

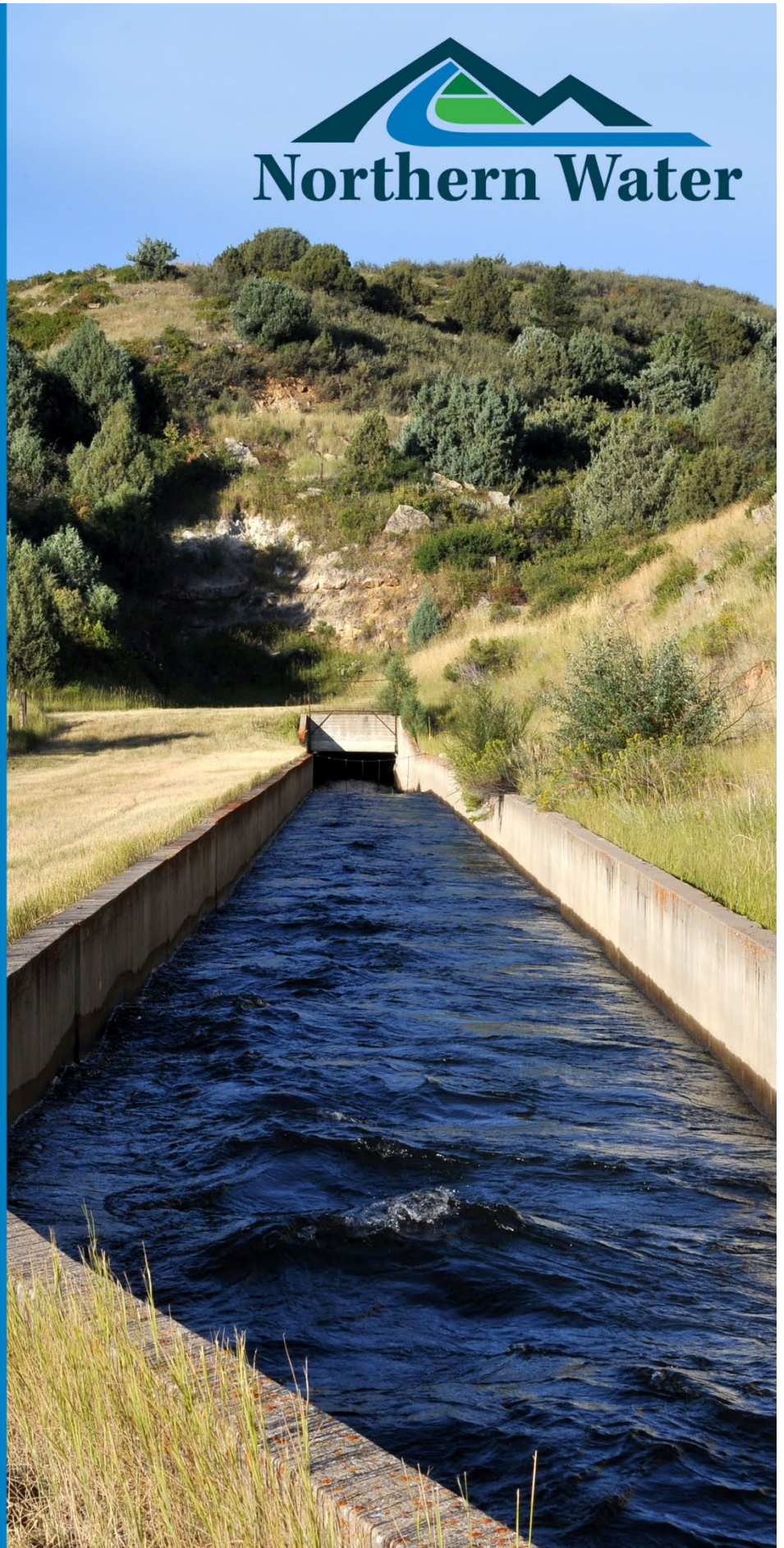
**Annual
Comprehensive
Financial Report**

For the Year Ended
September 30, 2022



**20
22**

**Northern Colorado Water
Conservancy District**
Berthoud, Colorado



Annual Comprehensive Financial Report

Year ended September 30, 2022

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.

June 19, 2023

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, 2022.

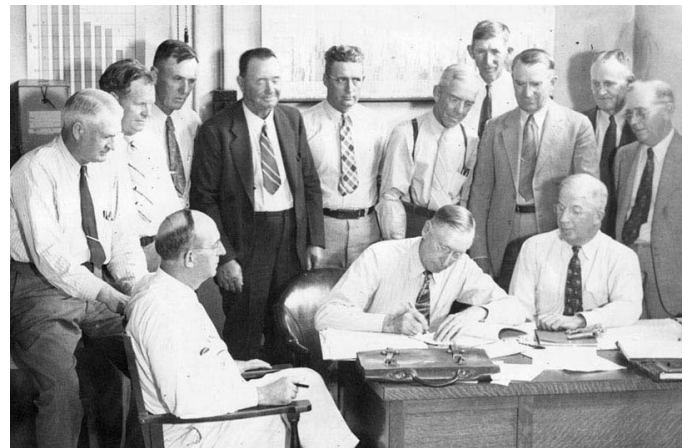
Northern Water's management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Internal controls are designed to provide Northern Water's management 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, 2022. The independent auditors' report is located on page 19.

Management's Discussion and Analysis, located on page 23, 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.



Charles Hansen and J.M. Dille signing the 1937 repayment contract with the U.S. Bureau of Reclamation.

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, pump 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.



Carter Lake

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 16 million kWh of energy in 2022. 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 2022 Northern Water continued its partnership 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 continued in 2022 with construction substantially completed on its new Willow Creek Campus near Granby and Phase I of the Berthoud Campus improvements, as well as starting Phase II of the Berthoud Campus improvements.
- Certificates of Participation, Series 2022 were issued to fund the Campus Development Project.
- Northern Water's defined benefit plan was fully funded as of the plan's December 31, 2021, calendar year end.



Northern Water participated with Grand County for the NRCS Emergency Watershed Protection program to help in watershed recovery efforts.

Southern Water Supply Project Enterprise Fund

- Construction was completed on the Eastern Pump Plant in January 2022.

Northern Integrated Supply Project

- In 2022, NISP invested almost \$3.2 million in land acquisitions and easements to secure acreage for future project development sites.
- NISP continued design and permitting efforts in 2022.



Northern Water opened its new Willow Creek Campus in Granby in September 2022. On the East Slope, Phase II construction began on a new wing for the main administration building.

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 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 quality water supplies 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, 2022, 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 September 2023 with continued efforts on hillslope erosion, sediment management and general flood protection practices. The activities have been audited through Northern Water's single audit, as described on page 12.

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 concluded in the fall of 2022 and includes a new Operations Center building, fleet maintenance and space and additional parking. On the West Slope, the new Willow Creek campus, located just south of the Willow Creek Pump Plant, opened in September 2022 and accommodates Northern Water's West Slope employees by replacing the existing office, control center and shop facilities at the Farr and Windy Gap pump plants.



Phase I on the Berthoud campus included the new operations building which opened in the fall of 2022.

Phase II of the Berthoud headquarters project began in 2022 and will include an addition to the existing Berthoud main office complex, remodeling of existing office space, as well as other shop and storage facilities.

Certificates of Participation, Series 2022

In 2022 Northern Water issued its Certificates of Participation, Series 2022 (the 2022 Certificates), to fund its Campus Development Project. The 2022 Certificates were issued in an original principal amount of \$33,940,000 with stated interest rates of either 4 percent, 5 percent or 5.25 percent. The 2022 Certificates were sold at a premium to yield net proceeds of approximately \$37,252,689 and a true interest cost of 4.39 percent.

Southern Water Supply Project Enterprise Fund

Eastern Pump Plant

Construction was complete on the SWSP Enterprise's Eastern Pump Plant in January 2022. 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. Project participants fully funded the \$10 million cost.



Eastern Pump Plant

Northern Integrated Supply Project Enterprise Fund

NISP 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.



Rendering of Glade Reservoir, which is one of two reservoirs proposed as part of the Northern Integrated Supply Project.

In 2022, 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, NISP received its federal Clean Water Act Section 404 Record of Decision in December 2022. Additional permitting with local jurisdictions is ongoing.

Local Economy

The Colorado Economic & Revenue Forecast, published in December 2022 by the Colorado Legislative Council Staff provides an economic overview of the state of Colorado. Most of the data in this section comes from this source, which is not Northern Water's data or commentary. The forecast includes analysis of two of the major regions within 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

While data indicated that total statewide taxable assessed property values in Colorado in 2022 remained relatively similar to 2021, Northern Water's actual property tax revenues were higher than originally indicated by that data. 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 boosted demand in 2022, and a shift to working at home during the pandemic had many buyers looking for bigger homes, often in suburban areas. In 2022, home prices increased 17.0 percent and 4.6 percent in Fort Collins and Greeley, respectively. Home prices are expected to be moderate in 2023 as supply chain issues are resolved, home building increases and interest rates rise. Nonresidential construction is expected to realize selective reductions in materials costs and supply chain bottlenecks in 2023.

Labor

Labor markets continue to be a bright spot with low levels of unemployment, plentiful job openings and rising wages. Household incomes have held up even after the end of pandemic-era government supports, sustaining rates of consumer spending and retail trade that have just outpaced inflation. In Colorado, after growing by 3.5 percent in 2021, nonfarm employment is expected to outpace national trends by growing 4.3 percent in 2022 before slowing to 1.8 percent in 2023. The Colorado unemployment rate is expected to decline from 5.4 percent in 2021 to 3.6 percent in 2022 before rising again, to 3.9 percent in 2023.

Energy

Severance tax collections from oil and natural gas reached historic levels in fiscal year 2021-22, totaling \$308.7 million, as a result of skyrocketing oil and gas prices. Collections are expected to decline modestly in fiscal year 2022-23 to \$301.0 million as oil prices decline, natural gas prices moderate and ad valorem tax credit utilization increases. Following 2022, falling energy prices are expected to result in more significant declines in oil and natural gas severance tax revenue in fiscal year 2023-24 and fiscal year 2024-25.

Personal Income

Total U.S. personal income was 4.3 percent higher in the third quarter of 2022 than a year prior, despite falling contributions from government transfer payments as COVID-related aid programs expired. Over the first year of the COVID-19 pandemic, income from wages and salaries, typically the largest share of personal income, fell slightly due to a drop-off in employment from layoffs and virus constraints. Despite slower personal income and price growth through the forecast period, sales tax receipts are expected to grow a little faster in fiscal year 2023-24, increasing by 6.6 percent. In fiscal year 2024-25, sales tax receipts are expected to grow in line with personal income and increase by 4.7 percent. Wage and salary income is up 8.5 percent compared to last year due to employment gains and surging nominal wage growth; total nonfarm employment has increased by 3.6 percent compared to last year while average hourly wages have increased by 4.7 percent.

Agriculture

The outlook for the U.S. agricultural economy generally remains strong despite recent declines in some agriculture commodity prices. While producers face headwinds from volatile crop prices, higher interest and other expenses, and drought, prices of key crops and livestock remain at multi-year highs. Measures of financial stress remain historically low in the Federal Reserve's Tenth District, which includes Colorado, with balance sheets bolstered by a surge in agricultural real estate values over the past two years. The last two years have seen generally improving farm balance sheets, with many existing operations receiving support from rising farm real estate values, which are up by 12.4 percent nationwide and by 9.9 percent in Colorado in 2022.

Water Year 2022

According to the U.S. Drought Monitor, the area of Colorado experiencing severe, extreme or exceptional drought stood at 25.2 percent in late November 2022. The recent uptick reflects deteriorating conditions on the eastern plains, even as conditions along the Western Slope and elsewhere continue to improve. The area of no drought has expanded to 16.3 percent of the state, up from 13.8 percent three months ago and 0.0 percent one year ago. As indicated by the drought severity and coverage index, Colorado's drought conditions are substantially improved in 2022, but remain worse than in most years since 2013.

When the 2022 water year began in November 2021, water storage in C-BT Project reservoirs was 108 percent of average. This followed a 2021 water year with generally below average precipitation on the west slope and above average precipitation in much of the front range.

The snow accumulation season started out dry, but some hydrologically productive storms in late December and early January buoyed the snowpack back up. On April 1, 2022, statewide snowpack was 93 percent of average, snowpack in the South Platte River's northern tributaries was 96 percent of average and Upper Colorado River Basin snowpack was 88 percent of average. April 1 forecasts for these basins were generally slightly less than the snowpack as a percent of average due to dry soil conditions and other factors.

At the April 2022 Northern Water Board meeting, Directors issued a 70 percent C-BT Project quota allocation, nearly equivalent to the long-term average quota. Directors expressed their desire to take a conservative approach to setting the quota that protects the ability of the C-BT Project to provide a water supply to its beneficiaries while considering the current water supply conditions in the Colorado River basin and the possibility that adverse conditions persist.

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
2023	\$30.60	\$50.55
2022	\$29.00	\$49.10
2021	\$28.20	\$47.80

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

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

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, U.S. Forest Service and Bureau of Land Management grants for the fire recovery 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, 2021. 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, 2022, 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, 2022. 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/finance.

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

Financial Services Department Manager

Kathy Jo Price, CPP

Accounting Supervisor

Jim Nicholson, CPA

Senior Accountant

Bernice Rupp

Payroll Administrator

Myles Baker, MBA/MS

Senior Financial Analyst

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,

Sander A. Blackburn, MBA

Director of Finance and Administration, Northern Water

Gerald A. Gibbens, P.E.

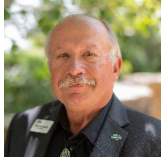
Director of Operations and Board Treasurer, Northern Water

Bradley D. Wind, P.E.

General Manager and Board Secretary, Northern Water

BOARD OF DIRECTORS AND OFFICERS

The 13-member Board is responsible for establishing policy and strategic direction. Directors from the eight counties within Northern Water boundaries are appointed to four-year terms by district court judges. Three Board seats are up for appointment every year. When 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, 2026
✓



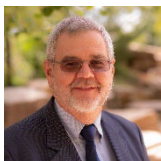
Don Magnuson
Weld County
Sept. 28, 2004 – Sept. 28, 2024
✓



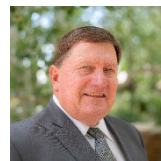
Gene Manuello
Logan County
Sept. 28, 2018 – Sept. 28, 2026
✓



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



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



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



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



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



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

Northern Water District Officers:

Secretary Brad Wind, General Manager

Treasurer Gerald Gibbens, Director of Operations

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

The Secretary and Treasurer are the same for the Municipal Subdistrict.

Committees:

Audit *

Finance and Benefits ♦

Legal and Legislative ✓

BOARD COMMITTEES



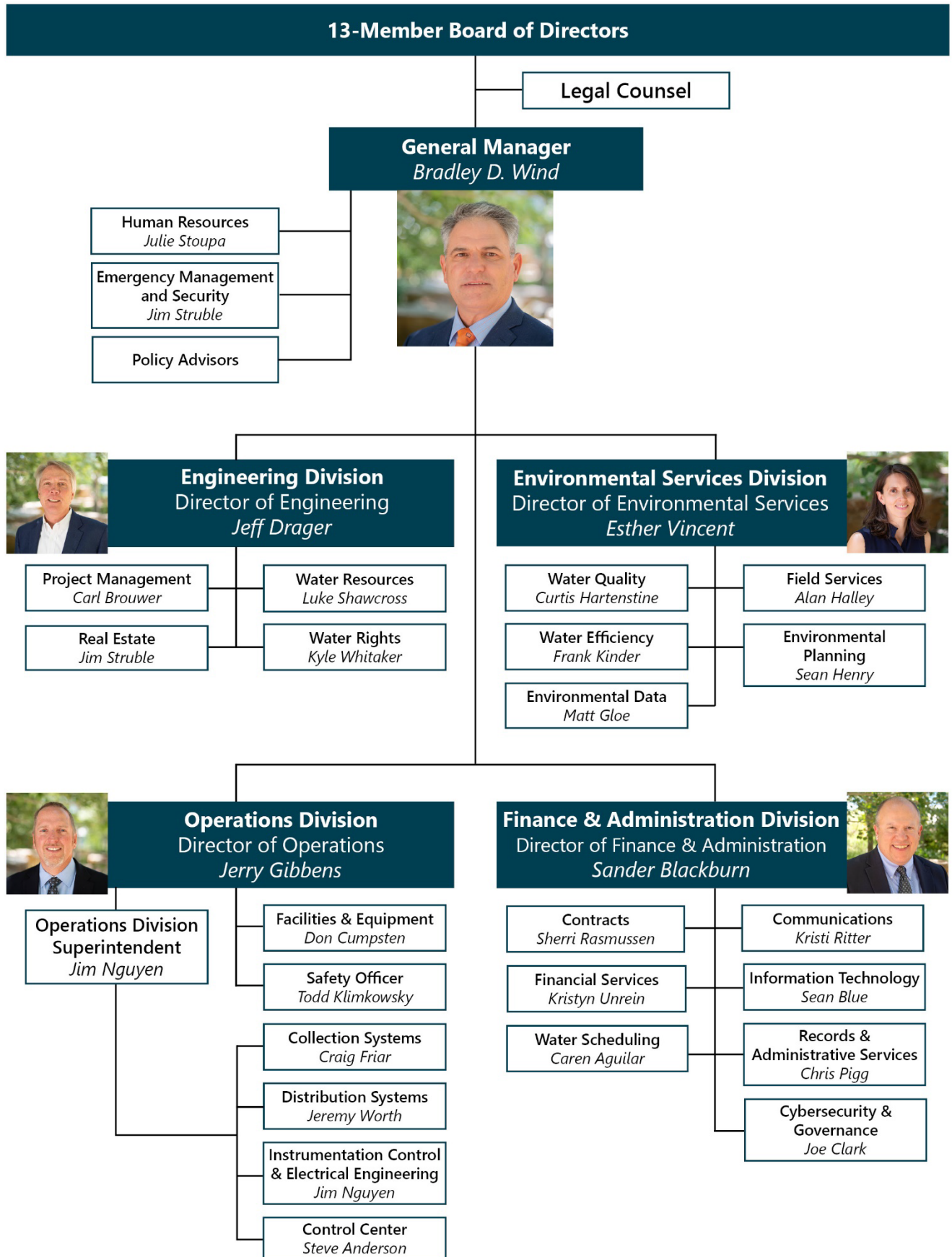
Northern Water has three standing committees tasked with the detailed study of specialized topics: the Audit Committee, the Finance and Benefits Committee and the Legal and Legislative Committee. The chair of each committee reports on the committee's activities and, depending on the subject matter, may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

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



CERTIFICATE OF ACHIEVEMENT



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, 2021

Christopher P. Morrill

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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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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the 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, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the each major fund and the aggregate remaining fund information of the District as of September 30, 2022 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



To the Board of Directors
Northern Colorado Water Conservancy District

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 supplementary 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.

Supplementary Information

Our audit for the year ended September 30, 2022 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as identified in the table of contents, for the year ended September 30, 2022 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended September 30, 2022 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2022.

To the Board of Directors
Northern Colorado Water Conservancy District

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended September 30, 2021 (not presented herein) and have issued our report thereon dated March 28, 2022, which contained unmodified opinions on the respective financial statements of the each major fund and the aggregate remaining fund information. The summarized comparative other supplementary information for the year ended September 30, 2021 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2021 financial statements. The information was subjected to the audit procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the summarized comparative other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2021.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2023 on our consideration of the 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 the 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 the District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

June 19, 2023



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, 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, 2022. 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. 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 37).
- 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 39).
- Statement of Cash Flows – reports Northern Water's cash flows from operating, noncapital financing, capital and related financing, and investing activities (page 40).
- 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 42). 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 71).
- 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 44).

