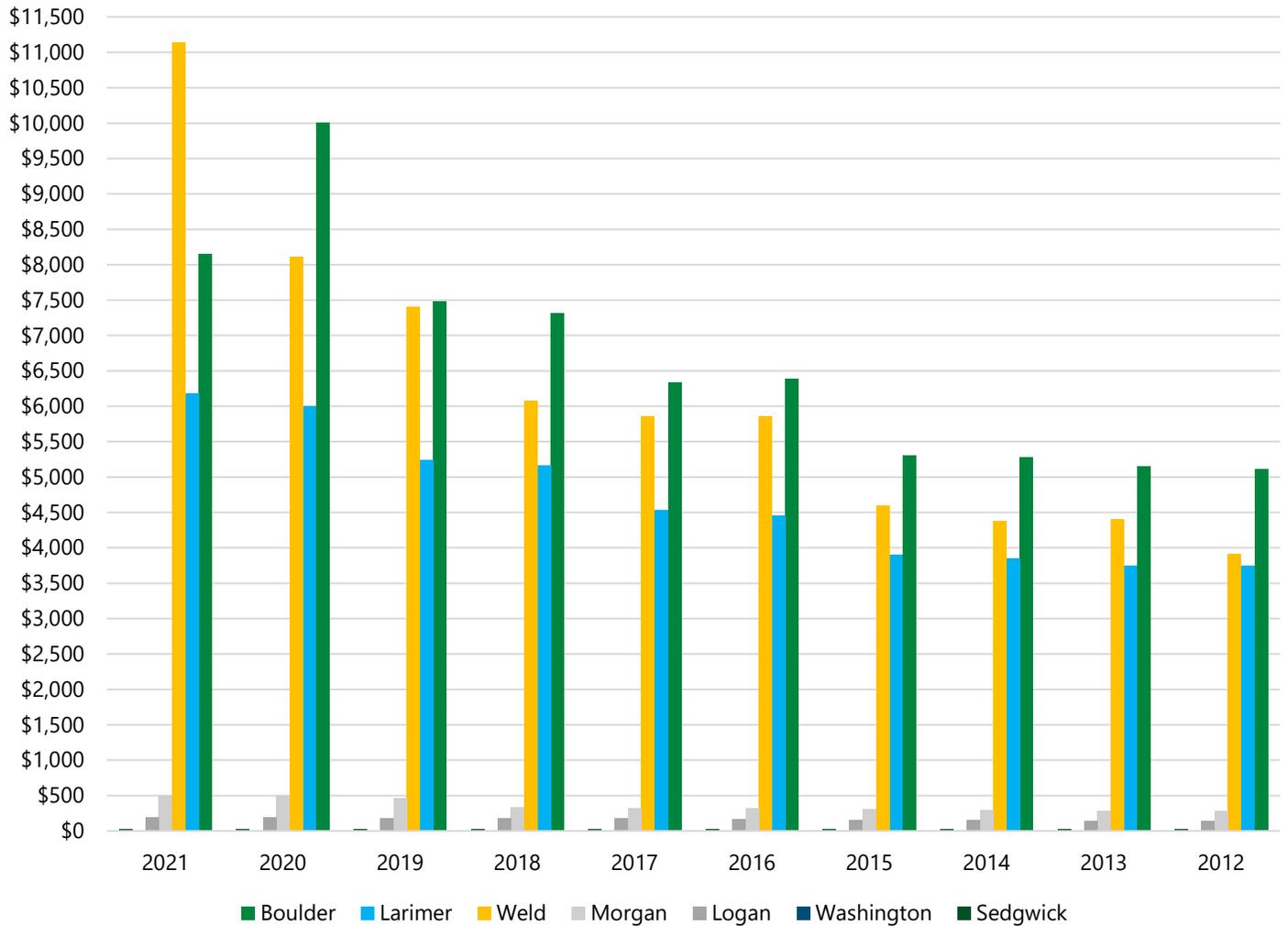
⁽²⁾ Tax rate at a maximum of 1 millage.

Property Tax Collections by County (2012 - 2021)

District Enterprise Fund

Years ended September 30

Unaudited



Largest Corporate Taxpayers by Taxable Assessed Valuation (2012 and 2021)

District Enterprise Fund

Years ended September 30

Unaudited (thousands)

Taxpayer	Rank	2021 ⁽¹⁾		Rank	2012 ⁽²⁾	
		Taxable Assessed Valuation	Percent		Taxable Assessed Valuation	Percent
PDC Energy, Inc.	1	\$ 945,299,790	3.7%	5	\$ 170,408,730	1.2%
Kerr-McGee Oil & Gas Onshore LP	2	535,242,310	2.1%	2	769,162,260	5.6%
Extraction Oil & Gas	3	383,203,534	1.5%	-	-	-
Xcel Energy (Public Service Company of Colorado)	4	298,227,278	1.2%	3	394,074,520	2.9%
DCP Lucerne 2 Plant, LLC	5	227,417,870	0.9%	-	-	-
Noble Energy	6	201,416,770	0.8%	1	1,015,783,680	7.4%
Kerr McGee Gathering LLC	7	179,558,630	0.7%	10	63,672,300	0.5%
Crestone Peak Resources	8	178,503,560	0.7%	-	-	-
Great Western Oil & Gas Co LLC	9	159,808,300	0.6%	-	-	-
DCP Operating Company	10	121,617,980	0.5%	-	-	-
Encana Oil & Gas (USA), Inc.	-	-	-	4	185,720,630	1.3%
Quest Corp	-	-	-	6	79,056,800	0.6%
Anheuser-Busch, Inc.	-	-	-	7	78,095,560	0.6%
DCP Midstream LP	-	-	-	8	76,224,380	0.6%
Colorado Interstate Gas Co	-	-	-	9	65,518,800	0.5%
Taxable assessed value of ten largest taxpayers		3,230,296,022	12.7%		2,897,717,660	21.2%
Taxable assessed value of other taxpayers		22,091,860,978	87.3%		10,870,939,340	78.8%
Taxable assessed value of all taxpayers		\$25,322,157,000	100.0%		\$13,768,657,000	100.0%

⁽¹⁾ Data compiled from information provided by the counties of their largest taxpayers within Northern Water boundaries.

⁽²⁾ Data from the Northern Water 2012 ACFR. Reflects the taxable assessed valuation for the entire counties, only a portion of which are within Northern Water boundaries.



DEBT CAPACITY

This schedule presents information to help the reader assess the affordability of Northern Water’s current level of outstanding debt.

Statistics of Outstanding Debt by Type⁽¹⁾ (2012 - 2021)

District and Northern Water Hydropower Enterprise Funds

Years ended September 30

Unaudited

	2021	2020	2019	2018	2017
District Enterprise Fund					
Certificates of Participation, Series 2021	\$ 52,050,000	\$ -	\$ -	\$ -	\$ -
Certificates of Participation, Series 2012	-	-	2,420,000	3,570,000	4,670,000
Unamortized premium	11,241,545	-	191,487	284,682	376,219
Certificates of Participation	63,291,545	-	2,611,487	3,854,682	5,046,219
Contracts Payable to Reclamation					
Horsetooth Safety of Dams	2,905,375	3,053,230	3,193,045	3,325,258	3,450,282
Pole Hill Canal	-	-	94,740	186,388	275,042
District Enterprise Fund	66,196,920	3,053,230	5,899,272	7,366,328	8,771,543
Northern Water Hydropower					
Colorado Water Resources and Power Development Authority	1,197,063	1,293,507	1,388,058	1,480,756	1,571,637
Colorado Water Conservation Board	4,476,446	4,613,462	4,747,792	4,879,488	5,008,601
Northern Water Hydropower	5,673,509	5,906,969	6,135,850	6,360,244	6,580,238
Total District Enterprise Fund and Northern Water Hydropower debt	\$ 71,870,429	\$ 8,960,199	\$ 12,035,122	\$ 13,726,572	\$ 15,351,781

District Enterprise Fund Outstanding Debt

Per capita ⁽²⁾	\$ 63.79	\$ 2.99	\$ 6.00	\$ 7.00	\$ 9.00
Percentage of personal income ⁽³⁾	0.11%	-	0.01%	0.01%	0.02%

District Enterprise Fund Contacts

Payable to Reclamation

Per capita ⁽⁴⁾	\$ 2.79	\$ 2.99	\$ 3.00	\$ 4.00	\$ 4.00
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⁽¹⁾ Percentage of estimated actual value of taxable properties calculated by dividing District Enterprise Fund debt payable to Reclamation by Estimated Actual Taxable Value as shown on page 97 not significant.