Financial Analysis – Statement of Net Position⁽¹⁾

(condensed)

September 30,

	\$000s		
	2022	2021	Change
Assets			
Cash, cash equivalents and investments, unrestricted	\$ 118,469	\$ 108,746	\$ 9,723
Cash, cash equivalents and investments, restricted	54,432	70,435	(16,003)
Receivables (Note 5)	29,306	22,473	6,833
Other current/noncurrent assets	5,896	2,185	3,711
Interfund loan receivable	2,582	2,813	(231)
Capital assets, net of accumulated depreciation	370,444	309,408	61,036
Assets	<u>\$ 581,129</u>	<u>\$ 516,060</u>	<u>\$ 65,069</u>
Deferred outflows of resources related to Pension Plan			
	<u>\$ 3,623</u>	<u>\$ 3,311</u>	<u>\$ 312</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 17,295	\$ 16,596	\$ (699)
Unearned revenue	-	-	-
Other current liabilities	7,478	3,895	(3,583)
Long-term debt, net of current maturities	105,279	70,381	(34,898)
Interfund loan payable, net of current maturity	2,582	2,813	231
Net pension (asset) liability	254	(920)	(1,174)
Liabilities	<u>\$ 132,888</u>	<u>\$ 92,765</u>	<u>\$ (40,123)</u>
Deferred inflows of resources related to Pension Plan			
	<u>\$ 4,035</u>	<u>\$ 4,843</u>	<u>\$ 808</u>
Net position			
Net investment in capital assets	\$ 305,412	\$ 285,218	\$ 20,194
Restricted net position			
Major repairs	1,912	1,909	3
Capital projects	3,261	18,044	(14,783)
Debt service	253	252	1
Restricted net position	5,426	20,205	(14,779)
Unrestricted net position	136,991	116,340	20,651
Net position	<u>\$ 447,829</u>	<u>\$ 421,763</u>	<u>\$ 26,066</u>

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

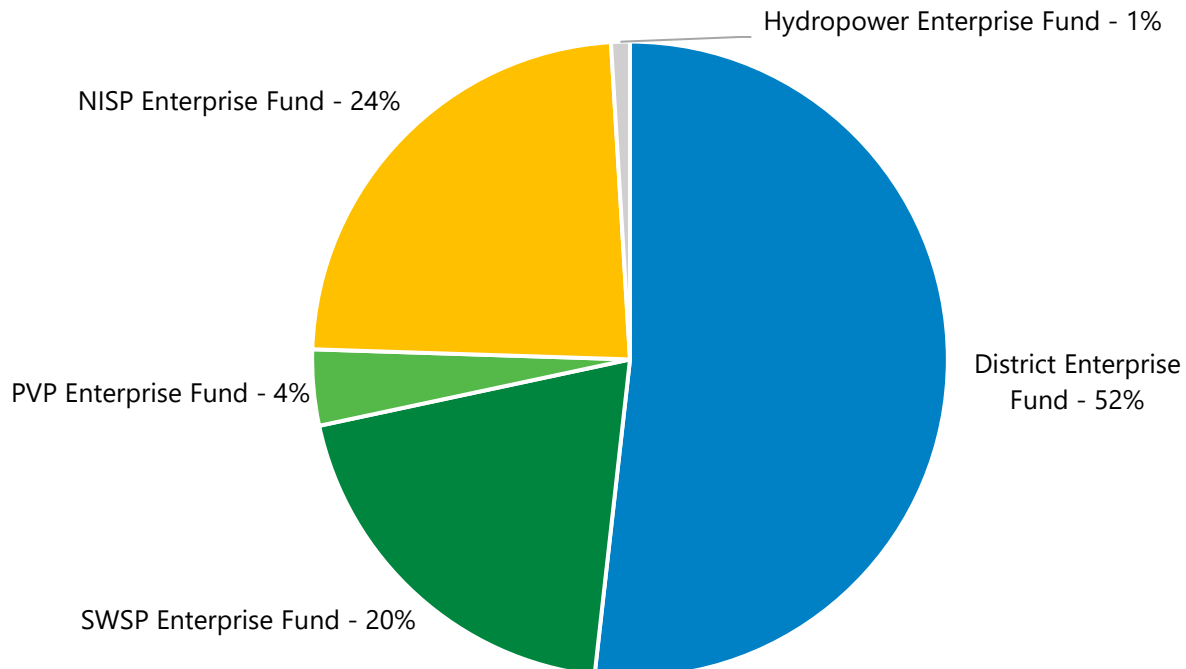
Financial Analysis – Changes in Net Position⁽¹⁾

September 30,

	\$000s		
	2022	2021	Change
Income before contributions	\$ 6,845	\$ 14,507	\$ (7,662)
Capital contributions	19,221	17,026	2,195
Changes in net position	26,066	31,533	(5,467)
Net position, beginning of year	421,763	390,230	31,533
Net position, end of year	<u>\$ 447,829</u>	<u>\$ 421,763</u>	<u>\$ 26,066</u>

	\$000s		
	2022	2021	Change
District Enterprise Fund	\$ 230,387	\$ 221,072	\$ 9,315
Southern Water Supply Project	89,610	92,127	(2,517)
Pleasant Valley Pipeline Project	17,398	18,176	(778)
Northern Integrated Supply Project	106,128	87,018	19,110
Northern Water Hydropower	4,306	3,370	936
Net position, end of year	<u>\$ 447,829</u>	<u>\$ 421,763</u>	<u>\$ 26,066</u>

Net Position by Enterprise Fund September 30, 2022



⁽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 \$230.4 million at year end. Approximately 47 percent of this balance, \$109.2 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 \$89.6 million net position at September 30, 2022. Net position decreased slightly in 2022 reflecting the current year depreciation on capital assets.

Pleasant Valley Pipeline Project

PVP net investment in capital assets comprise the majority of its \$17.4 million net position at September 30, 2022. Net position decreased slightly in 2022 reflecting the current year depreciation on capital assets.

Northern Integrated Supply Project

Net position for NISP increased \$19.1 million in 2022 reflecting an increase of \$87.5 in net investment in capital assets offset by a \$18.7 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 \$4.3 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		
	2022	2021	Change
Operating revenues			
Assessments	\$ 14,812	\$ 13,979	\$ 833
Charges for services	7,552	7,276	276
Energy revenue	1,467	1,349	118
Other operating revenues	2,874	4,320	(1,446)
Operating revenues	<u>26,705</u>	<u>26,924</u>	<u>(219)</u>
Nonoperating revenues			
Property and specific ownership taxes	26,764	26,964	(200)
Intergovernmental grants	27,915	12,462	15,453
Earnings on investments	(1,633)	449	(2,082)
Other nonoperating revenues	863	3,645	(2,782)
Nonoperating revenues	<u>53,909</u>	<u>43,520</u>	<u>10,389</u>
Revenues	<u>\$ 80,613</u>	<u>\$ 70,444</u>	<u>\$ 10,170</u>

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

	\$000s		
	2022	2021	Change
Assessments	\$ 12,272	\$ 12,060	\$ 212
Charges for services	7,552	7,276	276
Property and specific ownership taxes	26,764	26,963	(199)
Intergovernmental grant revenue	27,576	12,317	15,259
Earnings on investments	(1,663)	447	(2,110)
Other revenues	3,537	7,965	(4,428)
District Enterprise Fund revenues	<u>\$ 76,038</u>	<u>\$ 67,028</u>	<u>\$ 9,010</u>

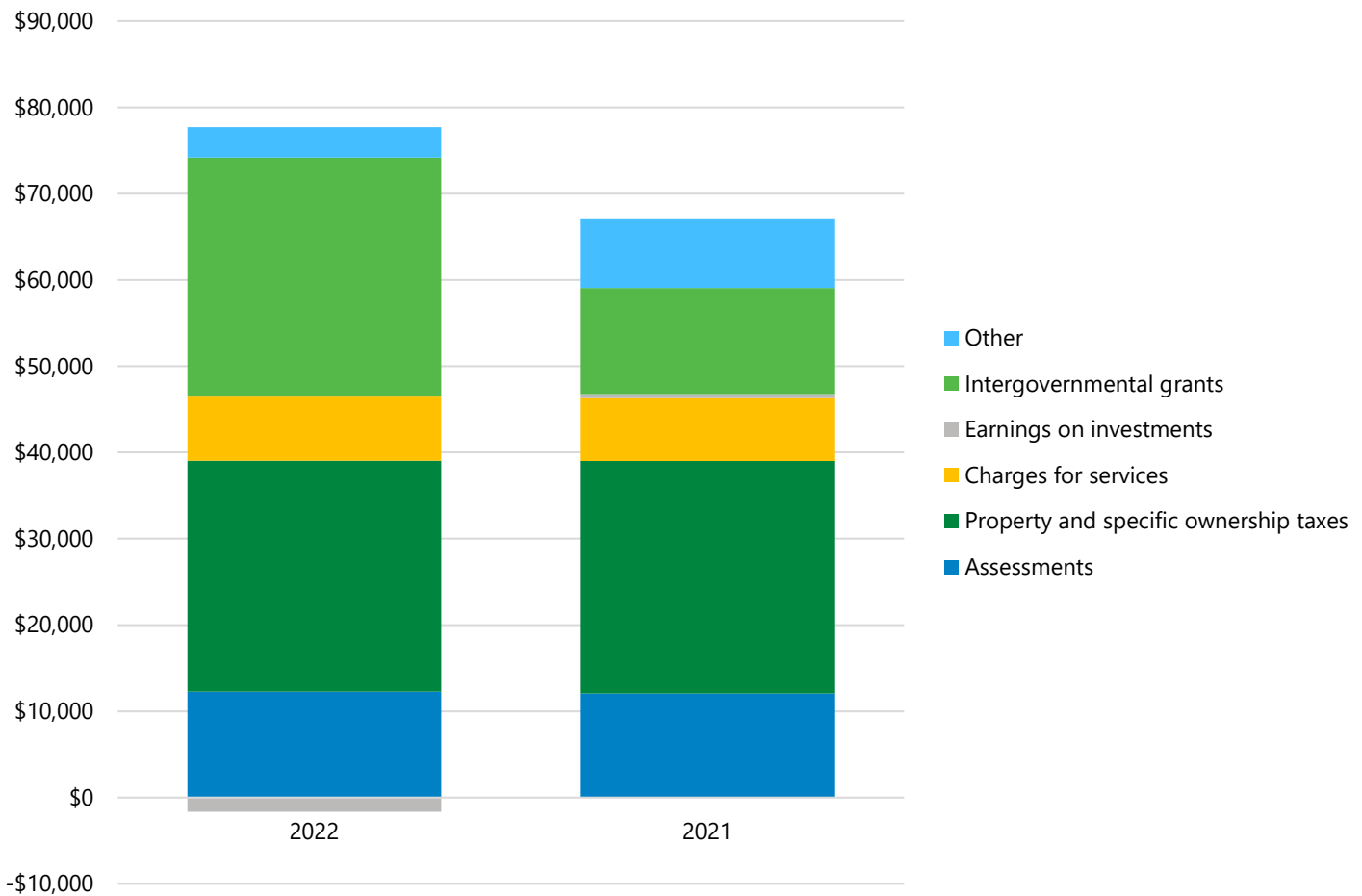
⁽¹⁾ Balances reflect all Northern Water's enterprise funds combined unless otherwise indicated.

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 2022 water assessment open rates increased 2.7 percent from \$47.80 to \$49.10 per acre-foot unit for municipal/industrial users and 2.8 percent from \$28.20 to \$29.00 for agricultural users. In addition, District Enterprise Fund assessments included approximately \$2.2 million and \$2.3 million, in 2022 and 2021, 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 2022, nonoperating revenues included property taxes, intergovernmental grant revenue, earnings on investments and other nonoperating revenues.

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.

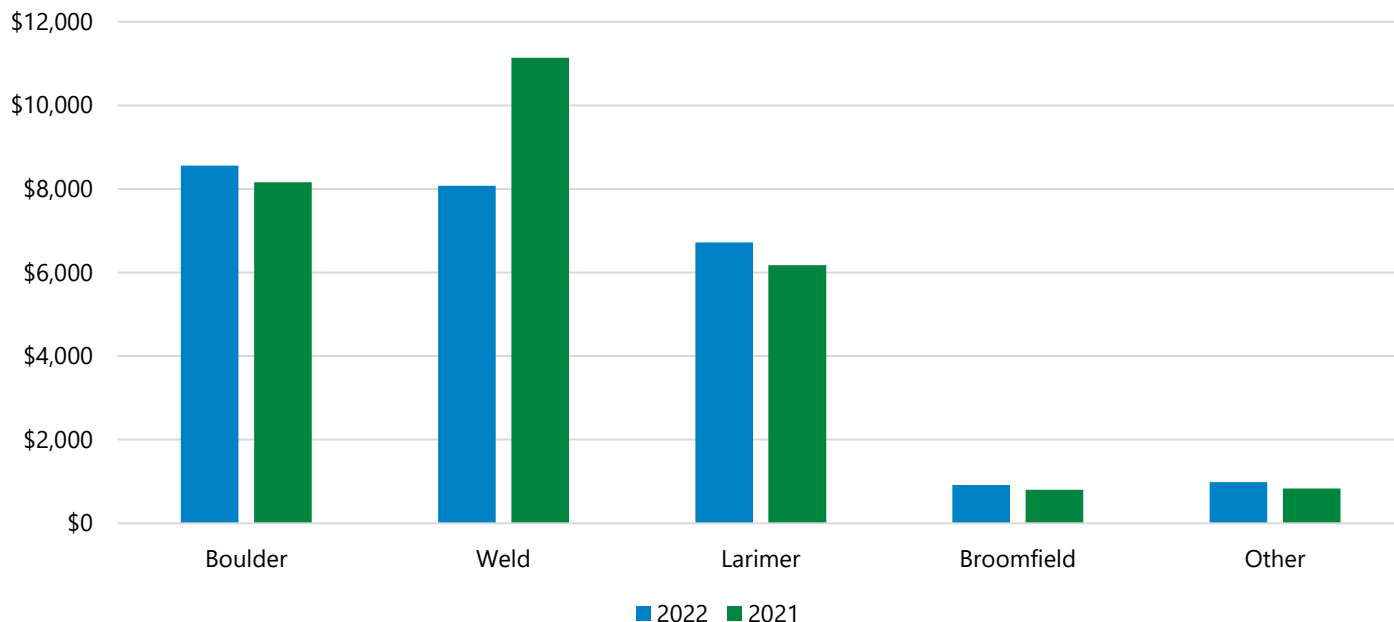
Financial Analysis – Revenues (continued)

(condensed)

Years ended September 30,

Revenue remained substantially the same at \$26.7 million in 2022 and \$26.9 million in 2021. The large Weld County decrease from 2021 to 2022 was due to a decline in oil and gas values resulting from lower oil and gas market prices.

Property Tax Revenue by County



In 2021, Northern Water sponsored the NRCS EWP Program to implement emergency watershed protection projects to mitigate post-fire risks and watershed impairments. Funds were also received from USFS through a participating agreement. 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 \$12.7 million in grants through the CWCB and BLM through their Colorado Watershed Restoration, Forest Restoration, Wildfire Risk Management, and Forests and Woodlands Resource Management Programs. Grant revenue requested for reimbursement under these grants amounted to approximately \$11.3 million in 2021 and 2022 combined and was reflected as intergovernmental grant revenue in the financial statements. The NRCS grant is expected to expire on June 30, 2023.

Earnings on investments decreased in 2022 by \$2 million from 2021 earnings due to downturns in the investment markets.

Other nonoperating revenue of \$734,000 consisted primarily of \$275,000 in funds from Western Area Power Administration related to expenses for relocation of power lines, \$63,000 for sale of disposed assets, \$35,000 in rebates on the UMB purchase card program and \$92,000 related to U.S. Department of Interior funds for the 2020 East Troublesome Fire Recovery efforts.

Other Enterprise Funds

SWSP and PVP revenues consisted of annual assessments from their respective participants and were generally consistent between 2022 and 2021. NISP had no operating revenue.

Hydropower energy revenue, reflecting power charges earned based on energy produced from the hydropower plants, increased between 2022 and 2021 by \$118,000. In 2022 Hydropower received a \$338,862 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		
	2022	2021	Change
Operating expenses			
Operations	\$ 12,235	\$ 17,421	\$ (5,186)
Engineering	7,852	6,297	1,555
Environmental Services	5,141	13,416	(8,275)
Administration	8,991	11,350	(2,359)
Depreciation	6,759	6,564	195
Operating expenses	<u>40,978</u>	<u>55,048</u>	<u>(14,070)</u>
Nonoperating expenses			
Interest expense	2,210	503	1,707
Bond issuance costs	331	386	(55)
Other nonoperating expenses	30,249	-	30,249
Nonoperating expenses	<u>32,790</u>	<u>889</u>	<u>31,901</u>
Expenses	<u>\$ 73,768</u>	<u>\$ 55,937</u>	<u>\$ 17,831</u>

Operating expenses for the District Enterprise Fund were as follows:

	\$000s		
	2022	2021	Change
Operations	\$ 10,468	\$ 15,965	\$ (5,497)
Engineering	7,205	5,701	1,504
Environmental Services	5,139	13,414	(8,275)
Administration	8,716	11,217	(2,501)
Depreciation	2,810	2,638	172
District Enterprise Fund	<u>\$ 34,338</u>	<u>\$ 48,935</u>	<u>\$ (14,597)</u>

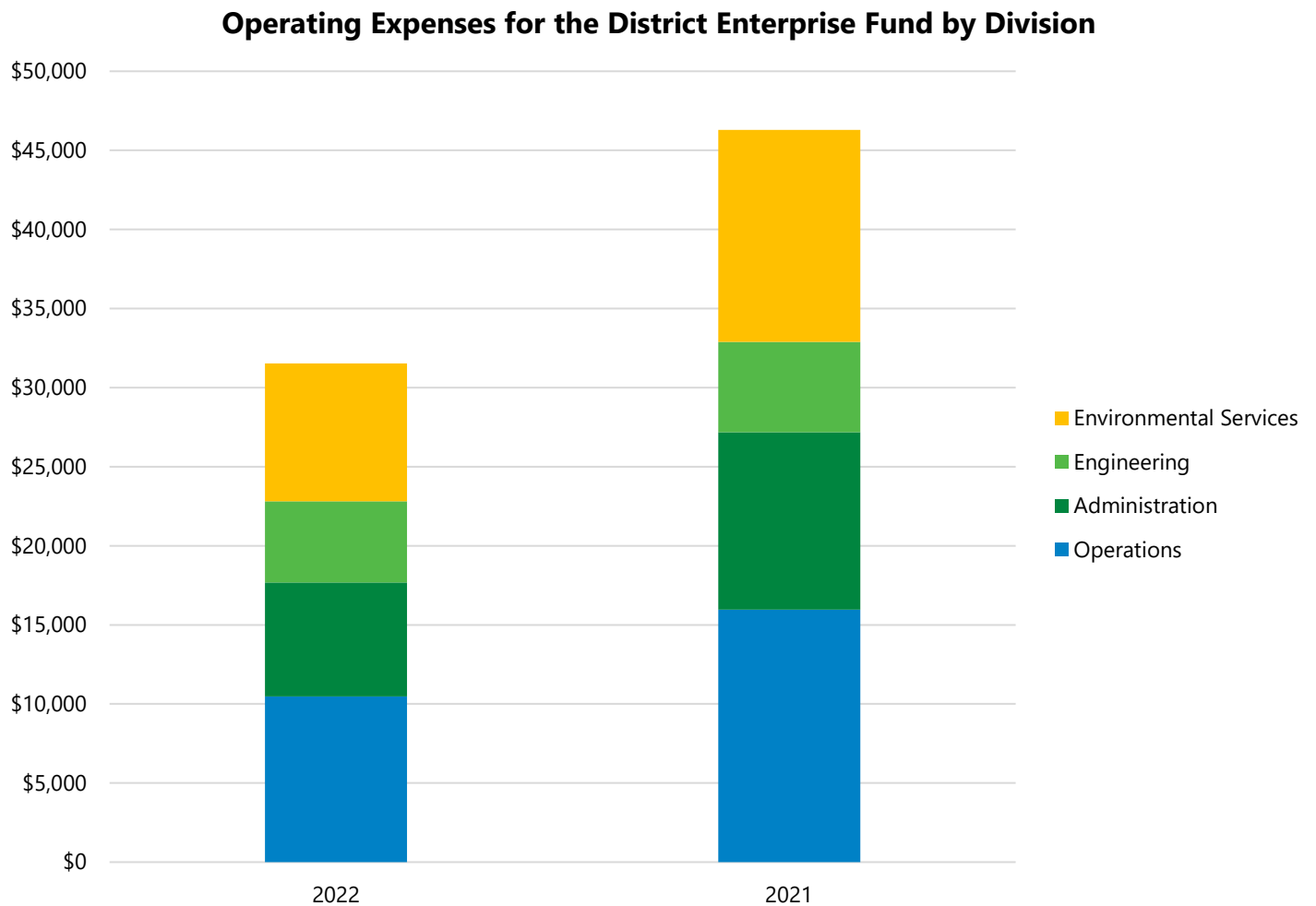
⁽¹⁾ Balances reflect all Northern Water's enterprise funds combined unless otherwise indicated.

Financial Analysis – Expenses (continued)

(condensed)

Years ended September 30,

Operating expenses (excluding depreciation expense) for the District Enterprise Fund by division are as follows:



District Enterprise Fund total operating expenses decreased \$15 million from \$49 million in 2021 to \$34 million in 2022. This decrease is primarily related to the reclassification of the East Troublesome Fire recovery costs as other non-operating grant-related expenses. Operations and Environmental Services incurred the majority of these costs at \$17 million and \$13 million, respectively.

Operating expenses for SWSP increased in 2022 from \$4.6 million to \$5.1 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 2022 Certificates issued in fiscal year 2022.

Financial Analysis – Capital Assets, Net⁽¹⁾

(condensed)

September 30,

\$000s

	2022	2021	Change
Construction in progress	\$ 153,645	\$ 99,371	\$ 54,274
Land, easements and water rights	94,500	93,987	514
Water pipelines and equipment	159,508	148,772	10,736
Hydropower plants	11,503	11,503	-
Operations equipment	9,168	7,996	1,173
Buildings and improvements	23,559	23,298	260
Computer and office equipment	11,096	10,450	646
Capital assets	462,979	395,377	67,603
Less accumulated depreciation	(92,535)	(85,969)	(6,566)
Capital assets, net of depreciation	\$ 370,444	\$ 309,408	\$ 61,037

\$000s

	2022	2021	Change
District Enterprise Fund			
Construction in progress	\$ 66,050	\$ 19,283	\$ 46,768
Land, easements and water rights	88,332	87,819	513
Operations equipment	2,810	2,626	185
Water pipeline and equipment	90	-	90
Buildings and improvements	8,755	9,414	(659)
Computer and office equipment	2,734	3,003	(271)
Capital assets, net of depreciation	168,769	122,145	46,626
Southern Water Supply Project			
Construction in progress	132	10,585	(10,453)
Land, easements and water rights	5,233	5,233	-
Operations equipment	41	-	41
Water pipeline and equipment	82,360	74,486	7,874
Capital assets, net of depreciation	87,766	90,304	(2,538)
Pleasant Valley Pipeline			
Land, easements and water rights	934	934	-
Water pipeline and equipment	16,413	17,134	(721)
Capital assets, net of depreciation	17,347	18,068	(721)
Northern Integrated Pipeline Project			
Construction in progress	87,457	69,503	17,954
Northern Water Hydropower			
Hydropower plants	9,104	9,388	(283)
Capital assets, net of depreciation	9,104	9,388	(283)
Total capital assets, net of depreciation	\$ 370,444	\$ 309,408	\$ 61,038

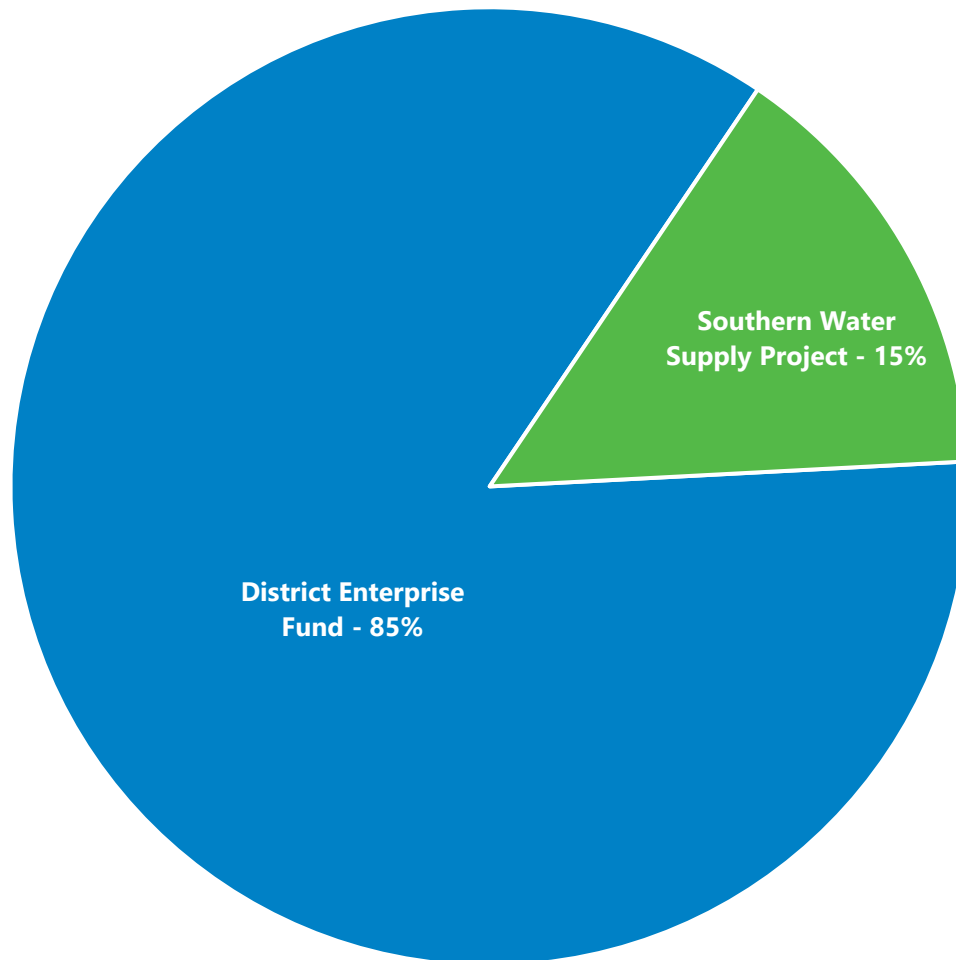
⁽¹⁾ Balances reflect all Northern Water's enterprise funds combined unless otherwise indicated.

Capital Assets, Net (continued)

(condensed)

September 30,

2022 Capital Additions



District Enterprise Fund

District capital assets, net of depreciation, increased almost \$47 million from \$122 million in 2021 to \$169 million in 2022 primarily due to construction of the Campus Development Project. Project costs are included in construction in progress at September 30, 2022.

Southern Water Supply Project

In 2022 construction of the SWSP Eastern Pump Plant was completed, decreasing construction in progress from \$10.5 million in 2021 to \$136,000 in 2022.

Northern Integrated Supply Project

NISP costs cumulative since inception of the project amounted to \$87.5 million at September 30, 2022. The \$18 million invested in 2022 included land acquisition costs, 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 10 to the financial statements.

Financial Analysis – Debt Administration

(condensed)

September 30,

	\$000s		
	2022	2021	Change
District Enterprise Fund			
Certificates of Participation, Series 2021	\$ 61,473	\$ 63,292	\$ (1,819)
Certificates of Participation, Series 2022	37,280	-	37,280
Horsetooth Safety of Dams	2,749	2,905	(156)
District Enterprise Fund debt	101,502	66,197	35,305
Northern Water Hydropower			
Colorado Water Resources and Power Development Authority	1,099	1,197	(98)
Colorado Water Conservation Board	4,336	4,476	(140)
Hydropower	5,435	5,673	(238)
District Enterprise and Northern Water Hydropower long-term debt	106,937	71,870	35,067
Less current maturities of long-term debt	(1,658)	(1,489)	(169)
Long-term debt, net of current maturities	\$ 105,279	\$ 70,381	\$ 34,898

	\$000s		
	2022	2021	Change
Interfund loan			
District Enterprise Fund/Hydropower interfund loan	\$ 2,813	\$ 3,040	\$ (227)
Less current maturities of long-term debt	(231)	(227)	(4)
Long-term debt, net of current maturities	\$ 2,582	\$ 2,813	\$ (231)

Financial Analysis - Debt Administration (continued)

(condensed)

September 30,

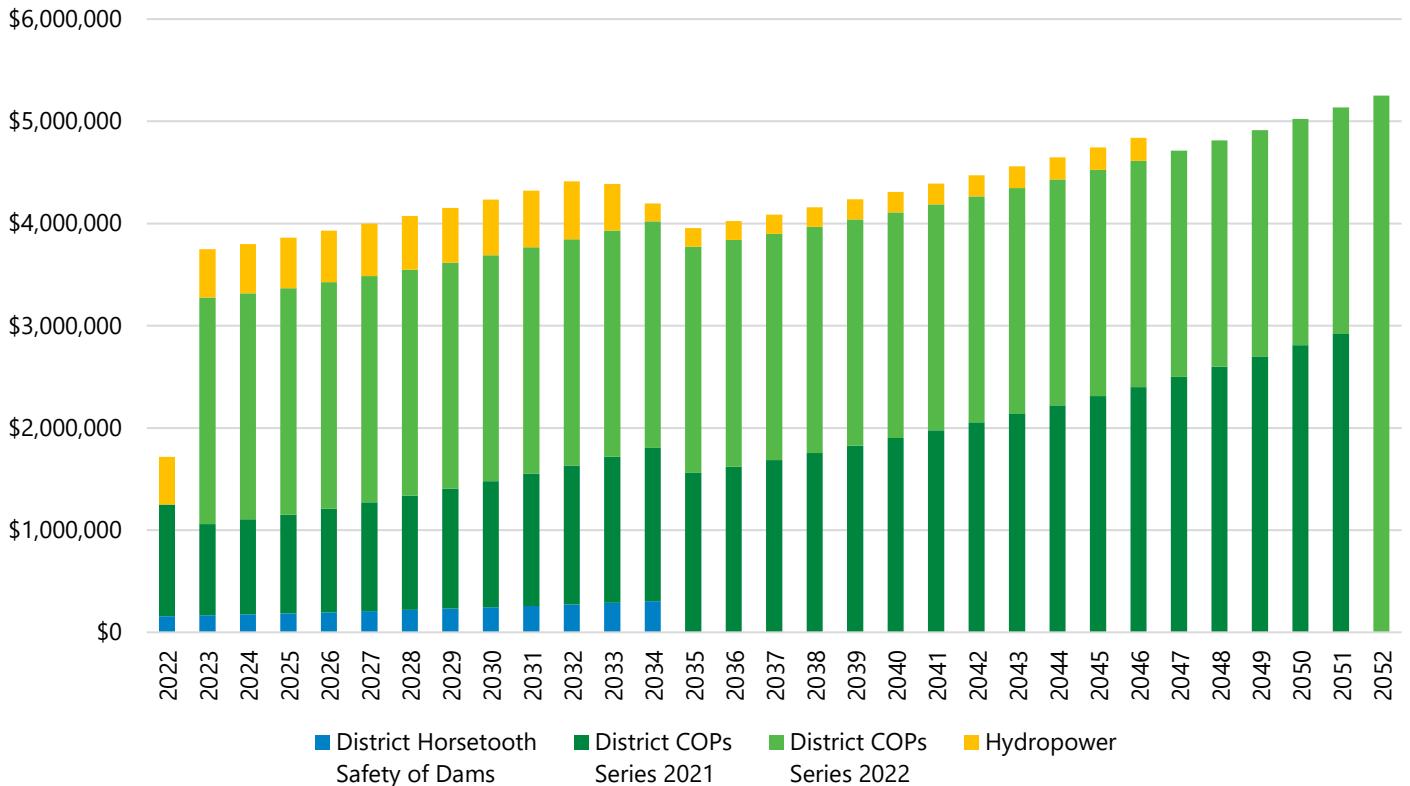
In 2021, Northern Water issued the 2021 Certificates to fund the initial phase of its Campus Development Project. The 2021 Certificates represent undivided proportionate interests in Base Rentals and other revenues under an annually renewable lease purchase agreement between the trustee for the 2021 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.

In 2022, Northern Water issued the 2022 Certificates to fund the second phase of its Campus Development Project. The 2022 Certificates represent undivided proportionate interests in Base Rentals and other revenues under an annually renewable lease purchase agreement between the trustee for the 2022 Certificates and Northern Water. The 2022 Certificates have a 30-year term, an original principal amount of \$33,940,000, bear interest at 5 percent or 5.25 percent and were issued at a premium. Annual principal and interest payments begin in fiscal year 2023.

The 2021 Certificates were issued with a True Interest Cost (TIC) of 2.6 percent. The 2022 Certificates were issued with a TIC of 4.4 percent. Combined, both issuances carry a TIC of 7.0 percent.

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, 2022

	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	\$46,349,819	\$ 2,993,862	\$ 119,854	\$ 15,500,196	\$ 2,661,809	\$ 67,625,540
Restricted	-	113,612	-	6,257,184	-	6,370,796
Investments						
Unrestricted	50,843,260	-	-	-	-	50,843,260
Restricted	-	-	-	-	-	-
Receivables (Notes 5 and 18)	28,875,852	217,911	-	3,775	208,385	29,305,924
Due from other funds	2,956,890	-	-	-	5,419	2,962,309
Advances	1,497,255	-	-	24,539	32,835	1,554,629
Other current assets	1,148,903	-	-	-	-	1,148,903
Current maturity of interfund loan (Note 13)	231,175	-	-	-	-	231,175
Current assets	131,903,153	3,325,385	119,854	21,785,694	2,908,448	160,042,535
Noncurrent assets						
Cash equivalents, restricted	29,409,368	-	-	-	578,913	29,988,281
Investments, restricted	18,072,941	-	-	-	-	18,072,941
Interfund loan receivable (Note 13)	2,581,923	-	-	-	-	2,581,923
Capital assets, net of accumulated depreciation	168,769,036	87,765,709	17,347,088	87,457,346	9,104,423	370,443,602
Noncurrent assets	218,833,268	87,765,709	17,347,088	87,457,346	9,683,337	421,086,747
Assets	\$350,736,422	\$91,091,094	\$17,466,942	\$109,243,040	\$ 12,591,785	\$581,129,281
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSION PLAN						
	\$ 3,623,237	\$ -	\$ -	\$ -	\$ -	\$ 3,623,237

See accompanying Notes to Financial Statements.

Statement of Net Position – Proprietary Funds (continued)

September 30, 2022

	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	\$ 15,586,823	\$ 56,369	\$ -	\$ 1,651,780	\$ 302	\$ 17,295,274
Due to other funds	5,419	1,425,044	68,901	1,462,945	-	2,962,309
Interest payable	1,119,754	-	-	-	36,995	1,156,749
Compensated absences	1,469,379	-	-	-	-	1,469,379
Current maturities of long-term debt	1,415,347	-	-	-	242,892	1,658,240
Current maturity of interfund loan (Note 13)	-	-	-	-	231,175	231,175
Current liabilities	<u>19,596,722</u>	<u>1,481,413</u>	<u>68,901</u>	<u>3,114,725</u>	<u>511,365</u>	<u>24,773,126</u>
Noncurrent liabilities						
Long-term debt, net of current maturities	100,086,447	-	-	-	5,192,488	105,278,935
Interfund loan, net of current maturity (Note 13)	-	-	-	-	2,581,923	2,581,923
Net pension liability	254,452	-	-	-	-	254,452
Noncurrent liabilities	<u>100,340,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,774,411</u>	<u>108,115,309</u>
Liabilities	<u>\$119,937,621</u>	<u>\$1,481,413</u>	<u>\$ 68,901</u>	<u>\$ 3,114,725</u>	<u>\$ 8,285,776</u>	<u>\$132,888,436</u>
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION PLAN						
	<u>\$ 4,034,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,034,747</u>
NET POSITION						
Net investment in capital assets	<u>\$109,173,055</u>	<u>\$87,765,709</u>	<u>\$ 17,347,088</u>	<u>\$ 87,457,346</u>	<u>\$ 3,669,043</u>	<u>\$305,412,241</u>
Restricted net position						
Major repairs	1,912,446	-	-	-	-	1,912,446
Capital projects	-	89,848	-	3,170,773	-	3,260,620
Debt service	-	-	-	-	253,403	253,403
Restricted net position	<u>1,912,446</u>	<u>89,848</u>	<u>-</u>	<u>3,170,773</u>	<u>253,403</u>	<u>5,426,470</u>
Unrestricted net position (deficit)	<u>119,301,790</u>	<u>1,754,123</u>	<u>50,952</u>	<u>15,500,196</u>	<u>383,563</u>	<u>136,990,624</u>
Net position	<u>\$230,387,289</u>	<u>\$89,609,681</u>	<u>\$17,398,041</u>	<u>\$106,128,314</u>	<u>\$ 4,306,009</u>	<u>\$447,829,335</u>

See accompanying Notes to Financial Statements.

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

Year ended September 30, 2022

	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	\$12,271,608	\$2,481,123	\$ 58,951	\$ -	\$ -	\$14,811,682
Charges for services	7,552,240	-	-	-	-	7,552,240
Energy revenue	-	-	-	-	1,466,764	1,466,764
Other operating revenues	2,874,076	-	-	-	-	2,874,076
Operating revenues	22,697,924	2,481,123	58,951	-	1,466,764	26,704,762
Operating expenses						
Operations	10,467,861	1,446,821	50,925	-	269,501	12,235,108
Engineering	7,205,090	621,563	22,598	-	2,527	7,851,778
Environmental Services	5,139,008	1,973	-	-	-	5,140,981
Administration	8,716,539	97,780	19,532	-	157,026	8,990,876
Depreciation	2,809,808	2,916,450	744,191	-	288,604	6,759,053
Operating expenses	34,338,305	5,084,586	837,246	-	717,659	40,977,796
Operating income (loss)	(11,640,381)	(2,603,463)	(778,295)	-	749,105	(14,273,034)
Nonoperating revenues						
Property and specific ownership taxes	26,763,785	-	-	-	-	26,763,785
Intergovernmental grant revenue	27,575,936	-	-	-	338,862	27,914,798
Earnings (Loss) on investments	(1,663,121)	10,971	-	-	19,256	(1,632,894)
Other nonoperating revenues	663,368	15,000	635	183,985	-	862,988
Nonoperating revenues	53,339,969	25,971	635	183,985	358,118	53,908,677
Nonoperating expenses						
Interest expense, net of bond premium amortization	(2,039,047)	-	-	-	(171,268)	(2,210,315)
Other nonoperating expenses	(3,000,496)			(109,097)		(3,109,593)
Other nonoperating grant-related expenses	(27,139,056)					(27,139,056)
Bond issuance costs	(331,440)	-	-	-	-	(331,440)
Nonoperating expenses	(32,510,039)	-	-	(109,097)	(171,268)	(32,790,404)
Nonoperating income (loss)	20,829,930	25,971	635	74,888	186,850	21,118,273
Income (loss) before contributions	9,189,549	(2,577,492)	(777,660)	74,888	935,954	6,845,239
Capital contributions	125,828	59,971	-	19,035,069	-	19,220,868
Changes in net position	9,315,377	(2,517,521)	(777,660)	19,109,957	935,954	26,066,107
Net position beginning of year	221,071,913	92,127,202	18,175,701	87,018,358	3,370,055	421,763,228
Net position, end of year	\$230,387,289	\$89,609,681	\$17,398,041	\$106,128,314	\$4,306,009	\$447,829,335

See accompanying Notes to Financial Statements.

Statement of Cash Flows – Proprietary Funds

Year ended September 30, 2022

	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	\$24,526,539	\$ 2,263,212	\$ 58,951	\$ -	\$ 1,480,891	\$28,329,593
Payments to suppliers	(13,867,560)	(281,603)	(26,653)	-	(257,884)	(14,433,700)
Payments to employees	(20,296,658)	(1,211,133)	(66,943)	-	(175,083)	(21,749,817)
Net cash provided by (used in operating activities)	(9,637,679)	770,476	(34,646)	-	1,047,924	(7,853,924)
Cash flows from noncapital financing activities						
Property and specific ownership tax receipts	26,658,942	-	-	-	-	26,658,942
Intergovernmental grant receipts	16,699,301	-	61,199	1,477,327	438,798	18,676,625
Other nonoperating grant-related	(25,577,037)	-	-	-	-	(25,577,037)
Other noncapital financing activities	353,169	-	-	(1,567,919)	-	(1,214,750)
Net cash provided by noncapital financing activities	18,134,375	-	61,199	(90,592)	438,798	18,543,780
Cash flows from capital and related financing activities						
Capital contributions	125,828	59,971	-	19,035,069	-	19,220,868
Acquisition and construction of capital assets	(49,273,018)	(378,310)	(22,980)	(18,063,116)	(5,220)	(67,742,644)
Proceeds from Series 2021 Certificates	-	-	-	-	-	-
Proceeds from Series 2022 Certificates	37,346,206	-	-	-	-	37,346,206
Principal paid on capital debt and interfund loan	(1,251,357)	-	-	-	(161,974)	(1,413,331)
Interest paid of capital debt and interfund loan	(2,112,481)	-	-	-	(474,067)	(2,586,548)
Bond issuance costs	(331,440)	-	-	-	-	(331,440)
Principal receipts from interfund loan	226,642	-	-	-	-	226,642
Interest receipts from interfund loan	60,795	-	-	-	-	60,795
Proceeds from disposal of capital assets	-	-	-	-	-	-
Net cash provided by (used in capital and related financing activities)	(15,208,825)	(318,339)	(22,980)	971,953	(641,261)	(15,219,452)
Cash flows from investing activities						
Investment purchases	(48,859,898)	-	-	-	-	(48,859,898)
Investment sales	59,480,513	15,000	-	-	-	59,495,513
Proceeds from earnings on investments	836,950	10,971	635	-	19,256	867,812
Net cash provided (used) by investing activities	11,457,565	25,971	635	-	19,256	11,503,427
Net change in cash and cash equivalents	4,745,436	478,108	4,208	881,361	864,717	6,973,831
Cash and cash equivalents, beginning of year	71,013,751	2,629,366	115,646	20,876,019	2,376,005	97,010,787
Cash and cash equivalents, end of year	\$75,759,187	\$3,107,474	\$ 119,854	\$21,757,380	\$ 3,240,722	\$103,984,616

See accompanying Notes to Financial Statements.