⁽²⁾ Computed by dividing total District Enterprise Fund debt by estimated population in Northern Water boundaries as shown on page 105.

⁽³⁾ Computed by dividing total District Enterprise Fund debt by total personal income as shown on page 105.

⁽⁴⁾ Computed by dividing District Enterprise Fund debt payable to Reclamation by estimated population in Northern Water boundaries as shown on page 105.

Statistics of Outstanding Debt by Type⁽¹⁾ (2012 - 2021) (continued)

District and Northern Water Hydropower Enterprise Funds

Years ended September 30

Unaudited

District Enterprise Fund					
Certificates of Participation, Series 2012	\$ 5,740,000	\$ 6,780,000	\$ 7,790,000	\$ 8,770,000	\$ 13,380,000
Unamortized premium	466,126	554,433	641,169	753,450	86,074
Certificates of Participation	6,206,126	7,334,433	8,431,169	9,523,450	13,466,074
Contracts Payable to Reclamation					
Horsetooth Safety of Dams	3,568,509	3,680,307	3,786,026	3,885,997	3,980,532
Pole Hill Canal	360,802	443,762	524,014	601,646	676,744
District Enterprise Fund	10,135,437	11,458,502	12,741,209	14,011,093	18,123,350
Northern Water Hydropower					
Colorado Water Resources and Power Development Authority	1,660,736	1,748,088	1,833,727	1,917,687	2,000,000
Colorado Water Conservation Board	5,135,183	2,033,958	-	-	-
Hydropower	6,795,919	3,782,046	1,833,727	1,917,687	2,000,000
Outstanding debt	\$ 16,931,356	\$ 15,240,548	\$ 14,574,936	\$ 15,928,780	\$ 20,123,350

District Enterprise Fund Outstanding Debt

Per capita ⁽²⁾	\$ 11.00	\$ 13.00	\$ 15.00	\$ 16.00	\$ 21.00
Percentage of personal income ⁽³⁾	0.02%	0.03%	0.04%	0.04%	0.06%

District Enterprise Fund Contacts

Payable to Reclamation

Per capita ⁽⁴⁾	\$ 4.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
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⁽¹⁾ Percentage of estimated actual value of taxable properties calculated by dividing District Enterprise Fund debt payable to Reclamation by Estimated Actual Taxable Value as shown on page 97 not significant.

⁽²⁾ Computed by dividing total District Enterprise Fund debt by estimated population in Northern Water boundaries as shown on page 105.

⁽³⁾ Computed by dividing total District Enterprise Fund debt by total personal income as shown on page 105.

⁽⁴⁾ Computed by dividing District Enterprise Fund debt payable to Reclamation by estimated population in Northern Water boundaries as shown on page 105.



DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which Northern Water’s financial activities take place.

Northern Water Population and Economic Statistics⁽¹⁾ (2012 - 2021)

Years ended September 30

Unaudited

	2021	2020	2019	2018	2017
Population in Northern Water Boundaries⁽²⁾	1,037,717	1,020,792	1,000,013	982,678	959,455
Per Capita Personal Income⁽³⁾					
Boulder County ⁽⁴⁾	\$ 69,239	\$ 69,239	\$ 69,239	\$ 66,415	\$ 63,707
Larimer County ⁽⁵⁾	55,884	55,884	54,207	51,748	52,059
Weld County	50,198	46,172	44,080	42,701	42,787
Personal Income (000s)⁽³⁾					
Boulder County ⁽⁴⁾	\$ 23,932,182	\$ 23,932,182	\$ 23,932,182	\$ 20,528,122	\$ 19,232,516
Larimer County	19,944,943	19,944,943	19,000,529	17,800,070	17,623,585
Weld County	15,300,000	14,700,000	12,500,000	11,200,000	10,600,000
Unemployment Rate⁽³⁾					
Boulder County ⁽⁴⁾	2.7%	2.7%	2.7%	2.6%	2.2%
Larimer County	6.3%	2.1%	2.7%	2.3%	2.8%
Weld County	7.2%	3.0%	2.7%	3.4%	3.8%

⁽¹⁾ Detailed information presented for Boulder, Larimer and Weld counties. The population in these counties represents more than 90 percent of the total estimated population within Northern Water's boundaries.

⁽²⁾ Data calculated from ESRI Population Demographics that are developed from U.S. Census and other data sources.

⁽³⁾ Data taken from the counties' most recent ACFR's unless otherwise noted.

⁽⁴⁾ Data for 2020 and 2019 taken from Boulder County's 2018 ACFR. More current ACFRs for Boulder County were not available at the time this report was prepared.

⁽⁵⁾ Estimate taken from Larimer County's 2019 ACFR. Per the ACFR, this was the most current data available.

Northern Water Population and Economic Statistics⁽¹⁾ (2012 - 2021) (continued)

Years ended September 30

Unaudited

	2016	2015	2014	2013	2012
Population in Northern Water Boundaries⁽²⁾	922,233	893,145	878,100	859,913	858,565
Per Capita Personal Income⁽³⁾					
Boulder County	\$ 60,220	\$ 58,552	\$ 56,940	\$ 51,893	\$ 53,352
Larimer County	50,410	48,730	46,610	45,775	44,179
Weld County	27,047	31,657	29,986	25,233	27,186
Personal Income (000s)⁽³⁾					
Boulder County	\$ 18,369,741	\$ 17,042,764	\$ 16,417,561	\$ 15,535,659	\$ 15,758,416
Larimer County	16,778,464	15,772,585	14,722,188	14,214,099	13,475,788
Weld County	10,740,000	8,350,000	8,350,000	7,760,000	6,930,000
Unemployment Rate⁽³⁾					
Boulder County	2.9%	3.7%	4.4%	5.4%	6.1%
Larimer County	3.4%	4.3%	5.8%	6.6%	7.1%
Weld County	3.8%	3.9%	6.7%	8.7%	9.1%

⁽¹⁾ Detailed information presented for Boulder, Larimer and Weld counties. The population in these counties represents more than 90 percent of the total estimated population within Northern Water's boundaries.

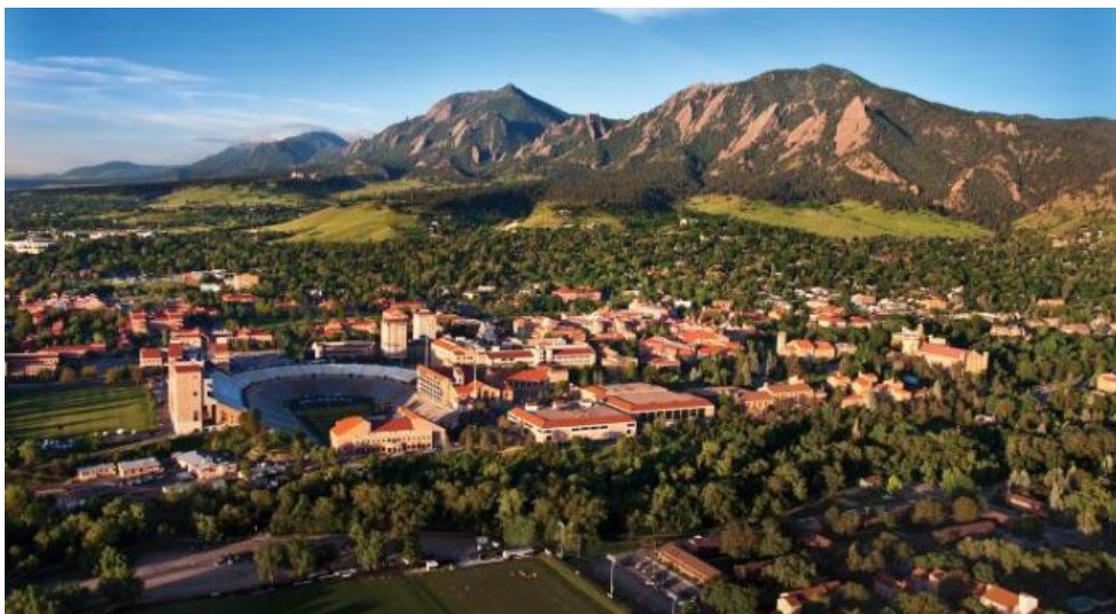
⁽²⁾ Data calculated from ESRI Population Demographics that are developed from U.S. Census and other data sources.