Statement of Cash Flows – Proprietary Funds (continued)

Year ended September 30, 2022

	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)	\$ (11,640,381)	\$(2,603,463)	\$ (778,295)	\$ -	\$ 749,105	\$(14,273,034)
Adjustments						
Depreciation	2,809,808	2,916,450	744,191	-	288,604	6,759,053
(Increase) decrease in current assets						
Receivables	4,403,042	(217,911)	-	-	(916)	4,184,215
Due to/from other funds	(2,598,619)	1,244,078	-	-	-	(1,354,541)
Advances	(238,853)	-	-	-	-	(238,853)
Other current assets	(805,845)	-	-	-	-	(805,845)
Increase (decrease) in current liabilities						
Accounts payable and accrued liabilities	(756,985)	(568,677)	(542)	-	5,711	(1,320,493)
Due to other funds	(99,936)	-	-	-	5,419	(94,517)
Retainage payable	(962,235)	-	-	-	-	(962,235)
Compensated absences	198,830	-	-	-	-	198,830
Increase (decrease) in Pension Plan-related items						
Net pension liability	1,174,194	-	-	-	-	1,174,194
Deferred outflows of resources	(311,934)	-	-	-	-	(311,934)
Deferred inflows of resources	(808,764)	-	-	-	-	(808,764)
Adjustments	2,002,703	3,373,941	743,649	-	298,818	6,419,110
Net cash provided (used) in operating activities	\$ (9,637,679)	\$ 770,476	\$ (34,646)	\$ -	\$ 1,047,924	(7,853,924)
Non-cash activities						
Change in value of investments	\$ (2,632,947)	-	-	-	-	\$ (2,632,947)

See accompanying Notes to Financial Statements.

Statement of Fiduciary Net Position – Fiduciary Fund Pension Trust Fund

December 31, 2021

	<u>Pension Plan</u>
ASSETS	
Cash and cash equivalents	\$ 436,514
Investments	
Domestic equities	14,468,254
Mutual funds	
Fixed income	11,267,786
International equities	4,687,786
Low correlated hedge	6,692,072
Emerging markets equities	<u>2,206,725</u>
Investments	<u>39,322,622</u>
Due from Northern Water	<u>-</u>
Assets	<u>39,759,136</u>
LIABILITIES	
Liabilities	<u>27,293</u>
Net position restricted for pension	<u>\$ 39,731,843</u>

See accompanying Notes to Financial Statements.

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

Year ended December 31, 2021

	<u>Pension Plan</u>
Additions	
Employer contributions	\$ 1,405,880
Investment earnings	
Net appreciation in fair value of investments	1,593,804
Interest and dividends	<u>1,359,866</u>
Investment earnings	2,953,670
Investment expenses	<u>(9,901)</u>
Investment earnings, net of expenses	<u>2,943,769</u>
Additions to Plan assets	4,349,649
Deductions	
Benefit payments	<u>(9,485,781)</u>
Decrease in net position	(5,136,132)
Net position, beginning of year	<u>44,867,975</u>
Net position, end of year	<u>\$ 39,731,843</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 13-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, 2022, 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 like 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, financial 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 like 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 five to 25 years, operations equipment over three to 10 years, office equipment over five to 10 years and computer equipment over three 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. This year, due to our implementation of an upgraded Enterprise Resource Planning System (ERP), Reclamation approved an exemption for the estimate and advance payment. 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.

Note 1 continued

Intergovernmental grants received by the Subdistrict primarily come from federal sources. Refer to Note 2 for additional discussion related to financial obligation limitations.

2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Article X, Section 20, of the Colorado Constitution contains limitations on the ability of state and local governmental entities to increase taxes, revenues and spending and to enter into multiple fiscal year 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

The budget process provides an opportunity to align short-term objectives and actions at the program level business plans to Northern Water’s long-term mission and values. The Board, general manager, division directors and staff participate in the development of the budget.

The budget is presented to the Board for consideration and adoption in August to align it with the adoption of water assessments which are also approved. The Board, at its regular meeting of May 13, 2021, appointed Bradley Wind, Gerald Gibbens, Kristyn Unrein and Myles Baker as budget officers and directed them to prepare and submit the requisite budgets of Northern Water for fiscal year 2022. A notice was published, as required by law, in all the counties located wholly or partly within Northern Water boundaries stating the annual budget was available for inspection by the public, including the date and time for public hearing. This year’s budget review process included a Board workshop on July 20, 2021.

Budget Schedule

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

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 2 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.

3 CASH AND CASH EQUIVALENTS

As of September 30, 2022, Northern Water had the following cash and cash equivalents:

	Current		Noncurrent	Total Cash and Cash Equivalents
	Unrestricted	Restricted	Restricted	
District Enterprise Fund				
Deposits	\$ 41,622,510	\$ -	\$ -	\$ 41,622,510
LGIP/Money Market Funds	4,727,309	-	29,409,368	34,136,677
District Enterprise fund	46,349,819	-	29,409,368	75,759,187
Southern Water Supply Project				
LGIP/Money Market Funds	2,993,862	113,612	-	3,107,474
Pleasant Valley Pipeline Project				
LGIP/Money Market Funds	119,854	-	-	119,854
Northern Integrated Supply Project				
LGIP/Money Market Funds	15,500,196	6,257,184	-	21,757,380
Northern Water Hydropower				
Deposits	2,661,809	-	-	2,661,809
LGIP/Money Market Funds	-	-	578,913	578,913
Northern Water Hydropower	2,661,809	-	578,913	3,240,722
Cash and cash equivalents	\$ 67,625,540	\$ 6,370,796	\$ 29,988,281	\$ 103,984,617

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

4 INVESTMENTS

As of September 30, 2022, the District Enterprise Fund had the following investments:

	Current		Noncurrent	Total Investments
	Unrestricted	Restricted	Restricted	
U.S. Government Securities	\$ 31,286,036	\$ -	\$ 6,650,982	\$ 37,937,018
Federal Agency Securities	3,684,035	-	-	3,684,035
Federal Agency Collateralized Mortgage Obligations	2,448,565	-	-	2,448,565
Negotiable Certificates of Deposit	2,286,587	-	1,816,568	4,103,155
Supranationals	3,229,424	-	-	3,229,424
Municipal Obligations	2,139,301	-	-	2,139,301
Commercial Paper	1,671,981	-	9,605,391	11,277,372
Corporate Notes	4,097,333	-	-	4,097,333
Investments	\$ 50,843,260	\$ -	\$ 18,072,941	\$ 68,916,202

Note 4 continued

Investment balances at September 30, 2022, by level hierarchy were as follows:

	Level 1	Level 2	Fair Value
U.S. Government Securities	\$ 37,937,018	\$ -	\$ 37,937,018
Federal Agency Securities	-	3,684,035	3,684,035
Federal Agency Collateralized Mortgage Obligations	-	2,448,565	2,448,565
Negotiable Certificates of Deposit	-	4,103,155	4,103,155
Supranationals	-	3,229,424	3,229,424
Municipal Obligations	-	2,139,301	2,139,301
Commercial Paper	-	11,277,372	11,277,372
Corporate Notes	-	4,097,333	4,097,333
Investments	<u>\$ 37,937,018</u>	<u>\$ 30,979,184</u>	<u>\$ 68,916,202</u>

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 4 continued

As of September 30, 2022, 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	\$ 6,126,559	\$ 20,722,150	\$ 11,088,309	\$ 37,937,018
Federal Agency Securities	2,651,977	587,015	445,043	3,684,035
Federal Agency Collateralized Mortgage Obligations	305,906	458,195	1,684,464	2,448,565
Negotiable Certificates of Deposit	4,103,155	-	-	4,103,155
Supranationals	475,946	2,301,322	452,156	3,229,424
Municipal Obligations	536,393	1,188,733	414,175	2,139,301
Commercial Paper	11,277,372	-	-	11,277,372
Corporate Notes	-	828,729	3,268,603	4,097,332
Investments	<u>\$ 25,477,308</u>	<u>\$ 26,086,144</u>	<u>\$17,352,750</u>	<u>\$ 68,916,202</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, 2022, there were no investments greater than 5 percent of the portfolio with any one issuer.

As of September 30, 2022, the District Enterprise Fund had investments with the following Standard and Poor's ratings:

Ratings	Investments	Percentage
A-2	\$ 1,104,167	1.6%
A-1	12,015,840	17.4%
A+	508,143	0.7%
AA-	1,437,504	2.1%
AA	2,685,673	3.9%
AA+	44,631,382	64.8%
A-1+	2,260,519	3.3%
AAA	3,762,648	5.5%
Not rated	510,326	1.2%
Investments	<u>\$ 68,916,202</u>	<u>100.0%</u>

Note 4 continued

Interest Rate and Credit Risk (continued)

	Rating	Investments	Percentage
U.S. Government Securities	AA+	\$ 37,937,018	55.1%
Federal Agency Securities	AA+	3,684,035	5.3%
Federal Agency Collateralized Mortgage Obligations	AA+	2,448,565	3.6%
Negotiable Certificates of Deposit	A-1	1,842,635	2.7%
Negotiable Certificates of Deposit	A-1+	2,260,520	3.3%
Suprationals	AAA	3,229,424	4.7%
Municipal Obligations	AA	533,986	0.8%
Municipal Obligations	AA+	561,765	0.8%
Municipal Obligations	AAA	533,224	0.8%
Municipal Obligations	Not rated	510,326	0.7%
Commercial Paper	A-2	1,104,167	1.6%
Commercial Paper	A-1	10,173,205	14.8%
Corporate Notes	A+	508,143	0.7%
Corporate Notes	AA-	1,437,504	2.1%
Corporate Notes	AA	2,151,686	3.1%
Investments		<u>\$ 68,916,202</u>	<u>100.0%</u>

5 RECEIVABLES

Receivables at September 30, 2022, are summarized by major classification as follows:

	2022
Assessments	\$ 1,045,134
Power revenue	169,494
Charges for services	5,679,948
Property taxes receivable	534,789
Grant fund receivables	18,963,596
Interest receivable	195,713
Municipal Sub District	2,701,352
Other	15,898
Receivables	<u>\$ 29,305,924</u>

6 DUE TO/FROM OTHER FUNDS

Amounts due to/from the various Northern Water enterprise funds at September 30, 2022, were as follows:

Due to District Enterprise Fund	2022
Southern Water Supply Project	1,425,044
Pleasant Valley Pipeline Project	68,901
Northern Integrated Supply Project	1,462,945
Due to District Enterprise Fund	<u>\$ 2,956,890</u>

Due from District Enterprise Fund	2022
Hydropower	5,419
Due to District Enterprise Fund	<u>\$ 5,419</u>

Amounts due to Northern Water represent charges for services on wages and benefits paid to employees and any vendor payments made on the Enterprise's behalf.

Amounts due from Northern Water are related to customer payments received by Northern Water that have not yet been transferred to the respective Enterprise.

7 OTHER CURRENT ASSETS

Other current assets at September 30, 2022, included the following:

	2022
Inventory	\$ 363,507
Prepaid expenses	784,896
Other	500
Other current assets	<u>\$ 1,148,903</u>

8 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, 2022, are detailed as follows:

Current Cash Equivalents, Restricted	2022
Southern Water Supply Project	
Eastern Pump Station	\$ 113,612
Northern Integrated Supply Project	
Phase 1	6,257,184
Current cash equivalents, restricted	<u>\$ 6,370,796</u>
Noncurrent Cash Equivalents, Restricted	
District Enterprise Fund	
Certificates of Participation, Series 2021	\$ 8,450,882
Certificates of Participation, Series 2021, Costs of Issuance	27,313
District Enterprise Fund	<u>8,478,195</u>
District Enterprise Fund	
Certificates of Participation, Series 2022	19,002,312
Certificates of Participation, Series 2022, Costs of Issuance	16,415
District Enterprise Fund	<u>19,018,727</u>
District Enterprise Fund	
Fund I Single Purpose (Reclamation)	709,714
Fund II Multipurpose (Reclamation)	977,120
Fund IV Contingency (Reclamation)	117,107
Northern Water Hydropower Facility Removal	108,505
District Enterprise Fund	<u>1,912,446</u>
Northern Water Hydropower	
Colorado Water Resources and Power Development	
Authority Debt Service	135,628
Interfund Loan Payable Debt Service	325,510
Colorado Water Conservation Board Debt Service	117,775
Northern Water Hydropower	<u>578,913</u>
Noncurrent cash equivalents and investments, restricted	<u>\$ 29,988,281</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.
- Certificates of Participation, Series 2022 – Restricted for Campus Development Project costs.
- Certificates of Participation, Series 2022, Costs of Issuance – Restricted for payment of 2022 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.

Note 8 continued

- 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.

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.

9 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, 2022, are detailed as follows:

	<u>2022</u>
Noncurrent Investments, Restricted	
Certificates of Participation, Series 2022	<u>\$ 18,072,941</u>

See Note 8 Cash Equivalents, Restricted for description of the purpose of restricted funds.

10 CAPITAL ASSETS

Capital asset activity for the Northern Water enterprise funds for the year ended September 30, 2022, was as follows:

	2021	Additions	Retirements/Other	2022
District Enterprise Fund				
Non-depreciable capital assets				
Construction in progress	\$ 19,282,569	\$ 46,767,141	\$ -	\$ 66,049,710
Land, easements and water rights	87,819,208	513,129	-	88,332,336
Depreciable capital assets				
Buildings and improvements	23,298,526	260,077	-	23,558,603
Operations equipment	7,995,509	1,143,613	(148,133)	8,990,989
Water pipeline and equipment	-	90,778		90,778
Computer and office equipment	10,449,797	659,562	(13,148)	11,096,211
Capital assets	148,845,609	49,434,300	(161,281)	198,118,628
Less accumulated depreciation				
Buildings and improvements	(13,884,110)	(919,154)	-	(14,803,265)
Operations equipment	(5,369,881)	(811,417)	-	(6,181,298)
Computer and office equipment	(7,446,919)	(916,295)	-	(8,365,028)
Accumulated depreciation	(26,700,910)	(2,646,865)	-	(29,349,591)
District Enterprise Fund capital assets, net	122,144,698	46,787,435	(161,281)	168,769,036
Southern Water Supply Project				
Non-depreciable capital assets				
Construction in progress	10,584,632	131,971	(10,584,632)	131,971
Land and easements	5,232,983	-	-	5,232,983
Depreciable capital assets				
Water pipeline and equipment	119,007,737	10,830,972	(32,000)	129,806,709
Capital assets	134,825,352	10,962,943	(10,616,632)	135,171,663
Less accumulated depreciation				
Water pipeline and equipment	(44,521,505)	(2,884,449)	-	(47,405,954)
Southern Water Supply Project capital assets, net	90,303,847	8,078,494	(10,616,632)	87,765,709
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	22,980	-	29,787,545
Capital assets	30,698,895	22,980	-	30,721,875
Less accumulated depreciation				
Water pipeline and equipment	(12,630,596)	(744,191)	-	(13,374,787)
Pleasant Valley Pipeline Project capital assets, net	18,068,299	(721,211)	-	17,347,088
Northern Integrated Supply Project				
Non-depreciable capital assets				
Construction in progress	69,503,327	17,954,019	-	87,457,346
Northern Water Hydropower				
Non-depreciable capital assets				
Construction in progress	824	5,219	-	6,043
Depreciable capital assets				
Hydropower plants	11,502,848	-	-	11,502,848
Capital assets	11,503,672	5,219	-	11,508,891
Less accumulated depreciation				
Hydropower plants	(2,115,864)	(288,604)	-	(2,404,468)
Hydropower capital assets, net	9,387,808	(283,385)	-	9,104,423
Capital assets, net	\$ 309,407,979	\$ 71,815,352	\$ (10,777,913)	\$ 370,443,602

See outstanding commitments described in Note 20.

11 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:

	2022	2021
Claims incurred	\$ 1,683,562	\$ 1,805,834
Claims paid	(1,683,562)	(1,805,834)
Adjustment to IBNR estimate	(21,950)	65,237
IBNR, beginning of year	288,465	223,228
IBNR, end of year	<u>\$ 266,515</u>	<u>\$ 288,465</u>

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

12 COMPENSATED ABSENCES

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

	2022	2021
Absences accrued	\$ 1,238,968	\$ 1,235,991
Absences taken	(1,040,138)	(1,188,599)
Compensated absences, beginning of year	1,270,549	1,223,157
Compensated absences, end of year	<u>\$ 1,469,379</u>	<u>\$ 1,270,549</u>

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

District Enterprise Fund

Certificates of Participation, Series 2022

The District issued the 2022 Certificates to fund its Campus Development Project. The 2022 Certificates were issued with an original principal amount of \$33,940,000 and at a premium of \$3,406,206. Annual principal payments on the 2022 Certificates are due each July through 2052 beginning in 2023. Interest is payable in semi-annual installments in January and July beginning January 2023. Amortization of the related premium amounted to \$66,208 for the year ended September 30, 2022, and was credited against interest expense. The 2022 Certificates are subject to optional redemption, mandatory sinking fund redemption and extraordinary mandatory redemption under terms as described below.

The 2022 Certificates represent undivided proportionate interests in Base Rentals and other revenues under an annually renewable lease purchase agreement between the trustee for the 2022 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 2022 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 2022 Certificates. The 2022 Certificates are subject to federal arbitrage regulations applicable to tax-exempt bonds.

The 2022 Certificates maturing on or prior to July 1, 2031, shall not be subject to optional redemption prior to their respective maturity dates. The 2022 Certificates maturing on and after July 1, 2032, are subject to redemption prior to maturity, at the option of the District, in whole or in part, in integral multiples of \$5,000, and if in part, in such order of maturities as the District shall determine and by lot within a maturity, on July 1, 2031, and on any date thereafter, at a redemption price equal to the principal amount of the 2022 Certificates so redeemed plus accrued interest to the redemption date, without a premium.

The 2022 Certificates maturing on July 1, 2042, are subject to mandatory sinking fund redemption by lot on July 1 of the years and in the principal amounts specified below, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without a premium:

July 1,	Amount
2038	\$ 965,000
2039	1,015,000
2040	1,060,000
2041	1,115,000
(maturity)	1,170,000

The 2022 Certificates maturing on July 1, 2052, are subject to mandatory sinking fund redemption by lot on July 1 of the years and in the principal amounts specified below, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without a premium:

July 1,	Amount
2043	\$ 1,230,000
2044	1,295,000
2045	1,365,000
2046	1,435,000
2047 through maturity	13,380,000

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 2022 Certificates are subject to being called for extraordinary

Note 13 continued

mandatory redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date (subject to availability of funds).

The terms and conditions of the Certificates also provide for redemption pricing, the handling of insufficient funds, if applicable, and other like matters should a mandatory redemption be exercised.

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 \$723,769 for the year ended September 30, 2022, 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 13 continued

Long-term debt activity for the year ended September 30, 2022, was as follows:

	2021	Additions	Reductions	2022	Amounts Due Within One Year
District Enterprise Fund					
Certificates of Participation, Series 2021	\$52,050,000	\$ -	\$ (1,095,000)	\$ 50,955,000	\$ 895,000
Unamortized premium	11,241,545	-	(723,769)	10,517,776	-
Certificates of Participation, Series 2021	63,291,545	-	(1,818,769)	61,472,776	895,000
Certificates of Participation, Series 2022	-	\$ 33,940,000	-	33,940,000	355,000
Unamortized premium	-	3,406,206	(66,208)	3,339,998	-
Certificates of Participation, Series 2022	-	37,346,206	(66,208)	37,279,998	355,000
Contract payable to Reclamation					
Horsetooth Safety of Dams	2,905,376	-	(156,357)	2,749,019	165,347
District Enterprise Fund	66,196,921	37,346,206	(2,041,334)	101,501,793	1,415,347
Northern Water Hydropower					
Colorado Water Resources and Power Development Authority	\$1,197,063	\$ -	\$ (98,372)	\$ 1,098,691	\$ 100,340
Colorado Water Conservation Board	4,476,446	-	(139,757)	4,336,689	142,552
Northern Water Hydropower	5,673,509	-	(238,129)	5,435,380	242,892
Total long-term debt outstanding	71,870,430	37,346,206	(2,279,463)	106,937,173	\$ 1,658,239
Less current maturities of long-term debt	(1,489,486)	(168,753)	-	(1,658,239)	
Long-term debt, net of current maturities	\$70,380,944	\$ 37,177,453	\$ (2,279,463)	\$ 105,278,934	

Interfund receivable/payable activity for the year ended September 30, 2022, was as follows:

	2021	Additions	Reductions	2022	Amounts Due Within One Year
Northern Water Hydropower Interfund					
Interfund loan receivable/payable	\$ 3,039,740	\$ -	\$ (226,642)	\$ 2,813,098	\$ 231,175
Less current maturities of interfund loan receivable/payable	(226,642)	(4,533)	-	(231,175)	
Interfund loan receivable/payable, net of current maturities	\$ 2,813,098	\$ (4,533)	\$ (226,642)	\$ 2,581,923	

Note 13 continued

Annual debt service requirements to maturity by major type of debt including the interfund loan receivable/payable are as shown below, broken into two sections with the full debt service amounts in the bottom right:

District Enterprise Fund				
Years ending September 30,	Certificates of Participation, Series 2021		Certificates of Participation, Series 2022	
	Principal	Interest	Principal	Interest
2023	895,000	2,144,800	355,000	1,860,013
2024	930,000	2,109,000	485,000	1,726,013
2025	965,000	2,071,800	515,000	1,701,763
2026	1,015,000	2,023,550	540,000	1,676,013
2027 - 2031	5,890,000	9,303,750	3,110,000	7,949,062
2032 - 2036	7,470,000	7,722,600	3,985,000	7,089,062
2037 - 2041	9,140,000	6,055,800	5,075,000	5,988,062
2042 - 2046	11,120,000	4,075,000	6,495,000	4,567,200
2047 - 2051	13,530,000	1,665,600	8,390,000	2,676,450
2052	-	-	4,990,000	261,975
Debt service	<u>\$50,955,000</u>	<u>\$ 37,171,900</u>	<u>\$ 33,940,000</u>	<u>\$ 35,495,613</u>

Years ending September 30,	Horsetooth Safety of Dams		Hydropower		Debt Service
	Principal	Interest	Principal	Interest	
2023	165,347	158,068	474,066	164,970	6,219,287
2024	174,854	148,561	483,547	155,488	6,214,487
2025	184,909	138,507	493,218	145,817	6,218,039
2026	195,541	127,875	503,083	135,953	6,219,041
2027 - 2031	1,159,859	457,220	2,670,423	524,754	31,065,068
2032 - 2036	868,508	101,739	1,564,564	279,050	29,080,523
2037 - 2041	-	-	978,849	167,579	27,405,290
2042 - 2046	-	-	1,080,728	65,700	27,403,628
2047 - 2051	-	-	-	-	26,262,050
2052	-	-	-	-	5,254,027
Debt service	<u>\$2,749,018</u>	<u>\$1,131,970</u>	<u>\$ 8,248,478</u>	<u>\$1,639,311</u>	<u>\$ 171,341,440</u>

Note 13 continued

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
2023	1,889,413	4,327,851	6,217,264
2024	2,073,401	4,139,062	6,212,463
2025	2,158,127	4,057,887	6,216,014
2026	2,253,624	3,963,391	6,217,015
2026 - 2031	12,830,282	18,234,786	31,065,068
2032 - 2036	13,888,072	15,192,451	29,080,523
2037 - 2041	15,193,849	12,211,441	27,405,290
2042 - 2046	18,695,728	8,707,900	27,403,628
2047 - 2051	21,920,000	4,342,050	26,262,050
2052	4,990,000	261,975	5,251,975
Debt service	<u>\$ 95,892,496</u>	<u>\$ 75,438,794</u>	<u>\$ 171,331,290</u>

14 DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

At September 30, 2022, Northern Water had deferred outflows and inflows of resources relating to the Pension Plan as follows:

	<u>2022</u>
Deferred Outflows	
Contributions subsequent to December 31, 2021, measurement date	\$ 1,071,757
Effect of assumption changes	460,592
Economic/demographic gains/losses	2,090,888
Deferred Outflows	<u>\$ 3,623,237</u>
Deferred Inflows	
Investments gains/losses	\$ (4,034,747)
Effect of assumption changes	-
Deferred Inflows	<u>\$ (4,034,747)</u>

15 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, 2022, was \$1,028,244.

16 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, 2022. The Measurement Date, the date as of which the net pension asset was determined, was December 31, 2021. 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, 2022, the Pension Plan had a total of 58 participants including 29 retirees receiving benefits, 25 active plan members and 4 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, 2021, Northern Water contributions to the Pension Plan amounted to \$1,472,880, which included the annual actuarially-determined contribution, investment fees and a supplemental contribution.

Investment Portfolio

In accordance with the terms of the Pension Plan Investment Policy Statement, at December 31, 2021, Pension Plan assets were invested in a diversified portfolio as follows:

	<u>Concentration</u>
Domestic equities	36%
Fixed income	28%
International equities	12%
Low correlated hedge funds	17%
Emerging markets	6%
Investments	99%
Cash	1%
Pension Plan investment portfolio	<u>100%</u>

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, 2021, the Pension Plan had the following investments:

	<u>December 31, 2021</u>	<u>Level 1</u>
Domestic equities	\$ 14,468,254	\$ 14,468,254
Fixed income	11,267,786	11,267,786
International equities	4,687,786	4,687,786
Low correlated hedge funds	394,498	394,498
Emerging markets	2,206,725	2,206,725
Investments at fair value	33,025,049	<u>\$ 33,025,049</u>
Low correlated hedge funds measured at NAV		
Equity long/short hedge fund	3,010,145	
Multi-strategy hedge fund	3,287,429	
Investments	<u>\$ 39,322,622</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

Note 16 continued

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, 2021, and assume a 20-year time horizon.

	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
US Cash	4.0%	-0.4%
US Core Fixed Income	24.0%	1.0%
US Bank/Leveraged Loans	5.0%	3.3%
US Large Caps	21.0%	4.6%
US Small & Mid Caps	8.0%	5.9%
Foreign Developed Equity	17.0%	6.6%
Emerging Markets Equity	6.0%	8.6%
Hedge FOF Diversified	15.0%	2.4%

For the Pension Plan year ended December 31, 2021, the annual money-weighted rate of return was 6.98 percent. The money-weighted rate of return considered the changing amounts actually invested during the period and weighted the 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, 2021, 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, 2021, 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, 2021	Weighted Average Maturity
Eaton Vance Floating Rate	\$ 2,015,589	4.7 years
Metropolitan West	4,834,351	8.4 years
Dodge & Cox Income	4,417,846	10.4 years

Actuarial Methods and Assumptions

Total pension liability was determined by an actuarial valuation as of the December 31, 2021, 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
- Mortality – Pub-2010 Healthy Employee and Retiree Mortality Tables for General Employees projected generationally using Scale MP2020
- Investment Rate of Return – 5.25 percent
- Valuation Timing – January 1
- Actuarial Cost Method – Entry Age Normal
- Retirement Age – Participants are assumed to retire at age 65

Changes in Net Pension (Asset) Liability

The net pension (asset) liability was determined by an actuarial valuation as of the December 31, 2021, 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, 2021, were as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension (Asset) Liability
Balances, December 31, 2020	\$ 43,948,232	\$ 44,867,974	\$ (919,742)
Changes for the year:			
Service cost	591,506	-	591,506
Interest on total pension liability	2,095,261	-	2,095,261
Effect of economic/demographic gains/losses	2,846,977	-	2,846,977
Effect of assumption changes	-	-	-
Benefit payments	(9,379,984)	(9,379,984)	-
Employer contributions	-	1,472,880	(1,472,880)
Investment gains or losses	-	2,886,670	(2,886,670)
Net changes	(3,846,238)	(5,020,434)	1,174,195
Balance, December 31, 2021	\$ 40,101,994	\$ 39,847,541	\$ 254,453

Fiduciary net position as a percentage of total pension liability	99.4%
Covered payroll	\$3,676,533
Net pension asset as a percentage of covered payroll	6.9%

Sensitivity Analysis

The following presents the net pension (asset) liability as of December 31, 2021, 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.

Note 16 continued

	1 Percentage Point Decrease (4.25%)	Current Discount Rate (5.25%)	1 Percentage Point Increase (6.25%)
Total pension liability	\$ 43,872,105	\$ 40,101,994	\$ 36,843,093
Fiduciary net position	39,847,541	39,847,541	39,847,541
Net pension (asset) liability	<u>\$ 4,024,564</u>	<u>\$ 254,453</u>	<u>\$ (3,004,448)</u>

Pension Plan Deferred Inflows and Outflows of Resources

As of the December 31, 2021, 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	\$ -	\$ 2,090,888
Effect of assumption changes	-	460,592
Net difference between projected and actual earnings on investments	(4,034,747)	-
Northern Water contributions made subsequent to the December 31, 2021, measurement date	-	1,071,757
Deferred inflows and outflows of resources	<u>\$ (4,034,747)</u>	<u>\$ 3,623,237</u>

Deferred outflows of resources resulting from Northern Water contributions subsequent to the December 31, 2021, Measurement Date are included above and will be recognized as a reduction in the net pension asset in the fiscal year ending September 30, 2023. 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
2023	\$ 714,161
2024	(978,879)
2025	(1,071,347)
2026	(147,202)
2027	-
Thereafter	-
	<u>\$ (1,483,267)</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, 2022, Northern Water recognized pension expense of \$1,430,830.

17 INTERGOVERNMENTAL GRANTS

As a sponsor for the USDA's National Resources Conservation Service (NRCS) Emergency Watershed Protection (EWP) program, Northern Water was awarded a \$32.9 million NRCS federal grant. As of September 30, 2022, \$14.3 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 June 2023. The receivable amount outstanding for this grant on September 30, 2022, was \$2.6 million.

In addition, Northern Water received awards from the Colorado Water Conservation Board (CWCB) under their Colorado Watershed Restoration Grant and Forest Restoration and Wildfire Risk Management Grant programs in the amount of \$8.9 million, and from the Bureau of Land Management (BLM) under their Forests and Woodlands Resource Management program in the amount of \$3.7 million. As of September 30, 2022, \$6.5 million in eligible costs had been incurred and recognized as intergovernmental revenue from CWCB. The grants expire in 2024 and 2025. As of September 30, 2022, \$2.7 million in eligible costs had been incurred and recognized as federal revenue from BLM. The receivable amount outstanding for this grant on September 30, 2022, was \$8.4 million.

Finally, Northern Water entered into a Participating Agreement with the U.S. Forest Service for \$10,190,000 to address priority areas which had been identified as in need of emergency stabilization using wood mulch and other treatments to help limit impacts to watersheds, soil and water resources including, C-BT water supplies. The purpose of this mitigation measure was to stabilize soils and promote forest and watershed recovery reducing sediment and debris transport from runoff water or precipitation events, which in-turn protects C-BT infrastructure and water quality. The receivable amount outstanding for this grant on September 30, 2022, was \$10.2 million.

18 INTERGOVERNMENTAL TRANSACTIONS

The Municipal Subdistrict (the Subdistrict), organized as a subdistrict of Northern Colorado Conservancy District (Northern Water) by Colorado statute, is governed by the same Board of Directors as Northern Water; however the Subdistrict has its own slate of officers, approves its own budget annually, is legally separate, and otherwise not under the control of Northern Water. Northern Water provides several services to the Subdistrict and the entities have several intergovernmental transactions as outlined below. The Subdistrict contains two enterprise funds: Windy Gap Project Water Activity Enterprise (Windy Gap), and Windy Gap Firing Project Water Activity Enterprise (Windy Gap Firing).

For the year ended September 30, 2022, total charges to Windy Gap from Northern Water for operations, engineering, environmental and administrative services amounted to \$4,473,631 including carriage costs of \$2,442,828, which is further described below. Of the total amounts charged during the fiscal year, \$434,702 remained outstanding as of year-end and were included in the accounts payable and accrued liabilities line item as of September 30, 2022. Northern Water also provides centralized cash receipts and disbursement functions for the Subdistrict.

The Windy Gap Firing Project Water Activity Enterprise (Firing Enterprise) has a \$2,266,650 payable obligation to Northern Water for 850 AF of Red Top Valley Ditch water dedicated for Middle Park Mitigation per paragraph III.E.(3) of the 2012 Windy Gap Firing Project Intergovernmental Agreement (2012 WGFP IGA). This amount is recorded in receivables as of September 30, 2022.

The Northern Water Board of Directors determined that it is in the best interest of Northern Water to support the Colorado River Connectivity Channel, and as such Northern Water transferred \$1 million to the Windy Gap Water Activity Enterprise for the purpose of constructing the CRCC. This amount was transferred prior to September 30, 2022.

The Northern Water Board of Directors determined that planned facilities of the Windy Gap Firing Project which will be interconnected with C-BT Project facilities can be enlarged to allow the conveyance of C-BT water in the event of a partial or total shutdown of the Flatiron Power Plant, and Northern Water determined that it is in the best interests of Northern Water to acquire the right to use said Windy Gap Firing Project Facilities and to provide funds for their enlargement.

Note 18 continued

As such, Northern Water transferred \$2 million to the Windy Gap Firing Project Water Activity Enterprise for this purpose. This amount was transferred prior to September 30, 2022.

Outside of the above-mentioned transactions, all payments made are processed through the District Enterprise. The amounts owed to the District from other Enterprise funds relate to expenses paid on their behalf. This includes all employee wages and benefit expenses and vendor payments associated with that Enterprise. In addition, the District also receives reimbursement for any fleet expenses charged and insurance related costs associated with the various Enterprise projects. All payments received are also processed through the District Enterprise. The amounts owed to other Enterprise funds from the District are associated with payments received by the District for services the Enterprise provides to their customers. Amounts that have been received but not yet transferred to the Enterprise make up this receivable balance on the Enterprise funds.

19 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.

20 COMMITMENTS AND CONTINGENCIES

Northern Water has outstanding commitments for Northern Integrated Supply Project mitigation and enhancement, design, and preconstruction work of \$37.6 million and for the Campus Development Project design and construction of \$32.7 million. The purchase order commitments had an original value of \$126.7 million combined.

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 591,506	\$ 673,664	\$ 744,039	\$ 750,237	\$ 593,304	\$ 629,104	\$ 767,076	\$ 746,409
Interest on total pension liability	2,095,261	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	2,846,977	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	(9,379,984)	(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	(3,846,240)	1,507,859	(360,374)	973,624	(471,053)	1,419,710	2,587,431	3,928,696
Total pension liability, beginning of year	43,948,234	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	40,101,994	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	1,472,880	2,367,405	2,089,663	2,533,926	2,612,183	3,315,464	1,511,622	631,338
Investment gains (losses)	2,886,670	6,720,560	5,854,474	(2,118,348)	4,636,518	1,611,802	(421,624)	1,091,271
Benefit payments	(9,379,984)	(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	(5,020,434)	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	44,867,975	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	39,847,541	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	\$ 254,453	\$(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	99.4%	102.1%	90.0%	82.8%	95.2%	84.4%	80.0%	87.4%
Covered payroll	\$3,676,533	\$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	6.9%	-20.9%	91.5%	148.9%	34.7%	107.5%	131.3%	76.3%
Money-weighted rate of return	7.0%	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 December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Employer Contribution Over (Under) Actuarially- Determined Contribution	Covered Payroll	Employer Contribution as a Percentage of Covered Payroll
2012	\$ 1,443,392	\$ 1,419,670	\$ (23,722)	\$ 6,154,583	23.1%
2013	1,528,902	2,609,859	1,080,957	6,311,946	41.3%
2014	1,326,183	631,338	(694,845)	6,235,218	10.1%
2015	1,632,209	1,511,622	(120,587)	6,212,513	24.3%
2016	1,607,405	3,315,464	1,708,059	6,150,893	53.9%
2017	1,317,640	2,612,183	1,294,543	5,752,756	45.4%
2018	1,120,983	2,533,926	1,412,943	4,946,272	51.2%
2019	1,501,389	2,089,663	588,274	4,626,308	45.2%
2020	1,483,961	2,367,405	883,444	4,408,705	53.7%
2021	1,171,619	1,472,880	301,261	3,676,533	40.1%



SUPPLEMENTARY INFORMATION

Schedule of Revenues and Expenses, Budget to Actual

District Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2022			Year ended
	Budget (unaudited)	Actual	Variance	September 30, 2021 Actual
Operating revenue sources				
Water assessments	\$ 12,018,132	\$ 12,268,808	\$ 250,676	\$ 12,059,790
Charges for services	8,512,896	7,552,240	(960,656)	7,276,338
Other operating revenues	2,480,650	2,815,259	334,609	4,320,428
Operating revenue sources	23,011,678	22,636,307	(375,371)	23,656,556
Operating expense uses	(75,423,075)	(58,667,553)	16,755,522	(46,298,081)
Operating revenue sources under expense uses	(52,411,397)	(36,031,246)	16,380,151	(22,641,525)
Nonoperating revenue sources				
Property and specific ownership taxes	26,870,689	26,763,785	(106,904)	26,963,388
Earnings on investments / change in value	476,170	(1,663,121)	(2,139,291)	447,267
Intergovernmental grants	35,480,000	27,631,388	(7,848,612)	12,316,953
Other nonoperating revenues	185,475	669,534	484,059	3,644,883
Interfund loan receivable receipts	287,437	287,437	-	287,437
Capital Contributions		125,828		
Enterprise Indirect cost revenue	2,773,800	-	(2,773,800)	-
Bond proceeds	38,500,000	37,346,206	(1,153,794)	63,415,647
Nonoperating revenue sources	104,573,571	91,161,056	(13,538,342)	107,075,575
Nonoperating expense uses		0		
Debt service	(5,334,318)	(3,363,838)	1,970,480	(323,414)
Capital purchase and project expenditures	(58,169,010)	(47,886,470)	10,282,540	(18,737,467)
Reserve funding	(1,877,754)	(1,877,754)	-	(1,776,204)
Bond costs of issuance		(331,440)	(331,440)	(386,052)
Supplemental Pension Plan contribution			-	(129,125)
Contributions to Chimney Hollow & Colorado River Connectivity Channel	(3,000,000)	(3,000,000)		
Contingency	(250,000)	-	250,000	-
Nonoperating expense uses	(68,631,082)	(56,459,502)	12,171,580	(21,352,262)
Nonoperating revenue sources over expense uses	35,942,489	34,701,554	(1,366,762)	85,723,313
Revenue sources over expenses uses	<u>\$ (16,468,908)</u>	<u>(1,329,692)</u>	<u>\$ 15,013,388</u>	<u>63,081,788</u>
Adjustments to reconcile budgetary basis to GAAP basis				
Bond proceeds		(37,346,206)		(63,415,647)
Interfund loan receivable principal receipts		(287,437)		(287,437)
Debt service payments		3,363,838		323,414
Interest expense, net of bond premium amortization		(2,039,047)		(323,000)
Capital outlay		47,885,975		18,737,467
Reserve funding		1,877,754		1,776,204
Depreciation		(2,809,808)		(2,637,689)
Other		-		129,125
Changes in net position		<u>\$ 9,315,377</u>		<u>\$ 17,384,225</u>

Schedule of Revenues and Expenses, Budget to Actual

Southern Water Supply Project Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2022			Year ended September 30, 2021 Actual
	Budget (unaudited)	Actual	Variance	
Operating revenue sources				
Water assessments	\$ 2,510,639	\$ 2,481,123	\$ (29,516)	\$ 1,759,742
Operating revenue sources	2,510,639	2,481,123	(29,516)	1,759,742
Operating expense uses	(2,510,639)	(2,168,136)	342,503	(1,701,293)
Operating revenue sources over expense uses	-	312,987	312,987	58,449
Nonoperating revenue sources				
Earnings on investments	-	10,971	10,971	284
Other Nonoperating revenue	-	15,000	15,000	-
Capital contributions	-	-	-	-
Nonoperating revenue sources	-	25,971	25,971	284
Nonoperating expense uses				
Capital expenditures	(634,803)	(282,373)	352,430	(1,568,272)
Retainage	-	-	-	-
Contingency	-	-	-	-
Nonoperating expense uses	(634,803)	(282,373)	352,430	(1,568,272)
Nonoperating revenue sources under expense uses	(634,803)	(256,403)	378,400	(1,567,988)
Revenue sources under expenses uses	\$ (634,803)	56,584	\$ 691,387	(1,509,539)
Adjustments to reconcile budgetary basis to GAAP basis				
Unearned revenue recognized as capital contributions		59,970		2,317,731
Participant funding held as accrued liabilities for construction contingencies		-		-
Retainage		-		-
Capital expenditures		282,373		1,568,272
Depreciation		(2,916,449)		(2,893,466)
Changes in net position		\$ (2,517,521)		\$ (517,002)