⁽³⁾ Data taken from the counties' most recent ACFR's unless otherwise noted.

Largest Employers by Principal Municipalities Served by Northern Water⁽¹⁾ (2012 and 2021)

Years ended September 30,

Unaudited



City of Boulder⁽²⁾

Employers	2021			2012		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
University of Colorado at Boulder	1	9,473	5.4%	1	6,876	4.2%
Boulder Valley School District	2	4,500	2.5%	2	4,000	2.4%
Boulder Community Hospital	3	2,380	1.3%	6	2,300	1.4%
Boulder County	4	1,959	1.1%	10	1,848	1.1%
Ball Corporation	5	1,600	0.9%	8	2,017	1.2%
IBM Corporation	6	1,400	0.8%	3	3,400	2.1%
City of Boulder	7	1,351	0.8%	-	-	-
Google Boulder	8	1,350	0.8%	-	-	-
National Center for Atmospheric Research	9	1,187	0.7%	-	-	-
National Oceanic & Atmospheric Administration (NOAA)	10	867	0.5%	-	-	-
Oracle Corporation	-	-	-	4	3,300	2.0%
St. Vrain Valley School District ⁽³⁾	-	-	-	5	3,238	2.0%
Level 3 Communications	-	-	-	7	2,262	1.4%
Covidien	-	-	-	9	1,860	1.1%
Top ten principal employers		26,067	14.8%		31,101	20.7%

⁽¹⁾ Data taken or calculated from the city's most recent ACFRs unless otherwise indicated.

⁽²⁾ This list is the 10 largest employers in Boulder County. Employment information specific to the City of Boulder is not available for the years presented.

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

Largest Employers by Principal Municipalities Served by Northern Water⁽¹⁾ (2012 and 2021) (continued)

Years ended September 30

Unaudited



City of Fort Collins

Employers	2021			2012 ⁽²⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Colorado State University	1	7,800	7.9%	1	6,573	6.7%
UC Health Poudre Valley Hospital	2	5,600	5.6%	3	3,060	3.1%
Poudre R-1 School District	3	4,000	4.0%	2	3,908	4.1%
City of Fort Collins	4	2,030	2.0%	5	1,830	1.9%
Larimer County	5	2,040	2.1%	4	1,901	2.0%
Woodward, Inc.	6	1,300	1.3%	7	1,073	1.1%
Broadcom (Avago)	7	1,260	1.3%	10	681	0.7%
U.S. Department of Agriculture	8	1,120	1.1%	-	-	-
Otter Products, LLC.	9	820	0.8%	-	-	-
Dillon Companies, Inc. (King Soopers)	10	870	0.9%	-	-	-
Center Partners	-	-	-	6	1,339	1.4%
Hewlett Packard	-	-	-	8	925	1.0%
Department of Agriculture	-	-	-	9	827	0.9%
Top ten principal employers		26,840	27.1%		22,117	22.9%

⁽¹⁾ Data taken or calculated from the city's most recent ACFRs unless otherwise indicated.

⁽²⁾ Data taken from the Northern Water 2012 ACFR.

Largest Employers by Principal Municipalities Served by Northern Water⁽¹⁾ (2012 and 2021) (continued)

Years ended September 30

Unaudited



City and County of Broomfield⁽²⁾

Employers	2021			2012		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
CenturyLink (formerly Level 3 Communications)	1	1,850	4.8%	1	2,068	7.3%
Oracle America	2	1,620	4.2%	2	1,900	6.7%
SCL Health Care	3	1,530	4.0%	-	-	-
Hunter Douglas Window Fashions Division	4	980	2.5%	4	805	2.8%
City and County of Broomfield	5	795	2.1%	8	581	2.0%
Vail Resorts, Inc.	6	740	1.9%	10	430	1.5%
TSYS	7	580	1.5%	-	-	-
DanoneWave Foods (formerly Whitewave Foods)	8	570	1.5%	9	450	1.6%
Broadcom Inc.	9	500	1.3%	-	-	-
Vmware	10	465	1.2%	-	-	-
Urban Lending Solutions	-	-	-	3	1,000	3.5%
Staples/Corporate Express	-	-	-	5	700	2.5%
Ball Corporation	-	-	-	6	648	2.3%
Sandoz, Inc. (Geneva Pharmaceuticals)	-	-	-	7	600	2.1%
Top ten principal employers		9,630	25.0%		9,182	32.3%
Total employment		38,500				

⁽¹⁾ Data taken or calculated from the city's' most recent ACFRs unless otherwise indicated.

⁽²⁾ Data provided for the entire City and County of Broomfield, only a portion of which is within Northern Water boundaries.

Largest Employers by Principal Municipalities Served by Northern Water⁽¹⁾ (2012 and 2021) (continued)

Years ended September 30

Unaudited



City of Longmont

Employers	2021			2012		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
St Vrain Valley School District ⁽²⁾	1	3,543	6.5%	1	4,876	10.4%
City of Longmont	2	1,625	3.0%	4	814	1.7%
Seagate Technology	3	1,430	2.6%	3	1,160	2.5%
Intrado	4	755	1.4%	5	807	1.7%
Longmont United Hospital	5	671	1.2%	2	1,282	2.7%
UC Health Longs Peak Hospital	6	540	1.0%	-	-	-
McLane Western	7	460	0.8%	10	406	0.9%
Federal Aviation Administration	8	422	0.8%	8	566	1.2%
Circle Graphics, Inc.	9	400	0.7%	-	-	-
AveXis	10	354	0.6%	-	-	-
Amgen	-	-	-	6	678	1.4%
DigitalGlobe	-	-	-	7	650	1.4%
Cross	-	-	-	9	435	0.9%
Top ten principal employers		10,200	18.6%		11,674	24.8%

⁽¹⁾ Data taken or calculated from the city's most recent ACFR unless otherwise indicated.

⁽²⁾ The St. Vrain Valley School District spans 13 different communities including eastern Boulder. Also reported under the City of Boulder.

Largest Employers by Principal Municipalities Served by Northern Water⁽¹⁾ (2012 and 2021) (continued)

Years ended September 30

Unaudited



City of Greeley

Employers	2021			2012		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
JBS Swift & Company	1	4,341	8.4%	1	4,192	5.38%
Banner Health Care (formerly Northern Colorado Medical Center)	2	3,710	7.2%	2	2,889	3.71
Greeley/Evans School District Six	3	2,200	4.3%	3	2,189	2.81
University of Northern Colorado	4	1,717	3.3%	-	-	-
Weld County	5	1,615	3.1%	5	1,383	1.78
Greeley, City of	6	1,100	2.1%	7	1,130	1.45
University Of Colorado Health Systems (All Weld)	7	1,030	2.0%	-	-	-
State Farm Insurance Companies	8	948	1.8%	6	1,350	1.73
Aims Community College	9	797	1.5%	9	874	1.12
Colorado Premium Foods (K2D, LLC)	10	550	1.1%	-	-	-
U.S. Government	-	-	-	4	1,400	1.80
Wal-Mart Supercenter	-	-	-	8	1,015	1.30
StarTek, Inc.	-	-	-	10	702	0.90
Top ten principal employers		18,008	34.8%		17,124	21.98%
Total employment		50,070			77,900	

⁽¹⁾ Data taken or calculated from the city's most recent ACFR unless otherwise indicated.