Schedule of Revenues and Expenses, Budget to Actual

Pleasant Valley Pipeline Project Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2022			Year ended September 30, 2021 Actual
	Budget (unaudited)	Actual	Variance	
Operating revenue sources				
Water assessments	\$ 155,530	\$ 58,949	\$ (96,581)	\$ 159,199
Operating revenue sources	155,530	58,949	(96,581)	159,199
Operating expense uses	(155,530)	(93,054)	62,476	(67,329)
Operating revenue sources over (under) expense uses	-	(34,104)	(34,104)	91,870
Nonoperating revenue sources				
Earnings on investments	-	635	635	16
Nonoperating revenue sources	-	635	635	16
Nonoperating expense uses				
Capital purchase and project expenditures	-	(9,129)	(9,129)	-
Loss on asset disposal			-	-
Nonoperating expense uses	-	(9,129)	(9,129)	-
Nonoperating revenue sources over (under) expense uses	-	(8,494)	(8,494)	16
Revenue sources over (under) expense uses	\$ -	(42,598)	\$ (42,598)	91,886
Adjustments to reconcile budgetary basis to GAAP basis				
Depreciation		(744,191)		(744,114)
Capital projects		9,129		
Changes in net position		\$ (777,660)		\$ (652,228)

Schedule of Revenues and Expenses, Budget to Actual**Northern Integrated Supply Project Enterprise Fund**

Non-GAAP Budgetary Basis

	<u>Year ended September 30, 2022</u>			<u>Year ended September 30, 2021 Actual</u>
	<u>Budget (unaudited)</u>	<u>Actual</u>	<u>Variance</u>	
Nonoperating revenue sources				
Capital contributions	\$ 33,470,000	\$ 19,000,000	\$(14,470,000)	\$ 14,600,000
Earnings on investments	-	183,307	183,307	14,091
Other nonoperating revenues	-	36,417	36,417	94,073
Nonoperating revenue sources	<u>33,470,000</u>	<u>19,219,725</u>	<u>(14,250,275)</u>	<u>14,708,164</u>
Nonoperating expense uses				
Capital purchase and project expenditures	(43,285,300)	(16,544,404)	26,740,896	(18,683,456)
Nonoperating expense uses	<u>(43,285,300)</u>	<u>(16,544,404)</u>	<u>26,740,896</u>	<u>(18,683,456)</u>
Nonoperating revenue sources over (under) expense uses	<u>\$ (9,815,300)</u>	<u>2,675,321</u>	<u>\$ 12,490,621</u>	<u>(3,975,292)</u>
Adjustments to reconcile budgetary basis to GAAP basis				
Capital outlay		<u>16,434,636</u>		<u>18,683,456</u>
Changes in net position		<u>\$ 19,109,957</u>		<u>\$ 14,708,164</u>

Schedule of Revenues and Expenses, Budget to Actual

Northern Water Hydropower Enterprise Fund

Non-GAAP Budgetary Basis

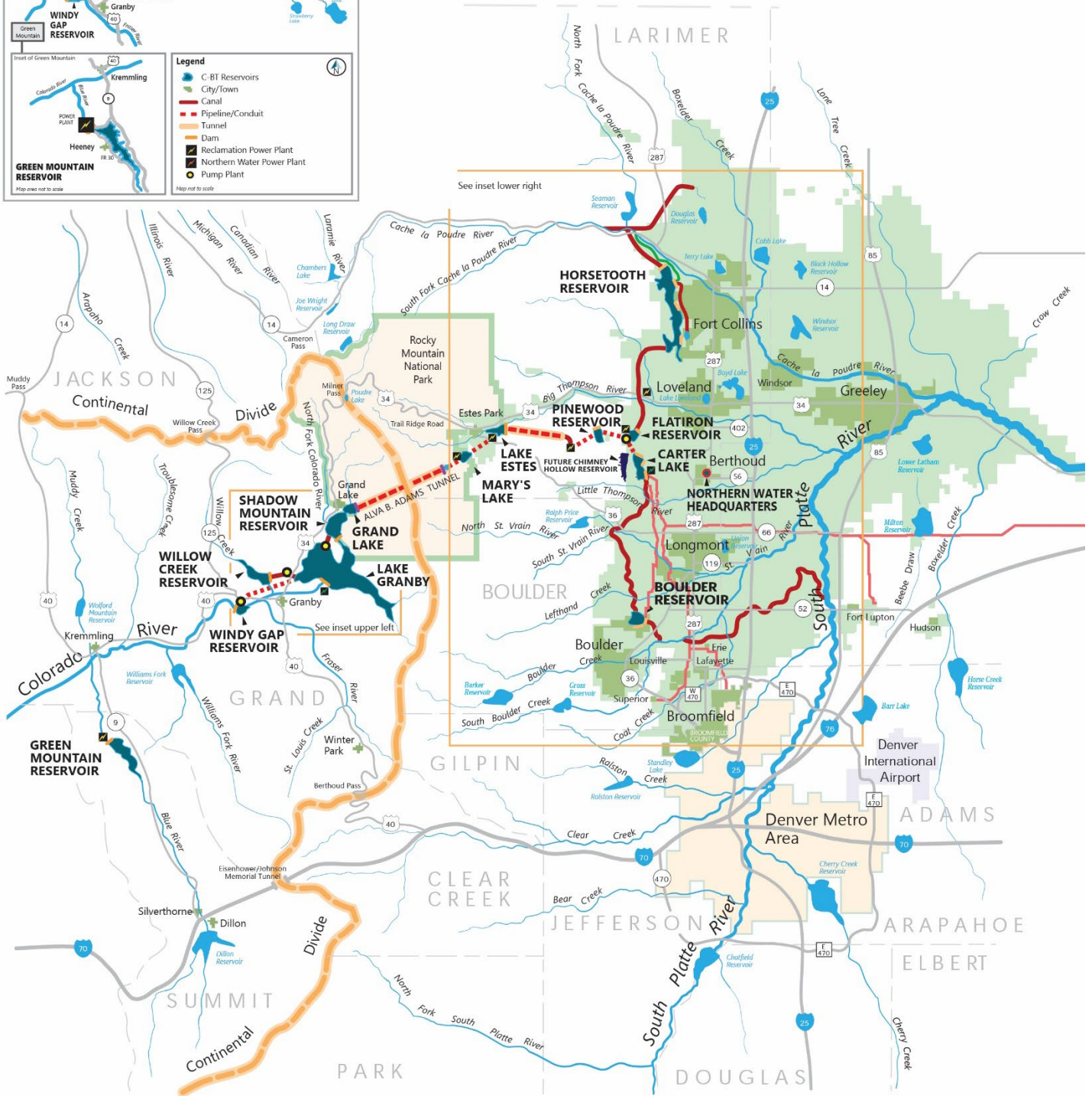
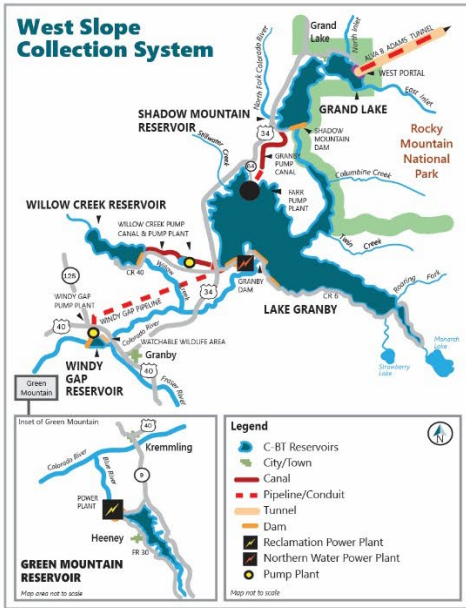
	Year ended September 30, 2022			Year ended September 30, 2021 Actual
	Budget (unaudited)	Actual	Variance	
Operating revenue sources				
Energy revenue	\$ 1,344,000	\$ 1,466,764	\$ 122,764	\$ 1,349,216
Operating expense uses	(528,832)	(429,055)	99,777	(416,768)
Operating revenue sources over expense uses	815,168	1,037,709	222,541	932,448
Nonoperating revenue sources				
Earnings on investments	20,000	19,256	(744)	1,465
Intergovernmental grants	-	338,862	338,862	145,403
Nonoperating revenue sources	20,000	358,118	338,118	146,868
Nonoperating expense uses				
Debt service				
Principal	(464,771)	(464,771)	-	(455,658)
Interest	(174,265)	(174,265)	-	(180,440)
Capital purchase and project expenditures	(47,281)	(5,219)	42,062	-
Contingency	(50,000)	-	50,000	-
Nonoperating expense uses	(736,317)	(644,255)	92,062	(636,098)
Nonoperating revenue sources under expense uses	(716,317)	(286,137)	430,180	(489,230)
Revenue sources over expense uses	\$ 98,851	751,572	\$ 652,721	443,218
Adjustments to reconcile budgetary basis to GAAP basis				
Debt principal payments		467,767		455,658
Depreciation		(288,604)		(288,604)
Capital Expenditures		5,219		-
Changes in net position		\$ 935,954		\$ 610,272

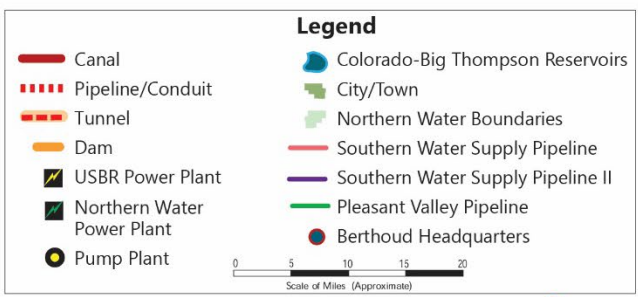
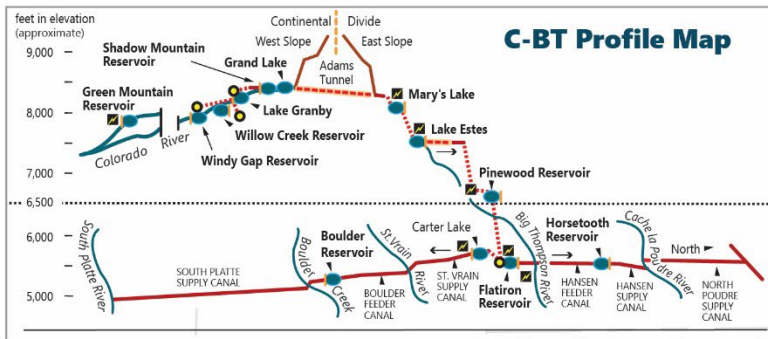


STATISTICAL

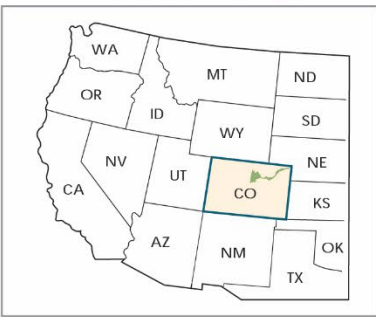
This section presents detailed information as a context for understanding information in the financial statements, note disclosures, required supplementary information and supplementary information. Unless otherwise noted, the statistical information is derived from the ACFRs and underlying accounting,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

COLORADO-BIG THOMPSON PROJECT AND NORTHERN WATER BOUNDARIES

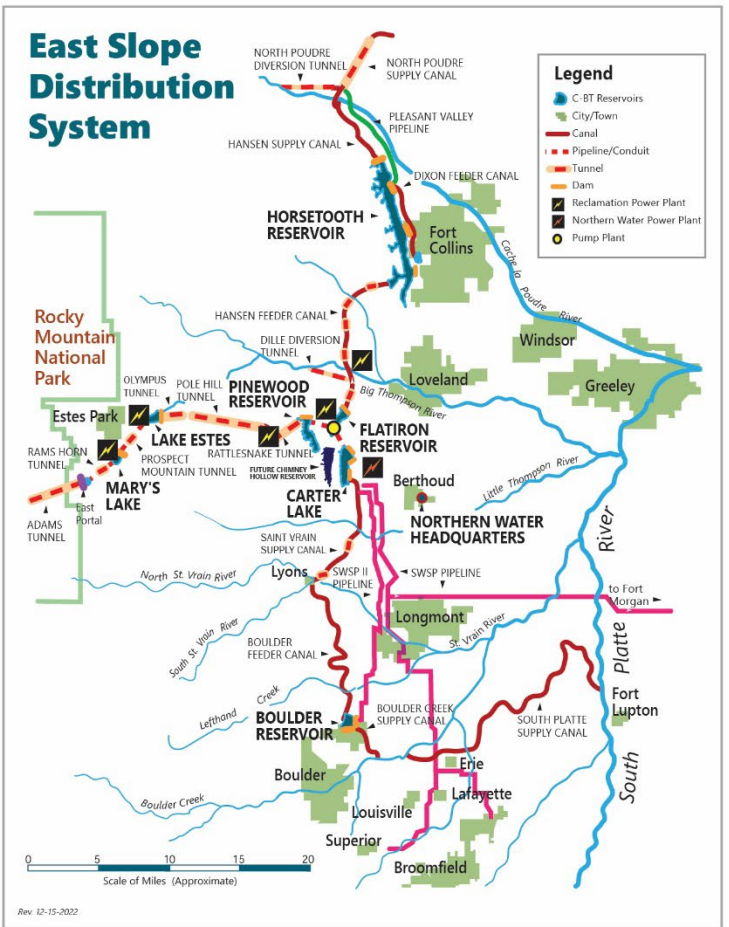
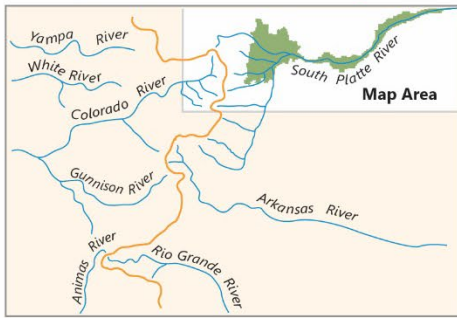




US Index Map



Colorado Index Map





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⁾ (2013 - 2022)

Years ended September 30

Unaudited

	2022	2021	2020	2019	2018
Revenues					
Operating revenues					
Assessments	\$14,811,682	\$ 13,978,731	\$ 13,496,094	\$ 12,512,455	\$ 12,239,150
Charges for services	7,552,240	7,276,338	7,961,981	6,593,167	6,307,644
Energy revenue	1,466,764	1,349,216	1,301,643	1,115,254	1,112,541
Other operating revenues	2,874,076	4,320,428	2,509,470	1,923,491	2,374,919
Operating revenues	26,704,762	26,924,713	25,269,188	22,144,367	22,034,254
Nonoperating revenues					
Property and specific ownership taxes	26,763,785	26,963,388	27,187,290	23,043,100	21,282,930
Earnings on investments	(1,632,894)	449,032	2,173,881	2,257,120	390,058
Intergovernmental grants	27,914,798	12,462,356	104,678	129,279	253,333
Other nonoperating revenues, net	862,988	3,644,883	356,265	2,153,900	1,941,115
Use of facilities ⁽²⁾	-	-	-	-	782,263
Nonoperating revenues	53,908,677	43,519,659	29,822,114	27,583,399	24,649,699
Revenues	80,613,439	70,444,372	55,091,302	49,727,766	46,683,953
Expenses					
Operating expenses					
Operations	12,235,108	17,421,047	13,955,318	12,324,327	14,117,940
Administration	8,990,876	6,297,145	4,645,341	12,417,554	6,755,097
Engineering	7,851,778	13,415,600	3,946,941	3,713,533	7,695,271
Environmental Services ⁽³⁾	5,140,981	11,349,679	12,286,840	3,656,229	-
Depreciation	6,759,053	6,563,873	5,554,090	4,767,424	4,563,619
Operating expenses	40,977,796	55,047,344	40,388,530	36,879,067	33,131,927
Nonoperating expenses					
Interest expense	2,210,315	503,440	237,870	411,575	476,068
Other nonoperating grant expenses	27,139,056				
Bond issuance costs	331,440	386,052	-	-	-
Other nonoperating expenses	3,109,593	-	-	-	-
Intergovernmental subgrantee payments	-	-	-	-	118,398
Participant gain on use of facilities ⁽²⁾	-	-	-	-	782,263
Refund of contributed capital	-	-	-	-	371,803
Nonoperating expenses	32,790,404	889,492	237,870	411,575	1,748,532
Expenses	73,768,200	55,936,836	40,626,400	37,290,642	34,880,459
Income before contributions	6,845,239	14,507,536	14,464,902	12,437,124	11,803,494
Capital contributions	19,220,868	17,025,895	47,243,558	39,470,161	12,552,674
Changes in net position	26,066,107	31,533,431	61,708,460	51,907,285	24,356,168
Net position, beginning of year	421,763,228	390,229,798	328,521,338	276,614,053	252,257,885
Net position, end of year	\$447,829,335	\$421,763,229	\$390,229,798	\$ 328,521,338	\$ 276,614,053

⁽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⁾ (2013 - 2022) (continued)

Years ended September 30

Unaudited

	2017	2016	2015	2014	2013
Revenues					
Operating revenues					
Assessments	\$11,496,339	\$ 10,113,724	\$ 8,110,867	\$ 7,875,949	\$ 7,343,449
Charges for services ⁽²⁾	5,783,834	4,701,786	4,541,473	4,658,426	5,133,403
Energy revenue ⁽³⁾	1,110,090	936,746	606,827	480,309	625,371
Other operating revenues	1,916,281	1,644,774	2,592,305	1,836,432	10,622,677
Operating revenues	20,306,544	17,397,030	15,851,472	14,851,116	23,724,900
Nonoperating revenues					
Property and specific ownership taxes	18,807,149	19,027,007	15,997,115	15,569,049	15,217,883
Earnings on investments	314,956	344,096	313,207	208,444	196,413
Intergovernmental grants	83,449	536,777	1,397,620	1,962,262	-
Other nonoperating revenues, net	390,855	262,128	487,930	1,028,181	235,503
Gain on disposition of assets ⁽⁴⁾	-	-	-	-	906,507
Nonoperating revenues	19,596,409	20,170,008	18,195,872	18,767,936	16,556,306
Revenues	39,902,953	37,567,038	34,047,344	33,619,052	40,281,206
Expenses					
Operating expenses					
Operations	13,223,118	12,736,200	12,787,288	13,358,066	13,533,921
Administration	6,806,674	6,289,010	4,934,313	6,238,623	5,485,132
Environmental Services ⁽³⁾	7,102,192	-	-	-	-
Engineering	-	5,435,991	5,497,912	5,090,341	4,645,297
Depreciation	4,384,339	4,169,073	4,102,074	4,149,642	3,841,086
Operating expenses	31,516,323	28,630,274	27,321,587	28,836,672	27,505,436
Nonoperating expenses					
Interest expense	530,614	475,720	522,045	566,912	783,119
Intergovernmental subgrantee payments	113,800	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	644,414	989,981	1,713,145	1,826,547	1,689,626
Expenses	32,160,737	29,620,255	29,034,732	30,663,219	29,195,062
Income (loss) before contributions	7,742,216	7,946,783	5,012,612	2,955,833	11,086,144
Capital contributions	6,528,346	4,400,000	3,542,024	1,890,000	1,799,304
Changes in net position	14,270,562	12,346,783	8,554,636	4,845,833	12,885,448
Net position, beginning of year	237,987,323	225,640,540	217,085,904	215,054,729	202,378,483
Restatement ⁽⁶⁾	-	-	-	(2,814,658)	(209,202)
Net position, end of year	\$252,257,885	\$ 237,987,323	\$ 225,640,540	\$ 217,085,904	\$ 215,054,729

⁽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⁾ (2013 - 2022)

Years ended September 30

Unaudited

	2022	2021	2020	2019	2018
Net Position					
Net investment in capital assets	\$305,412,241	\$285,218,526	\$265,628,101	\$233,624,113	\$193,162,975
Restricted net position					
Debt service	253,403	251,449	228,413	202,653	174,967
Major repairs	1,912,446	1,909,163	2,295,393	2,106,516	1,970,697
Capital projects	3,260,620	18,043,510	22,947,964	3,285,800	2,420,068
Unrestricted net position	136,990,624	116,340,581	99,129,927	89,302,256	78,885,346
Net position	<u>\$447,829,335</u>	<u>\$421,763,229</u>	<u>\$390,229,798</u>	<u>\$328,521,338</u>	<u>\$276,614,053</u>

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

Statement of Net Position by Component⁽¹⁾ (2013 - 2022) (continued)

Years ended September 30

Unaudited

	2017	2016	2015	2014 ⁽²⁾	2013 ⁽³⁾
Net Position					
Net investment in capital assets	\$182,061,936	\$ 177,863,092	\$174,959,097	\$171,634,522	\$ 171,455,879
Restricted net position					
Debt service	149,684	126,010	125,505	125,363	425,806
Major repairs	2,007,139	1,993,343	1,989,621	1,989,049	1,988,522
Capital projects	2,786,161	1,959,697	1,381,990	840,935	1,326,539
Unrestricted net position	65,252,965	56,045,181	47,184,327	42,496,035	39,857,983
Net position	<u>\$ 252,257,885</u>	<u>\$ 237,987,323</u>	<u>\$225,640,540</u>	<u>\$217,085,904</u>	<u>\$ 215,054,729</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
2022	1,571,579	23,070	477,318	107,043	106,131	2,262,071

⁽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 (2013 - 2022)

District Enterprise Fund

Years ended September 30

Unaudited

	2022	2021	2020	2019	2018
Water Assessments					
Class A Inclusions	\$ 2,800	\$ - ⁽¹⁾	\$ - ⁽¹⁾	\$ - ⁽¹⁾	\$ - ⁽¹⁾
Class B Municipal	5,492,445	5,335,633	5,213,301	5,064,728	4,875,560
Class C					
Domestic	2,652,161	2,556,864	2,453,720	2,356,342	2,259,151
Industrial	611,044	599,633	583,326	567,019	532,861
Irrigation	534,936	534,239	516,872	496,287	478,708
Multi-Purpose	12,421	14,101	13,718	13,334	12,832
Class D, irrigation	712,016	713,749	711,851	714,012	691,788
Carryover	2,253,784	2,305,571	2,087,361	2,084,736	2,056,639
Water assessments	<u>\$ 12,271,608</u>	<u>\$ 12,059,790</u>	<u>\$ 11,580,149</u>	<u>\$ 11,296,458</u>	<u>\$ 10,907,539</u>
Ownership by Water Allotment Contract Class (acre-foot units)					
Class B, municipal	153,768	153,223	153,176	152,729	152,429
Class C					
Irrigation	56,710	56,980	57,057	57,063	56,754
Domestic/Industrial/ Multi-purpose	68,725	67,806	67,119	66,532	66,006
Class D irrigation ⁽²⁾	30,797	31,991	32,648	33,676	34,811
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	93,956	94,216	94,824	95,299	96,289
Open rate	216,044	215,784	215,176	214,701	213,711
Acre-foot units	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>

⁽¹⁾ Prior to 2022, Class A Inclusion revenues were classified as 'Other Operating Revenue'.