Largest Employers by Principal Municipalities Served by Northern Water⁽¹⁾ (2012 and 2021) (continued)

Years ended September 30

Unaudited



City of Loveland

Employers	2021			2012 ⁽²⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Thompson School District R2-J	1	2,455	5.9%	1	2,087	8.3%
Medical Center of the Rockies	2	1,621	3.1%	-	-	-
Wal-Mart Distribution Center	3	1,226	2.4%	2	989	2.8%
City of Loveland	4	841	1.6%	4	688	2.0%
Hach Company	5	800	1.5%	-	-	-
McKee Medical Center	6	577	1.1%	3	851	3.0%
Nutrein/Crop Production Services	7	525	1.0%	5	350	1.0%
LPR Construction	8	500	1.0%	-	-	-
Good Samaritan Society - Loveland	9	235	0.5%	-	-	-
The Eye Laser Center of Northern Colorado	10	200	0.4%	-	-	-
Pinnacle Agriculture Holdings LLC	10	200	0.4%	-	-	-
Abound Solar Energy	-	-	-	6	350	1.0%
Kroll Factual Data	-	-	-	7	299	0.9%
Columbine Health Systems	-	-	-	8	285	0.8%
Agilent Technologies	-	-	-	9	280	1.2%
The Group	-	-	-	10	278	0.8%
Top ten principal employers		9,180	18.9%		6,457	21.7%
Total employment		50,902			35,220	

⁽¹⁾ Data taken or calculated from the city's most recent ACFRs unless otherwise indicated.

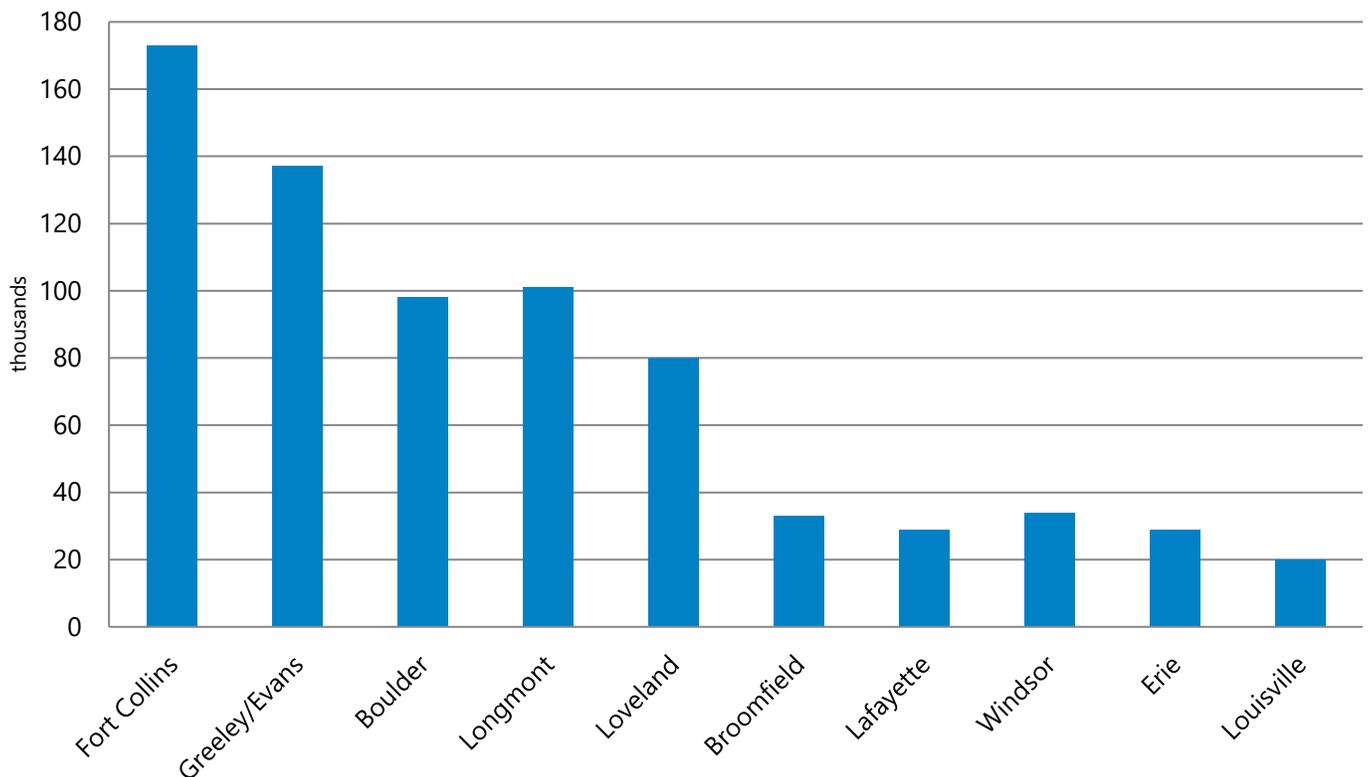
⁽²⁾ Numbers prior to 2016 reflect full employment. 2016 forward reflect full time equivalents (FTEs).

Population of Ten Largest Municipalities in Northern Water Boundaries (2012 and 2021)

Years ended September 30

Unaudited

Municipalities ⁽¹⁾	2021		2012 ⁽³⁾	
	Population ⁽²⁾	Percentage	Population	Percentage
City of Fort Collins	173,035	16.7%	146,573	17.1%
Cities of Greeley/Evans	136,737	13.2%	113,279	13.2%
City of Boulder	98,095	9.5%	99,479	11.6%
City of Longmont	100,839	9.7%	87,423	10.2%
City of Loveland	80,322	7.7%	68,106	7.9%
City and County of Broomfield	33,451	3.2%	57,305	6.7%
Town of Windsor	34,010	3.3%	19,259	2.2%
City of Lafayette	29,444	2.8%	25,584	3.0%
Town of Erie	29,443	2.8%	18,947	2.2%
City of Louisville	20,323	2.0%	18,598	2.2%
Population of ten largest municipalities in Northern Water boundaries	735,699	70.9%	654,553	76.3%
Other municipalities and unincorporated areas	302,018	29.1%	204,012	23.8%
Estimated population within Northern Water boundaries	1,037,717	100.0%	858,565	100.0%



⁽¹⁾ Population data represents the estimated portion of municipal population located within Northern Water boundaries and, therefore, may differ from population statistics reported in the municipalities' ACFRs.

⁽²⁾ Data calculated from ESRI Population Demographics, which are developed from U.S. Census and other data sources.

⁽³⁾ Data taken from the Northern Water 2012 ACFR.



OPERATING INFORMATION

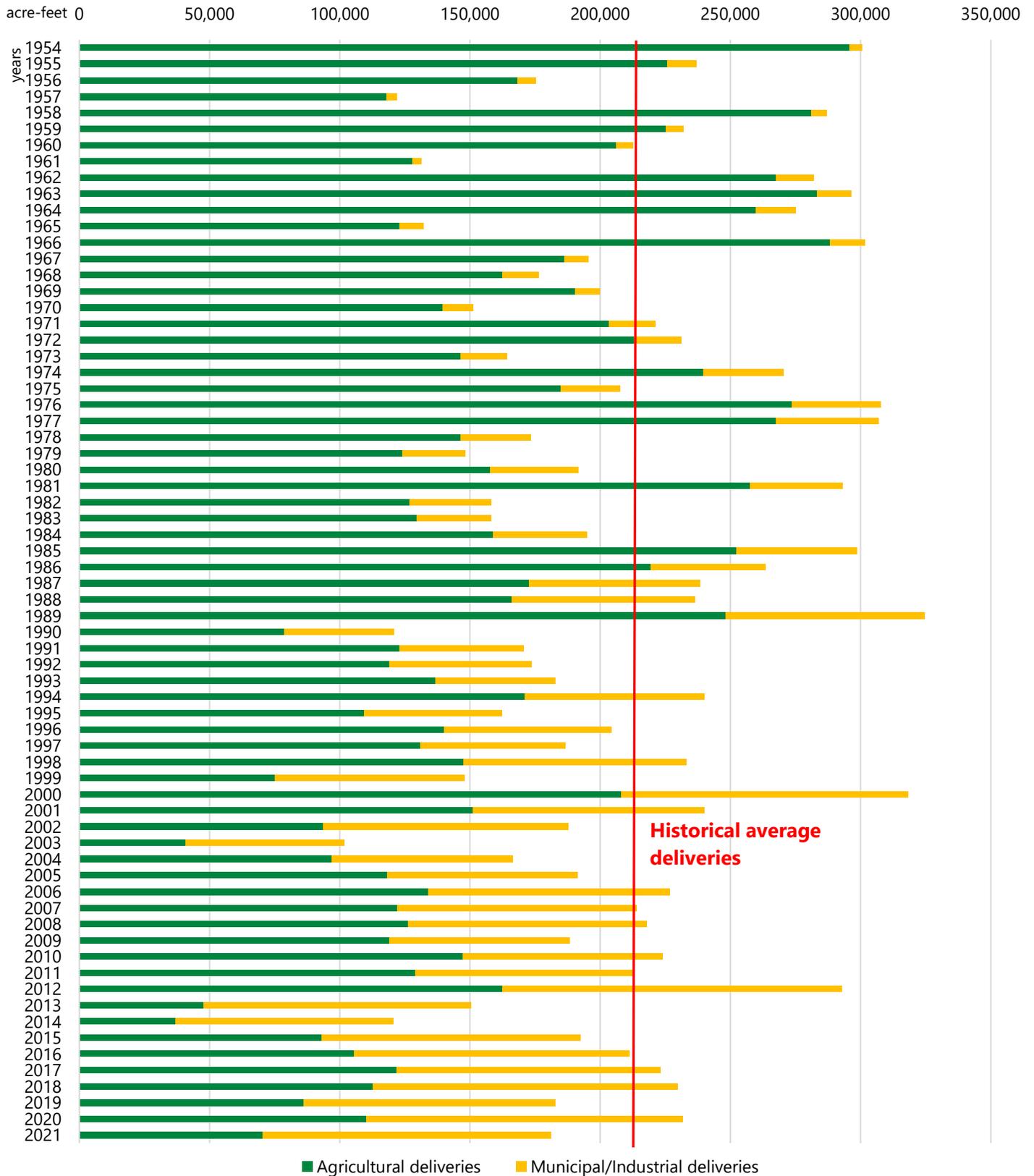
These schedules contain information about Northern Water's operations and resources to help the reader understand how Northern Water's financial information relates to the services it provides and the activities it performs.