⁽²⁾ Includes inactive units.

Water Assessments and Ownership by Water Allotment Contract Class and Rate (2013 - 2022) (continued)

District Enterprise Fund
 Years ended September 30
 Unaudited

	2017	2016	2015	2014	2013
Water Assessments					
Class A Inclusions	\$ - ⁽¹⁾	\$ - ⁽¹⁾	\$ - ⁽¹⁾	\$ - ⁽¹⁾	\$ - ⁽¹⁾
Class B Municipal	4,689,355	4,371,754	3,529,939	3,181,025	2,950,799
Class C					
Domestic	2,163,133	1,795,448	1,442,564	1,308,281	1,222,250
Industrial	524,355	440,908	376,939	318,286	272,712
Irrigation	464,719	343,280	262,962	249,332	249,426
Multi-Purpose	22,998	17,053	14,487	19,797	18,693
Class D, irrigation	660,774	506,851	318,641	310,360	315,163
Carryover	1,817,185	1,545,158	1,224,416	1,528,117	1,209,928
Water assessments	<u>\$ 10,342,519</u>	<u>\$ 9,020,452</u>	<u>\$ 7,169,948</u>	<u>\$ 6,915,198</u>	<u>\$ 6,238,971</u>

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

Class B, municipal	151,517	151,063	150,161	149,879	149,568
Class C					
Irrigation	56,490	56,615	56,417	60,122	60,505
Domestic/Industrial/ Multi-purpose	65,894	64,587	63,878	58,999	57,414
Class D Irrigation ⁽²⁾	36,099	37,735	39,544	41,000	42,513
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	97,401	98,263	99,311	99,862	100,406
Open rate	212,599	211,737	210,689	210,138	209,594
Acre-foot units	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>

⁽¹⁾ Prior to 2022, Class A Inclusion revenues were classified as 'Other Operating Revenue'.

⁽²⁾ Includes inactive units.

Largest Water Allotment Contract Holders by Acre-Foot Units (2013 and 2022)

District Enterprise Fund

Years ended September 30

Unaudited

Entity	2022		2013	
	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%	22,565	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	13,078	4.2%	11,552	3.7%
City of Longmont	12,713	4.1%	12,713	4.1%
City of Loveland	12,210	3.9%	12,118	3.9%
Little Thompson Water District	11,701	3.8%	9,832	3.2%
Xcel Energy (Public Service Company of Colorado)	10,007	3.2%	9,997	3.2%
Ten largest allottees by acre-foot units	176,066	56.8%	171,745	55.4%
Other allottees	133,934	43.2%	138,255	44.6%
Acre-foot units	310,000	100.0%	310,000	100.0%

Largest Water Allotment Contract Holders by Water Assessment (2013 and 2022)

District Enterprise Fund

Years ended September 30

Unaudited

Entity	2022			2013		
	Rank	Assessment	Percentage	Rank	Assessment	Percentage
City and County of Broomfield	1	\$ 692,434	6.9%	2	\$ 359,772	5.8%
Fort Collins-Loveland Water District	2	642,130	6.4%	3	323,456	5.2%
City of Fort Collins	3	639,048	6.3%	1	367,562	5.9%
Little Thompson Water District	4	574,519	5.7%	6	275,296	4.4%
Xcel Energy (Public Service Company of Colorado)	5	491,344	4.9%	4	279,916	4.5%
City of Boulder	6	445,692	4.4%	5	269,474	-
City of Greeley	7	403,643	4.0%	7	230,080	3.7%
City of Longmont	8	390,539	3.9%	8	223,464	3.6%
Left Hand Water District	9	361,622	3.6%		-	-
City of Loveland	10	358,919	3.6%	10	203,836	3.3%
Town of Erie		-	-	9	206,640	3.3%
Water Assessments for ten largest allottees		4,999,891	49.7%		2,739,496	39.6%
Other allottees		5,065,081	50.3%		3,499,475	56.1%
C-BT Project water assessments, Classes B, C and D		\$10,064,972	100.0%		\$ 6,238,971	95.7%

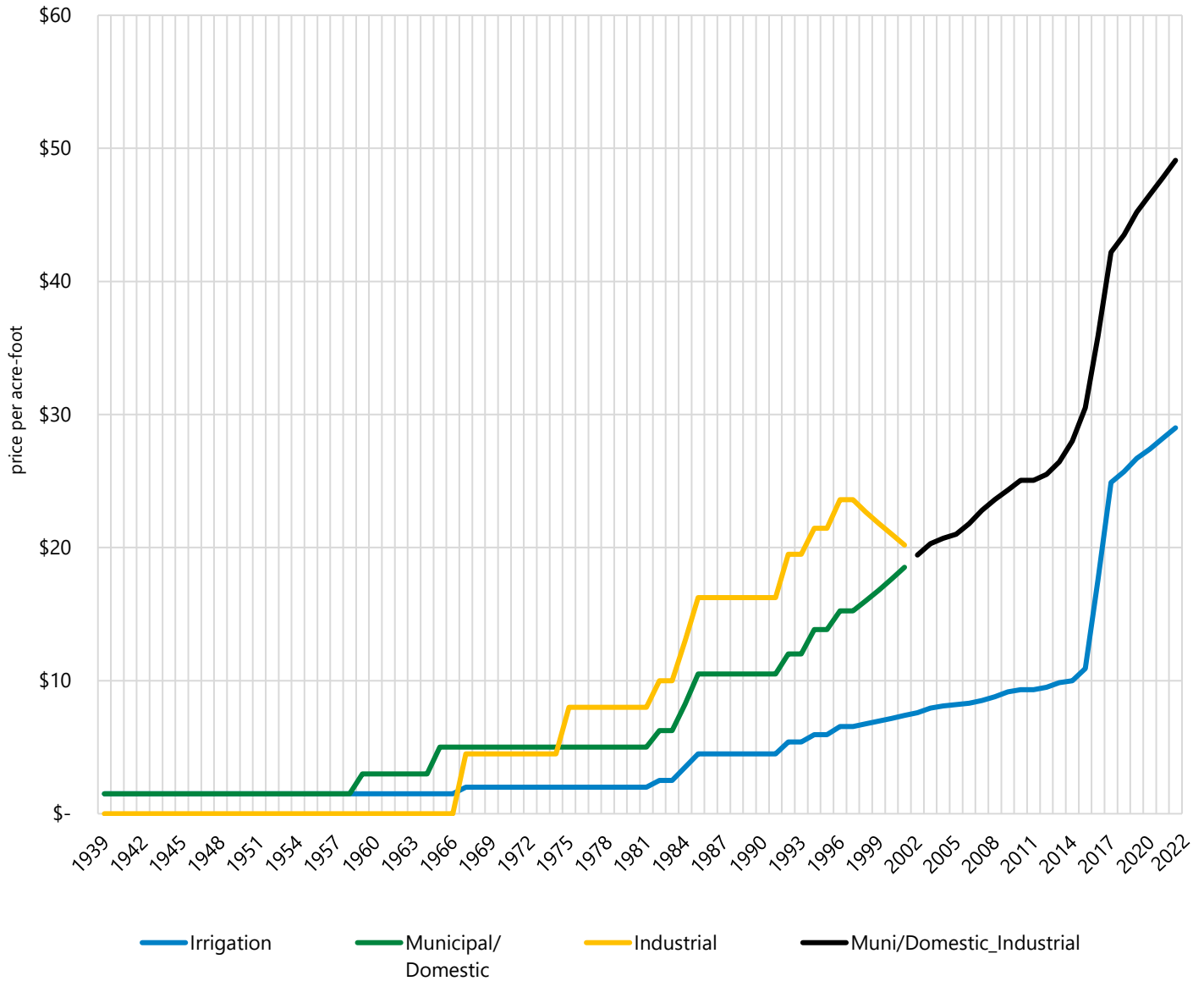
Open-Rate Water Assessment Charges⁽¹⁾ (Historical)

District Enterprise Fund

Years ended September 30

Unaudited

Open-Rate Assessments



2022 Open-Rate Water Assessments

	<u>Per Acre-Foot Unit</u>
Irrigation	\$29.00
Municipal/Domestic/Industrial	\$49.10

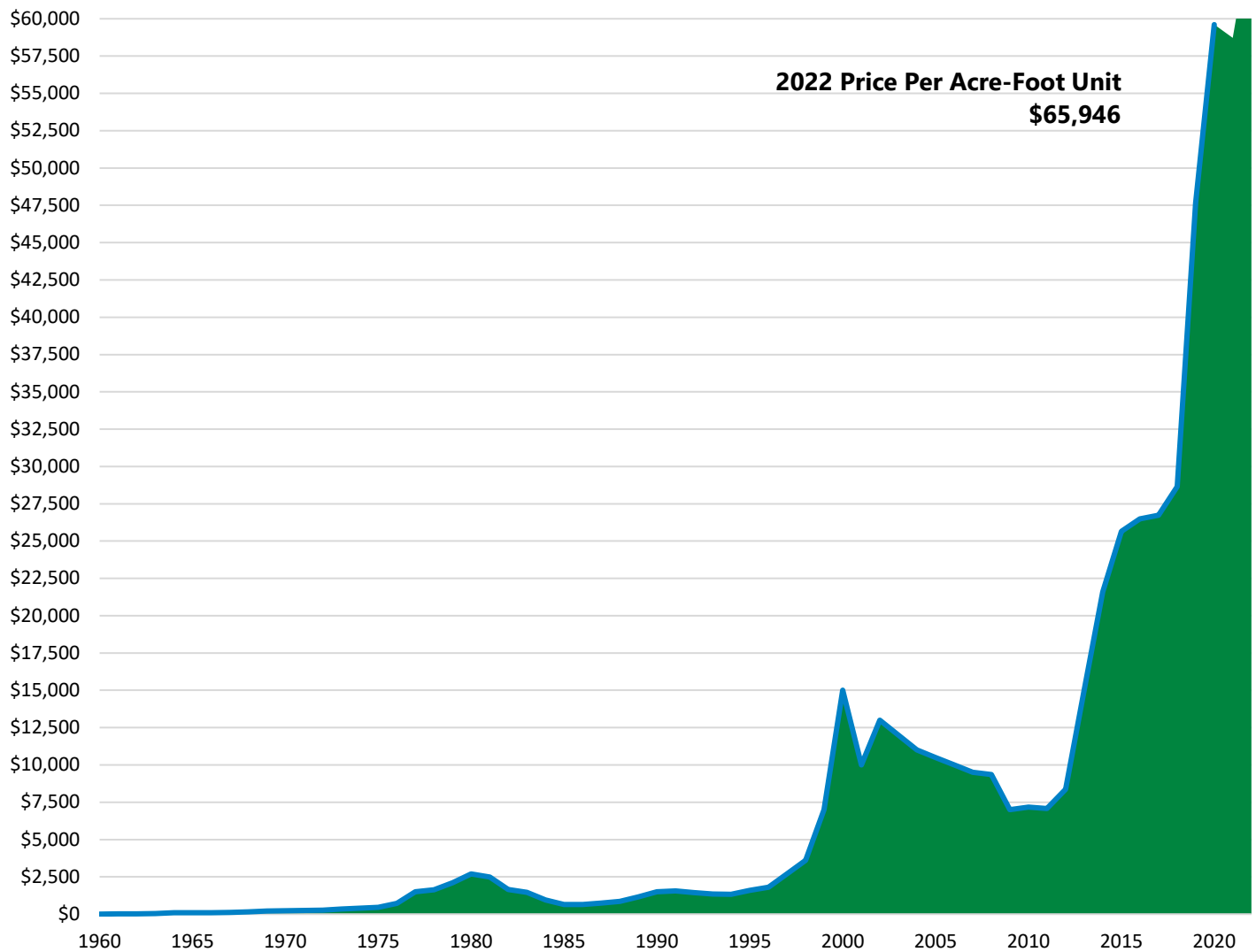
⁽¹⁾ The District Enterprise Fund collects annual water assessments on each acre-foot unit. Assessments on fixed-rate contracts are \$1.50 per unit. When a fixed-rate unit contract is transferred, sold or altered, the contract is changed from the original fixed rate to an open-rate assessment. Open-rate 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 (2013 - 2022)**District and Northern Water Hydropower Enterprise Funds**

Years ended September 30

Unaudited

	2022	2021	2020	2019	2018
CHARGES FOR SERVICES					
District Enterprise Fund					
Reclamation	\$ 2,343,480	\$ 2,396,404	\$ 3,313,886	\$ 2,721,725	\$ 2,736,656
Labor, overhead and supplies	5,208,760	4,879,934	4,648,095	3,871,442	3,570,988
Charges for services	<u>\$ 7,552,240</u>	<u>\$ 7,276,338</u>	<u>\$ 7,961,981</u>	<u>\$ 6,593,167</u>	<u>\$ 6,307,644</u>
ENERGY REVENUE AND OUTPUT					
Hydropower					
Trout	\$ 1,141,448	\$ 1,004,471	\$ 921,473	\$ 785,813	\$ 760,873
Granby	325,316	344,745	380,171	329,441	351,668
Hydropower	<u>\$ 1,466,764</u>	<u>\$ 1,349,216</u>	<u>\$ 1,301,644</u>	<u>\$ 1,115,254</u>	<u>\$ 1,112,541</u>
Hydropower(kWh)					
Trout	10,343,000	9,291,000	8,782,453	8,027,000	8,213,000
Granby	5,837,000	4,583,000	5,157,266	4,698,130	5,338,000
Hydropower	<u>16,180,000</u>	<u>13,874,000</u>	<u>13,939,719</u>	<u>12,725,130</u>	<u>13,551,000</u>

Charges for Services and Energy Revenue (2013 - 2022) (continued)**District and Northern Water Hydropower Enterprise Funds**

Years ended September 30

Unaudited

	2017	2016	2015	2014	2013
CHARGES FOR SERVICES					
District Enterprise Fund⁽¹⁾					
Reclamation	\$ 2,796,752	\$ 2,162,973	\$ 2,243,156	\$ 2,645,274	\$ 2,666,441
Labor, overhead and supplies	2,987,082	2,538,813	2,298,317	2,013,152	2,466,962
Charges for services	\$ 5,783,834	\$ 4,701,786	\$ 4,541,473	\$ 4,658,426	\$ 5,133,403
ENERGY REVENUE AND OUTPUT					
Hydropower⁽²⁾					
Trout	\$ 798,799	\$ 750,251	\$ 606,827	\$ 480,309	\$ 625,371
Granby	311,291	186,492	-	-	-
Hydropower	\$ 1,110,090	\$ 936,743	\$ 606,827	\$ 480,309	\$ 625,371
Hydropower(kWh)⁽²⁾					
Trout	9,039,000	8,078,000	6,585,000	5,425,000	7,303,000
Granby	4,921,000	2,954,000	-	-	-
Hydropower	13,960,000	11,032,000	6,585,000	5,425,000	7,303,000

⁽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.

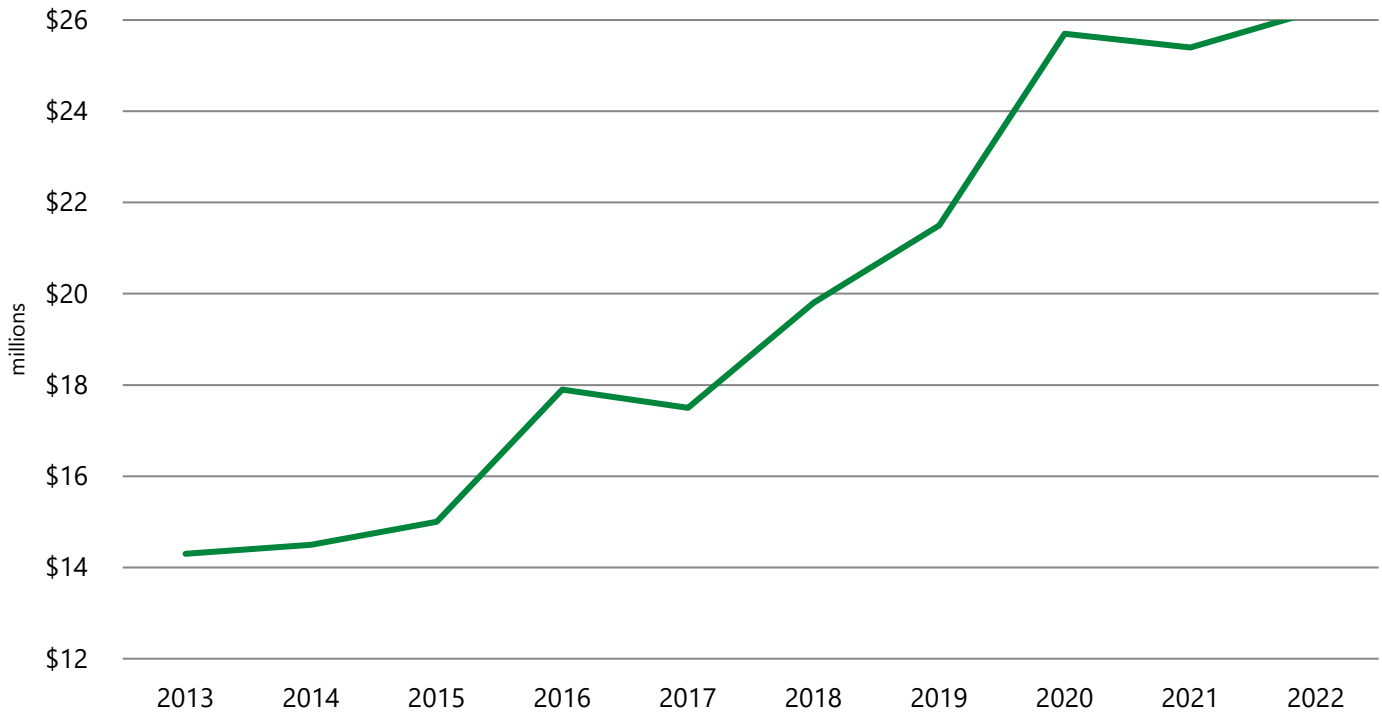
Property Tax Levies and Collections (2013 - 2022)

District Enterprise Fund

Years ended September 30

Unaudited

Property Tax Collections



Year	Collections within the Fiscal Year			Collections to Date		
	Tax Levy for Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years ⁽¹⁾	Amount	Percentage of Levy
2013	\$ 14,313,566	\$ 4,217,057	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%
2022	25,115,167	24,580,378	97.9%	25,692	24,606,070	98.0%

⁽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 (2013 - 2022)

District Enterprise Fund

Years ended September 30

Unaudited (thousands)

	2022	2021	2020	2019	2018
Assessed Value					
Residential	\$ 12,198,437	\$ 11,617,806	\$ 11,712,174	\$ 9,780,474	\$ 9,075,556
Commercial	6,936,809	6,943,335	7,176,022	6,007,635	5,520,450
Industrial	1,436,588	1,349,671	1,268,476	1,097,984	1,134,693
Agricultural	145,668	126,611	131,222	138,057	147,053
Oil/Gas Natural Resources	3,242,368	4,150,302	4,289,146	3,337,096	2,615,159
Other	1,155,297	1,134,432	1,152,692	1,210,156	1,379,118
Assessed value of properties ⁽¹⁾	\$ 25,115,167	\$ 25,322,157	\$ 25,729,732	\$ 21,571,402	\$ 19,872,029
Estimated actual taxable value ⁽²⁾	\$ 197,787,144	\$ 207,146,522	\$ 195,474,271	\$ 163,528,648	\$ 151,243,740
	12.7%	12.2%	13.2%	13.2%	13.1%

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 7.0 percent of actual value and all other properties at 29 percent. The 7.0 percent rate is a temporary reduction based on SB22-238; the "normal" rate is 7.15 percent. There are years in this table prior to those affected by SB22-238. 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 101 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 (2013 - 2022) (continued)

District Enterprise Fund

Years ended September 30

Unaudited (thousands)

	2017	2016	2015	2014	2013
Assessed Value	\$ 7,866,349	\$ 7,693,115	\$ 6,281,199	\$ 6,099,667	\$ 6,074,677
Residential	4,790,744	4,776,337	4,156,831	4,099,919	3,980,603
Commercial	1,009,321	911,830	827,148	778,650	774,364
Industrial	125,283	105,901	91,905	101,879	93,038
Agricultural	2,560,357	3,182,430	2,565,815	2,193,319	2,062,585
Oil/Gas Natural Resources	1,293,412	1,279,792	1,143,542	1,280,770	1,328,299
Other	\$ 17,645,466	\$ 17,949,405	\$ 15,066,440	\$ 14,554,204	\$ 14,313,566
Assessed value of properties ⁽¹⁾	\$ 132,544,573	\$ 132,013,690	\$ 109,203,469	\$ 105,782,558	\$ 104,724,999
Estimated actual taxable value ⁽²⁾	13.3%	13.6%	13.8%	13.8%	13.7%

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 7.0 percent of actual value and all other properties at 29 percent. The 7.0 percent rate is a temporary reduction based on SB22-238; the "normal" rate is 7.15 percent. There are years in this table prior to those affected by SB22-238. 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 101 are due to averaging in the above assessed valuation calculations.