C-BT Project Water Deliveries⁽¹⁾ (Historical and 2012 - 2021)

District Enterprise Fund

Years ended September 30

Unaudited



⁽¹⁾ Includes C-BT Project quota, carryover, non-charge, operations and Regional Pool water

C-BT Project Water Deliveries⁽¹⁾ (Historical and 2012 - 2021) (continued)

District Enterprise Fund

Years ended September 30

Unaudited

Year	Agricultural		Municipal/Industrial		Water Deliveries
	Deliveries	Percentage	Deliveries	Percentage	
2012	162,554	55.5%	130,361	44.5%	292,915
2013	47,646	31.7%	102,708	68.3%	150,354
2014	36,991	30.7%	83,512	69.3%	120,503
2015	93,211	48.4%	99,345	51.6%	192,556
2016	105,576	49.9%	105,854	50.1%	211,430
2017	121,802	54.6%	101,307	45.4%	223,109
2018	112,785	49.1%	116,984	50.9%	229,769
2019	86,166	47.1%	96,739	52.9%	182,905
2020	110,225	47.6%	121,530	52.4%	231,755
2021	70,252	38.8%	110,833	61.2%	181,085
Historical average from 1954	160,308	75.6%	51,837	24.4%	212,107

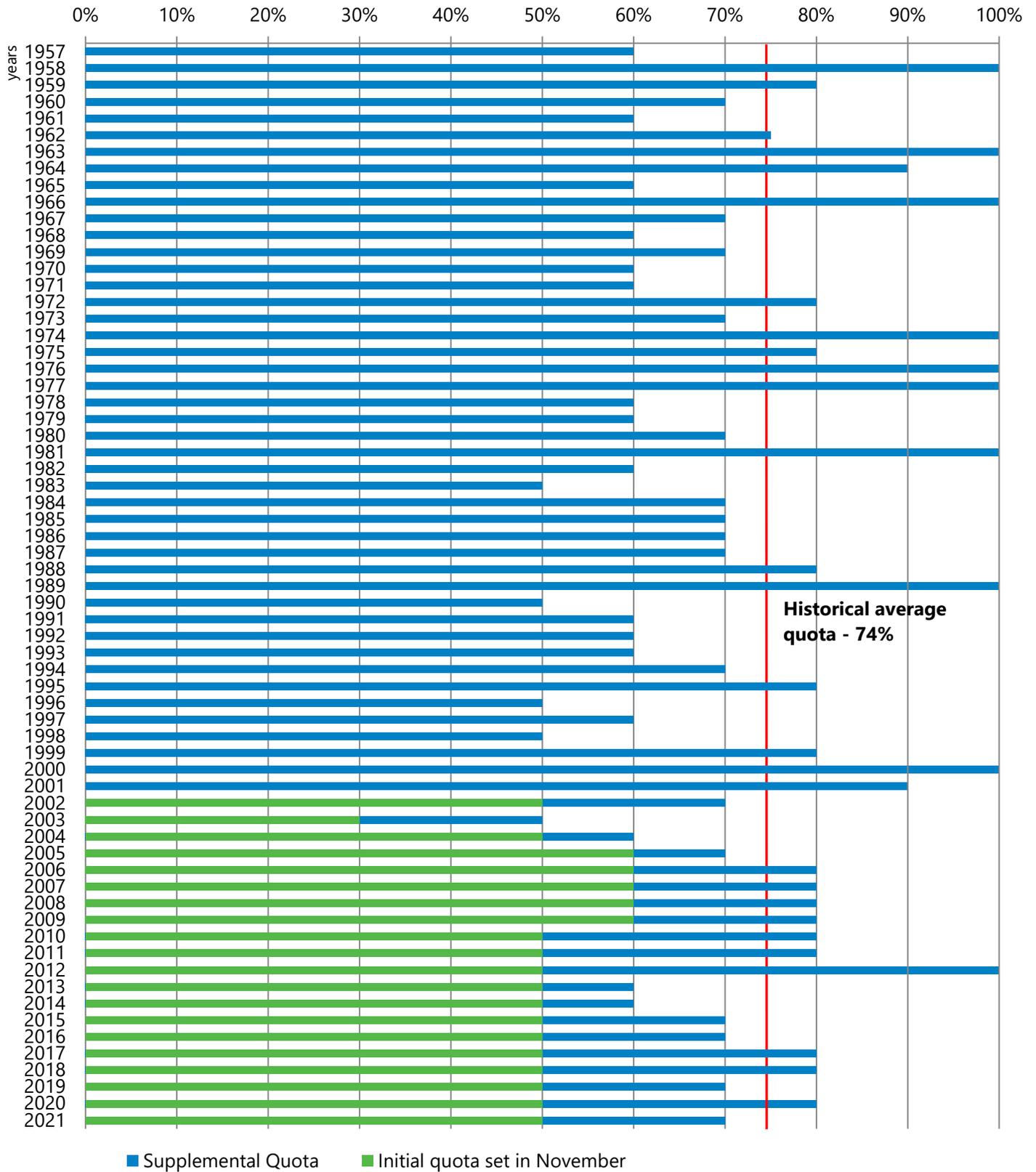
⁽¹⁾ Includes C-BT Project quota, carryover, non-charge, operations and Regional Pool water

C-BT Project Water Delivery Quotas⁽¹⁾ (Historical)

District Enterprise Fund

Years ended September 30

Unaudited



⁽¹⁾ In 2002, the Board began issuing an initial quota for the water year (November 1 to October 31).

Capital Assets by Northern Water Enterprise Fund (2012 - 2021)

Years ended September 30

Unaudited

District Enterprise Fund	2021	2020	2019	2018	2017
District Enterprise Fund					
Non-depreciable capital assets					
Land, easements and water rights	\$ 87,819,208	\$ 87,363,568	\$ 84,541,864	\$ 84,252,380	\$ 81,911,417
Construction in progress	19,282,569	2,094,548	1,917,520	522,555	2,701,458
Depreciable capital assets					
Buildings and improvements	23,298,526	23,271,621	22,030,730	19,796,460	19,428,994
Operations equipment	7,995,508	6,784,510	6,343,738	5,476,107	5,472,775
Computer and office equipment	10,449,797	10,264,276	9,358,085	9,698,287	10,055,588
Capital assets	148,845,608	129,778,523	124,191,937	119,745,789	119,570,232
Less accumulated depreciation					
Buildings and improvements	(13,884,110)	(13,013,770)	(12,152,680)	(11,380,960)	(10,622,714)
Operations equipment	(5,369,881)	(4,958,262)	(4,689,138)	(4,529,724)	(5,030,052)
Computer and office equipment	(7,446,919)	(6,580,705)	(5,776,443)	(5,419,017)	(5,113,699)
Accumulated depreciation	(26,700,910)	(24,552,737)	(22,618,261)	(21,329,701)	(20,766,465)
District Enterprise Fund capital assets, net	122,144,698	105,225,786	101,573,676	98,416,088	98,803,767
Southern Water Supply Project					
Non-depreciable capital assets					
Land, easements and water rights	5,232,983	5,232,983	5,232,983	5,232,983	5,232,983
Construction in progress	10,584,632	8,842,041	38,796,165	8,999,194	3,857,236
Depreciable capital assets					
Water pipeline and equipment	119,007,737	118,809,604	70,649,583	70,643,074	69,983,333
Capital assets	134,825,352	132,884,628	114,678,731	84,875,251	79,073,552
Less accumulated depreciation					
Water pipeline and equipment	(44,521,505)	(41,628,039)	(39,452,542)	(37,777,246)	(36,117,443)
Southern Water Supply Project capital assets, net	90,303,847	91,256,589	75,226,189	47,098,005	42,956,109
Pleasant Valley Pipeline Project					
Non-depreciable capital assets					
Land and easements	934,330	934,330	934,330	934,330	934,330
Depreciable capital assets					
Water pipeline and equipment	29,764,565	29,764,565	29,732,205	29,732,205	29,732,205
Capital assets	30,698,895	30,698,895	30,666,535	30,666,535	30,666,535
Less accumulated depreciation					
Water pipeline and equipment	(12,630,596)	(11,886,482)	(11,149,576)	(10,406,271)	(9,662,966)
Pleasant Valley Pipeline Project capital assets, net	18,068,299	18,812,413	19,516,959	20,260,264	21,003,569
Northern Integrated Supply Project					
Non-depreciable capital assets					
Construction in progress	69,503,327	49,617,922	39,381,817	30,883,491	24,134,570
Northern Water Hydropower					
Non-depreciable capital asset					
Construction in progress	824	-	-	-	-
Depreciable capital assets					
Hydropower plants	11,502,848	11,502,848	11,502,848	11,489,074	11,489,074
Capital assets	11,503,672	11,502,848	11,502,848	11,489,074	11,489,074
Less accumulated depreciation					
Hydropower plants	(2,115,863)	(1,827,259)	(1,540,032)	(1,252,804)	(965,578)
Northern Water Hydropower capital assets, net	9,387,809	9,675,589	9,962,816	10,236,270	10,523,496
Capital assets, net	\$ 309,407,980	\$ 274,588,299	\$ 245,661,457	\$ 206,894,118	\$ 197,421,511

Capital Assets by Northern Water Enterprise Fund (2012 - 2021) (continued)

Years ended September 30

Unaudited

District Enterprise Fund	2016	2015	2014	2013	2012
District Enterprise Fund					
Non-depreciable capital assets					
Land, easements and water rights	\$ 81,996,315	\$ 81,997,293	\$ 82,027,587	\$ 81,829,055	\$ 78,931,481
Construction in progress	2,668,200	2,031,625	283,363	54,526	3,140,242
Depreciable capital assets					
Buildings and improvements	19,340,433	18,654,537	18,594,598	18,732,858	18,732,858
Operations equipment	5,370,649	5,440,607	5,371,761	5,419,499	5,343,262
Computer and office equipment	9,382,832	8,555,986	8,172,229	8,040,845	3,055,626
Capital assets	118,758,429	116,680,048	114,449,538	114,076,783	109,203,469
Less accumulated depreciation					
Buildings and improvements	(9,865,172)	(9,123,419)	(8,396,388)	(7,790,187)	(6,977,380)
Operations equipment	(5,033,544)	(5,094,729)	(5,079,024)	(5,071,837)	(5,001,649)
Computer and office equipment	(4,694,811)	(4,240,138)	(3,605,688)	(2,973,089)	(2,707,585)
Accumulated depreciation	(19,593,527)	(18,458,286)	(17,081,100)	(15,835,113)	(14,686,614)
District Enterprise Fund capital assets, net	99,164,902	98,221,762	97,368,438	98,241,670	94,516,855
Southern Water Supply Project					
Non-depreciable capital assets					
rights ⁽¹⁾	5,232,983	5,232,983	5,232,983	5,232,983	-
Construction in progress	2,189,374	1,750,024	1,607,625	1,113,518	850,649
Depreciable capital assets					
Water pipeline and equipment	69,983,357	70,003,210	69,526,213	69,499,494	74,732,477
Capital assets	77,405,714	76,986,217	76,366,821	75,845,995	75,583,126
Less accumulated depreciation					
Water pipeline and equipment	(34,461,533)	(32,824,079)	(31,164,625)	(29,519,078)	(27,871,845)
Southern Water Supply Project capital assets, net	42,944,181	44,162,138	45,202,196	46,326,917	47,711,281
Pleasant Valley Pipeline Project					
Non-depreciable capital assets					
Land and Easements	934,330	934,330	934,330	934,330	934,330
Depreciable capital assets					
Water pipeline and equipment	29,732,205	29,732,205	29,732,205	29,739,846	29,732,205
Capital assets	30,666,535	30,666,535	30,666,535	30,674,176	30,666,535
Less accumulated depreciation					
Water pipeline and equipment	(8,919,661)	(8,176,356)	(7,433,051)	(6,690,510)	(5,946,441)
Pleasant Valley Pipeline Project capital assets, net	21,746,874	22,490,179	23,233,484	23,983,666	24,720,094
Northern Integrated Supply Project					
Non-depreciable capital asset					
Construction in progress	20,139,477	16,737,711	14,490,801	12,733,803	11,326,978
Hydropower⁽²⁾					
Non-depreciable capital asset					
Construction in progress	-	2,830,289	-	-	-
Depreciable capital assets					
Hydropower plants	11,489,074	6,278,945	6,278,945	6,278,945	6,219,195
Capital assets	11,489,074	9,109,234	6,278,945	6,278,945	6,219,195
Less accumulated depreciation					
Hydropower plants	(678,352)	(521,378)	(364,405)	(207,431)	(51,827)
Northern Water Hydropower capital assets, net	10,810,722	8,587,856	5,914,540	6,071,514	6,167,368
Capital assets, net	\$ 194,806,156	\$ 190,199,646	\$ 186,209,459	\$ 187,357,570	\$ 184,442,576

⁽¹⁾ Included with water pipeline and equipment prior to 2013.

⁽²⁾ Trout and Granby hydropower plants became operational 2012 and 2015, respectively.

Project Capacity Statistics by Northern Water Enterprise Fund

Year ended September 30, 2021

Unaudited

Northern Water

The C-BT Project⁽¹⁾ consists of the following:

- 130 miles of water conveyance
- 12 storage reservoirs
- 6 hydroelectric power plants
- 700 miles of transmission lines

Water Conveyance	Capacity (cfs)	Length (miles)
Alva B. Adams Tunnel	550	13.1
East Slope Power Conduit System	550-1,300	18.5
Canals, West Slope – Willow Creek Feeder Canal	400	3.4
Canals, West Slope – Granby Pump Canal	1,100	1.8
Canals, East Slope – St. Vrain Supply	625	9.8
Canals, East Slope – Boulder Feeder	200	13.2
Canals, East Slope – Boulder Creek Supply	200	2.5
Canals, East Slope – South Platte Supply	230	32.2
Canals, East Slope – Charles Hansen Feeder	550	13.2
Canals, East Slope – Charles Hansen Supply	1,500	5.6
Canals, East Slope – North Poudre Supply	250	12.5
Canals, East Slope – Dixon Feeder	8	3.0

Power Plants	Capacity (kw)	Generators
Green Mountain	26,000	2
Mary's Lake	8,100	1
Estes	45,000	3
Pole Hill	38,238	1
Flatiron	94,500	3
Big Thompson	4,500	1
Total	216,338	11



Mary's Lake Power Plant



Farr Pump Plant

Pump Stations	Capacity (cfs)	Rated Lift (feet)	Installed Capacity (hp)
Farr	600	186	18,000
Willow Creek	400	175	10,000
Flatiron	370	240	13,000

⁽¹⁾ The capacity information for the C-BT Project has remained the same since the inception of the project in 1957.

Project Capacity Statistics by Northern Water Enterprise Fund (continued)

Year ended September 30, 2021

Unaudited



Carter Lake

Storage Reservoirs

	Shoreline (miles)	Capacity (acre-feet)	
		Capacity (acre-feet)	Total
West Slope			
Grand Lake ⁽³⁾	4.5	N/A	68,600
Green Mountain ⁽¹⁾	19.0	146,779	154,645
Lake Granby	40.0	465,568	539,758
Willow Creek	7.0	3,329	10,553
Shadow Mountain	8.0	1,839	17,354
East Slope			
Mary's Lake	1.0	N/A	927
Lake Estes	4.0	N/A	3,068
Pinewood	3.0	N/A	2,181
Flatiron	2.0	N/A	760
Carter Lake	12.0	108,924	112,230
Boulder	4.0	11,970	13,270
Horsetooth	25.0	149,732	156,735
Total	129.5	888,141	1,080,081

⁽¹⁾ Operated and maintained by Reclamation

⁽²⁾ Active capacity is the amount of water that can be stored and later released for beneficial purposes. In most reservoirs, some amount of the stored water cannot be evacuated due to the placement of outlet works. The water that cannot be evacuated is sometimes called "dead storage."

⁽³⁾ Natural lake

Project Capacity Statistics by Northern Water Enterprise Fund (continued)

Southern Water Supply Project

Year ended September 30, 2021

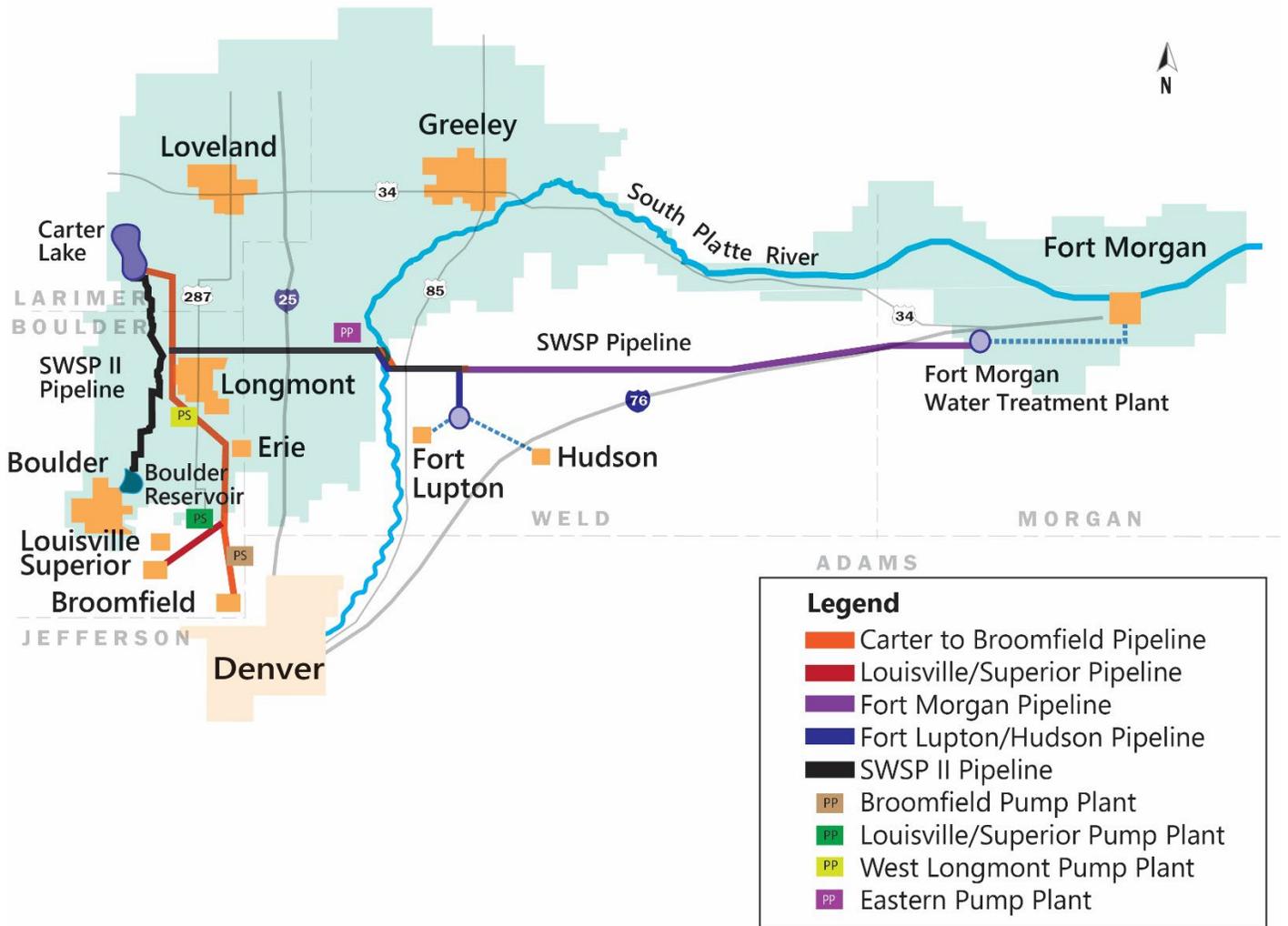
Unaudited

Water Conveyance	Capacity (cfs)	Length (miles)	
Broomfield	93.1	34.0	
Louisville/Superior	13.2	8.0	
Fort Morgan	11.0	42.0	
Fort Lupton/Hudson	9.6	29.0	
SWSP II	50.0	20.6	

Pump Plants	Capacity (cfs)	Rates Lift (feet)	Installed Capacity (hp)
Broomfield	24	110	550
West Longmont	41	310	2,000
Louisville/Superior	9	340	600

Pump Plant Under Construction	Capacity (cfs)	Rates Lift (feet)	Installed Capacity (hp)
Eastern Pump Plant	33.6	653	3,500

Southern Water Supply Project



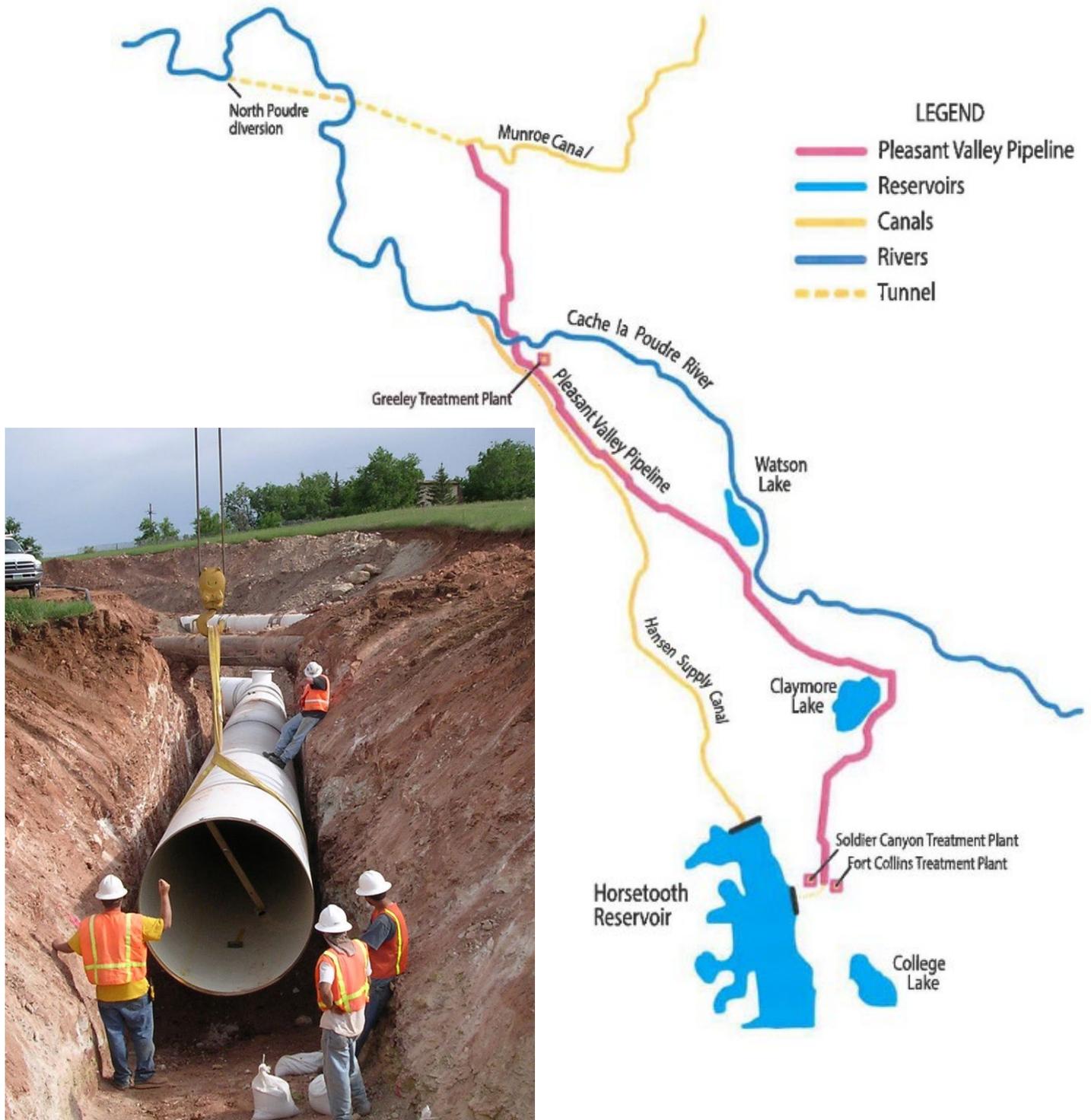
Project Capacity Statistics by Northern Water Enterprise Fund (continued)

Pleasant Valley Pipeline Project

Year ended September 30, 2021

Unaudited

Water Conveyance	Capacity (cfs)	Length (miles)
Pleasant Valley Pipeline	185	8.5



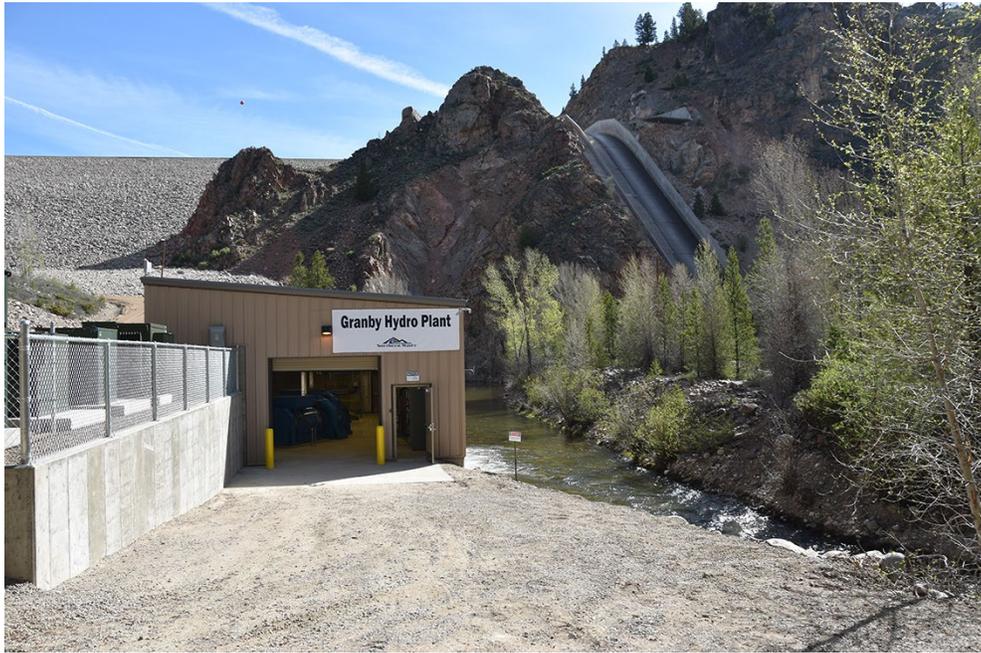
Project Capacity Statistics by Northern Water Enterprise Fund (continued)

Northern Water Hydropower

Year ended September 30, 2021

Unaudited

Hydropower Plants	Turbines	Power Generation (KWh)
Robert V. Trout	2 – 1300 KW	7-10 million
Granby	2 – 600 KW	5 million



Granby Hydro



Robert V. Trout Hydro

Northern Water Employees by Division⁽¹⁾ (2012 - 2021)

Years ended September 30

Unaudited

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Management	5	6	6	5	4	4	5	5	5	5
Human Resources⁽²⁾	4	2	2	2	-	-	-	-	-	-
Policy Advisors	1	2	2	4	-	-	-	-	-	-
Operations Division										
Collection Systems	9	9	15	14	15	15	17	18	18	19
Control Center	6	6	-	-	-	-	-	-	-	-
Distribution Systems	17	19	17	15	16	19	19	18	18	17
Facilities and Equipment	12	13	10	11	10	9	9	9	10	10
Capital Improvements	-	-	1	2	-	-	-	-	-	-
Instrumentation Control and Electrical Engineering	7	6	4	5	5	5	5	5	5	5
Safety Officer	1	1	1	1	1	1	1	-	-	-
Operations Division	52	54	48	48	47	49	51	50	51	51
Engineering Division										
Project Management	11	10	8	7	7	5	5	4	4	4
Water Resources	5	5	3	7	5	5	5	5	5	5
Water Rights	3	3	-	-	-	-	-	-	-	-
Real Estate/Emergency and Security	9	7	6	5	2	2	2	1	1	2
Engineering Division	28	25	17	19	14	12	12	10	10	11
Environmental Services Division										
Water Quality	7	8	6	6	5	4	3	3	3	3
Water Efficiency	5	4	4	4	6	6	6	6	6	6
Field Services	10	10	8	8	8	7	6	6	6	5
Environmental Planning	2	1	1	-	-	-	-	-	-	-
Environmental Data Management	1	1	-	-	-	-	-	-	-	-
Environmental Services Division	25	24	19	18	19	17	15	15	15	14
Administration Division										
Financial Services	10	7	8	6	6	6	6	6	6	5
Communications	7	7	7	5	7	6	7	8	8	9
Contracts	4	3	3	3	-	-	-	-	-	-
Cybersecurity & Governance	2	2	-	-	-	-	-	-	-	-
Information Technology	12	9	11	10	9	9	10	11	11	11
Water Scheduling	5	5	4	1	1	1	1	1	-	-
Records and Administrative Services	8	8	7	6	7	7	7	7	8	8
Administration Division	48	41	40	31	30	29	31	33	33	33
Full-time regular employees	163	154	134	127	114	111	114	113	114	114

⁽¹⁾ Statistics as of September 30, 2021.

⁽²⁾ Prior to 2018, Human Resources included under Records and Administrative Services

GENERAL INFORMATION

Northern Water Organization and Contact Information

Year ended September 30,

Unaudited

Authority	Water Conservancy Act
Date of Formation	September 20, 1937
Governing Body	Northern Water is governed by a 12-member Board of Directors, which is appointed by the presiding district court judges of four of the five judicial districts located wholly or partially within Northern Water boundaries.
Organization	Northern Water is a public body political and corporate, a quasi-municipal entity and a political subdivision of the State of Colorado.
Purpose	Northern Water was organized to acquire water; to obtain rights-of-way for certain water works; to provide construction for water facilities; to incur contractual or bond indebtedness; to administer, operate and maintain physical works; to conserve, control, allocate and distribute water supplies; and to derive the revenues needed to accomplish its purposes.
Offices	Northern Water 220 Water Avenue Berthoud, Colorado 80513 800-369-7246 www.northernwater.org
Independent Auditors	Plante & Moran, PLLC 8181 E. Tufts Avenue, Suite 600 Denver, Colorado 80237 303-740-9400
General Counsel	Trout Raley Montañño Freeman Sinor Thompson, P.C. 1120 Lincoln Street, Suite 1600 Denver, Colorado 80203-2141 303-861-1963
Bond Counsel	Snell & Wilmer L.L.P. 1200 Seventeenth Street Suite 1900 Denver, CO 80202-5854 303-634-2000