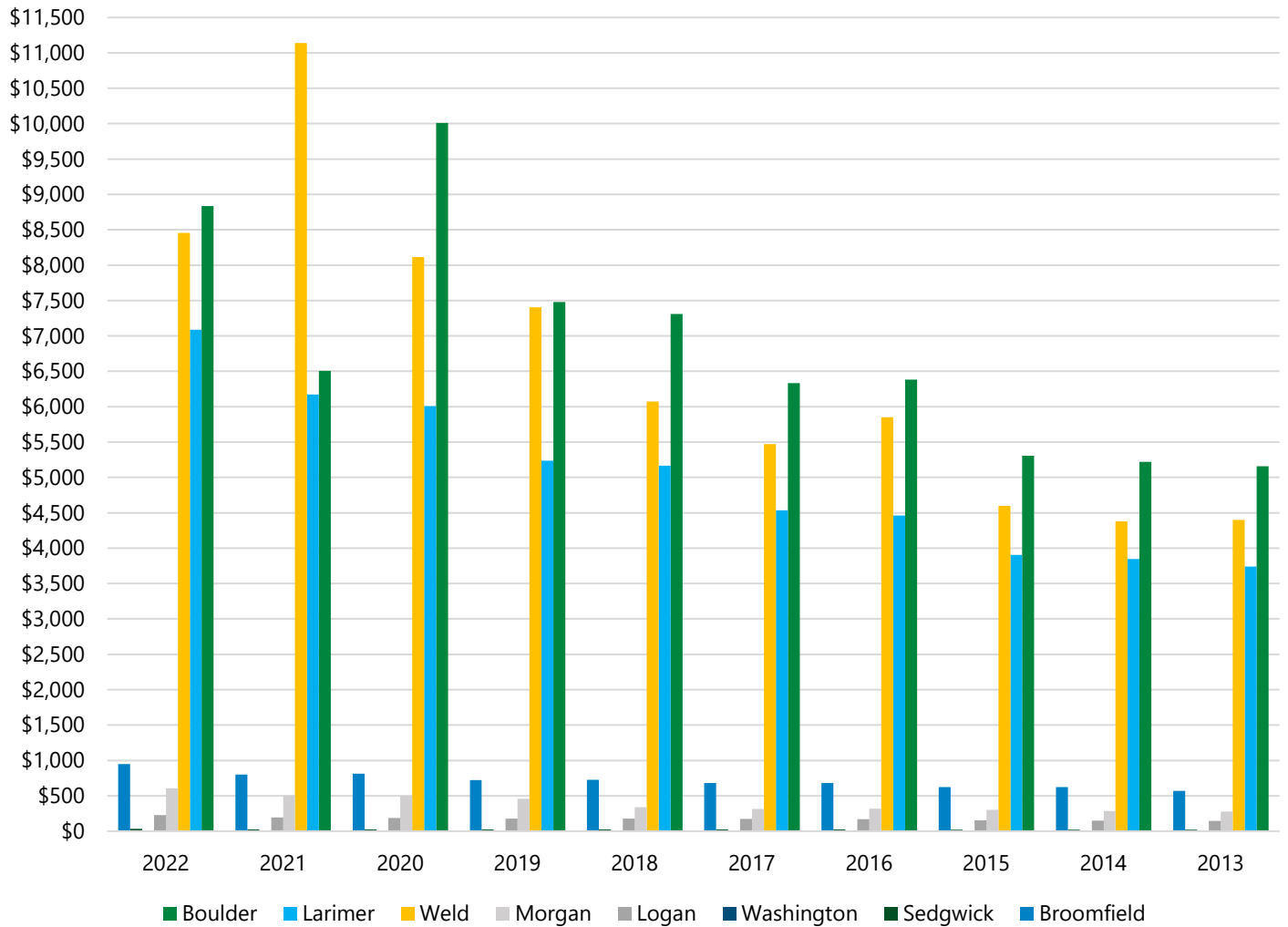
⁽²⁾ Tax rate at a maximum of 1 millage.

Property Tax Collections by County (2013 - 2022)

District Enterprise Fund

Years ended September 30

Unaudited



Largest Corporate Taxpayers by Taxable Assessed Valuation (2013 and 2022)

District Enterprise Fund

Years ended September 30

Unaudited (thousands)

Taxpayer	2022 (1)			2013 (2)		
	Rank	Taxable Assessed Valuation	Percent	Rank	Taxable Assessed Valuation	Percent
Kerr-McGee Oil & Gas	1	\$ 1,177,439,470	4.69%	2	1,014,003,300	7.08%
PDC Energy Inc	2	966,924,880	3.85%	5	\$ 241,624,500	1.69%
Noble Energy Inc	3	836,497,600	3.33%			
Extraction Oil & Gas LLC	4	507,297,795	2.02%			
Public Service Co Of Colorado	5	500,392,200	1.99%	3	431,655,020	3.02%
Kerr-McGee Gathering LLC	6	334,250,900	1.33%	10	80,051,600	0.56%
Bonanza Creek Energy	7	253,327,010	1.01%			
DCP Lucerne 2 Plant LLC	8	236,691,350	0.94%			
Crestone Peak Resources LLC	9	233,288,350	0.93%			
Highpoint Operating Corp	10	229,446,390	0.91%			
Noble Energy Inc				1	1,337,193,180	9.34%
Young Gas Storage				4	348,403,240	2.43%
Encana Oil & Gas (USA) Inc				6	226,430,948	1.58%
DCP Midstream LP				7	154,354,480	1.08%
EOG				8	138,522,790	0.97%
Vestas Blades America				9	83,657,130	0.58%
Taxable Assessed Value Of Ten Largest Taxpayers		5,275,555,945	21.01%		4,055,896,188	28.34%
Taxable Assessed Value Of Other Taxpayers		19,839,611,055	78.99%		10,257,669,812	71.66%
Taxable Assessed Value Of All Taxpayers		\$ 25,115,167,000	100.00%		\$ 14,313,566,000	100.00%

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

(2) Data from the Northern Water 2013 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⁾ (2013 - 2022)

District and Northern Water Hydropower Enterprise Funds

Years ended September 30

Unaudited

	2022	2021	2020	2019	2018
District Enterprise Fund					
Certificates of Participation, Series 2021	\$50,955,000	\$52,050,000	\$ -	\$ -	\$ -
Certificates of Participation, Series 2012	33,940,000	-	-	-	-
Certificates of Participation, Series 2012	-	-	-	2,420,000	3,570,000
Unamortized premium	13,857,774	11,241,545	-	191,487	84,682
Certificates of Participation	98,752,774	63,291,545	-	2,611,487	3,854,682
Contracts Payable to Reclamation					
Horsetooth Safety of Dams	2,749,019	2,905,375	3,053,230	3,193,045	3,325,258
Pole Hill Canal	-	-	-	94,740	186,388
District Enterprise Fund	101,501,793	66,196,920	3,053,230	5,899,272	7,366,328
Northern Water Hydropower					
Colorado Water Resources and Power Development Authority	1,098,691	1,197,063	1,293,507	1,388,058	1,480,756
Colorado Water Conservation Board	4,336,689	4,476,446	4,613,462	4,747,792	4,879,488
Northern Water Hydropower	5,435,380	5,673,509	5,906,969	6,135,850	6,360,244
Total District Enterprise Fund and Northern Water Hydropower debt	\$106,937,173	\$71,870,429	\$ 8,960,199	\$12,035,122	\$13,726,572

District Enterprise Fund Outstanding Debt

Per capita ⁽²⁾	\$ 96.55	\$ 63.79	\$ 2.99	\$ 6.00	\$ 7.00
Percentage of personal income ⁽³⁾	0.17%	0.11%	-	0.01%	0.01%

District Enterprise Fund Contacts Payable to Reclamation

Per capita ⁽⁴⁾	\$ 2.61	\$ 2.79	\$ 2.99	\$ 3.00	\$ 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 99 not significant.

⁽²⁾ Computed by dividing total District Enterprise Fund debt by estimated population in Northern Water boundaries as shown on page 101.

⁽³⁾ Computed by dividing total District Enterprise Fund debt by total personal income as shown on page 107.

⁽⁴⁾ Computed by dividing District Enterprise Fund debt payable to Reclamation by estimated population in Northern Water boundaries as shown on page 107.

Statistics of Outstanding Debt by Type⁽¹⁾ (2013 - 2022) (continued)

District and Northern Water Hydropower Enterprise Funds

Years ended September 30

Unaudited

	2017	2016	2015	2014	2013
District Enterprise Fund					
Certificates of Participation, Series 2012	\$ 4,670,000	\$ 5,740,000	\$ 6,780,000	\$ 7,790,000	\$ 8,770,000
Unamortized premium	376,219	466,126	554,433	641,169	753,450
Certificates of Participation	5,046,219	6,206,126	7,334,433	8,431,169	9,523,450
Contracts Payable to Reclamation					
Horsetooth Safety of Dams	3,450,282	3,568,509	3,680,307	3,786,026	3,885,997
Pole Hill Canal	275,042	360,802	443,762	524,014	601,646
District Enterprise Fund	8,771,543	10,135,437	11,458,502	12,741,209	14,011,093
Northern Water Hydropower					
Colorado Water Resources and Power Development Authority	1,571,637	1,660,736	1,748,088	1,833,727	1,917,687
Colorado Water Conservation Board	5,008,601	5,135,183	2,033,958	-	-
Hydropower	6,580,238	6,795,919	3,782,046	1,833,727	1,917,687
Outstanding debt	\$15,351,781	\$16,931,356	\$15,240,548	\$14,574,936	\$15,928,780

District Enterprise Fund Outstanding Debt

Per capita ⁽²⁾	\$ 9.00	\$ 11.00	\$ 13.00	\$ 15.00	\$ 16.00
Percentage of personal income ⁽³⁾	0.02%	0.02%	0.03%	0.04%	0.04%

District Enterprise Fund Contacts

Payable to Reclamation

Per capita ⁽⁴⁾	\$ 4.00	\$ 4.00	\$ 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 99 not significant.

⁽²⁾ Computed by dividing total District Enterprise Fund debt by estimated population in Northern Water boundaries as shown on page 101.

⁽³⁾ Computed by dividing total District Enterprise Fund debt by total personal income as shown on page 107.

⁽⁴⁾ Computed by dividing District Enterprise Fund debt payable to Reclamation by estimated population in Northern Water boundaries as shown on page 107.



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⁾ (2013 - 2022)

Years ended September 30

Unaudited

	2022	2021	2020	2019	2018
Population in Northern Water Boundaries⁽²⁾	1,051,301	1,037,717	1,020,792	1,000,013	982,678
Per Capita Personal Income⁽³⁾					
Boulder County	\$ 79,649	\$ 69,239	\$ 69,239	\$ 69,239	\$ 66,415
Larimer County	58,725	55,884	55,884	54,207	51,748
Weld County	52,054	50,198	46,172	44,080	42,701
Personal Income (000s)⁽³⁾					
Boulder County	\$ 26,058,704	\$ 25,202,960	\$ 23,932,182	\$ 23,932,182	\$ 20,528,122
Larimer County	21,289,750	21,086,150	19,944,943	19,000,529	17,800,070
Weld County	12,700,000	15,300,000	14,700,000	12,500,000	11,200,000
Unemployment Rate⁽³⁾					
Boulder County	5.8%	2.7%	2.7%	2.7%	2.6%
Larimer County	4.9%	6.3%	2.1%	2.7%	2.3%
Weld County	5.7%	7.2%	3.0%	2.7%	3.4%

⁽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.

Northern Water Population and Economic Statistics⁽¹⁾ (2013 - 2022) (continued)

Years ended September 30

Unaudited

	2017	2016	2015	2014	2013
Population in Northern Water Boundaries⁽²⁾	959,455	922,233	893,145	878,100	859,913
Per Capita Personal Income⁽³⁾					
Boulder County	\$ 63,707	\$ 60,220	\$ 58,552	\$ 56,940	\$ 51,893
Larimer County	52,059	50,410	48,730	46,610	45,775
Weld County	42,787	27,047	31,657	29,986	25,233
Personal Income (000s)⁽³⁾					
Boulder County	\$ 19,232,516	\$ 18,369,741	\$ 17,042,764	\$ 16,417,561	\$ 15,535,659
Larimer County	17,623,585	16,778,464	15,772,585	14,722,188	14,214,099
Weld County	10,600,000	10,740,000	8,350,000	8,350,000	7,760,000
Unemployment Rate⁽³⁾					
Boulder County	2.2%	2.9%	3.7%	4.4%	5.4%
Larimer County	2.8%	3.4%	4.3%	5.8%	6.6%
Weld County	3.8%	3.8%	3.9%	6.7%	8.7%

⁽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.

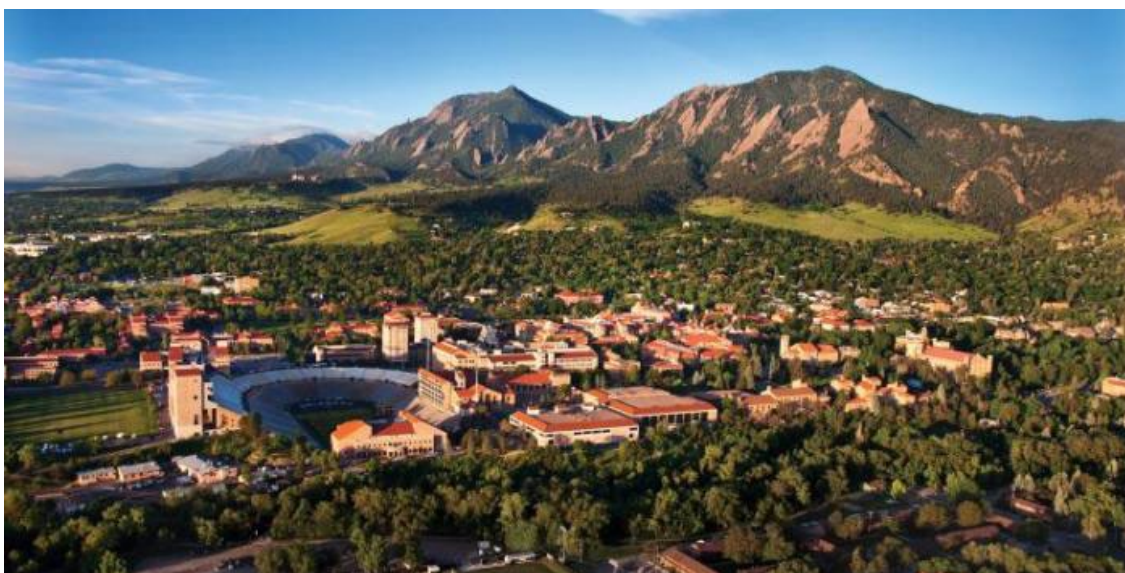
⁽²⁾ Data calculated from Esri Population Demographics that are developed from U.S. Census and other data sources.

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

Largest Employers by Principal Municipalities Served by Northern Water⁽¹⁾ (2013 and 2022)

Years ended September 30,

Unaudited



City of Boulder⁽²⁾

Employers	2022			2013		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
University of Colorado at Boulder	1	6,230	3.1%	1	7,312	4.2%
Ball Corporation	2	4,800	2.4%	4	2,982	2.4%
Boulder Valley School District	3	4,500	2.3%	2	4,000	1.4%
St. Vrain Valley School District ⁽³⁾	4	3,393	1.7%	3	3,238	1.1%
Boulder Community Hospital	5	2,380	1.2%	7	2,300	1.2%
Boulder County	6	2,040	1.0%	9	1,848	2.1%
City of Boulder	7	1,376	0.7%	-	-	-
National Center for Atmospheric Research	8	1,187	0.6%	10	1394	-
University Corporation for Atmospheric Research (UCAR)	9	1,187	0.6%	-	-	-
National Oceanic & Atmospheric Administration (NOAA)	10	867	0.4%	5	-	-
IBM Corporation	-	-	-	6	2,800	2.0%
Level 3 Communications	-	-	-	8	2,478	2.0%
Covidien	-	-	-	7	1,860	1.4%
Top ten principal employers		<u>27,960</u>	<u>14.0%</u>		<u>30,212</u>	<u>18.3%</u>

⁽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⁾ (2013 and 2022) (continued)

Years ended September 30

Unaudited



City of Fort Collins

Employers	2022			2013 ⁽²⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Colorado State University	1	8,100	7.8%	1	6,573	6.8%
UCHealth Poudre Valley Hospital	2	6,100	6.2%	3	3,060	3.1%
Poudre R-1 School District	3	4,000	4.0%	2	3,908	4.0%
City of Fort Collins	4	2,000	2.0%	5	1,830	1.9%
Larimer County	5	1,900	1.9%	4	1,901	2.0%
Woodward, Inc.	6	1,300	1.3%	7	1,073	1.1%
Broadcom (Avago)	7	1,100	1.1%	10	681	0.7%
U.S. Department of Agriculture	8	1,100	1.1%	-	827	0.9%
Otter Products, LLC.	9	890	0.9%	-	-	-
Dillon Companies, Inc. (King Soopers)	10	690	0.7%	-	-	-
Center Partners	-	-	-	6	1,339	1.4%
Hewlett Packard	-	-	-	8	925	1.0%
Top ten principal employers		27,180	26.2%		22,117	22.7%

⁽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⁾ (2013 and 2022) (continued)

Years ended September 30

Unaudited



City and County of Broomfield

Employers	2022			2013		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Lumen (formerly CenturyLink)	1	1,800	4.7%	1	2,068	7.3%
Oracle America	2	1,620	4.2%	2	1,900	6.7%
SCL Health Care	3	1,500	3.9%	-	-	-
Hunter Douglas Window Fashions Division	4	980	2.5%	4	805	2.8%
City and County of Broomfield	5	835	2.2%	8	581	2.0%
Vail Resorts, Inc.	6	740	1.9%	10	430	1.5%
DanoneWave Foods (formerly Whitewave Foods)	7	670	1.7%	9	450	1.6%
Ball Corporation	8	540	1.4%	9	-	-
Broadcom Inc.	9	475	1.2%	13	300	1.1%
VMware	10	450	1.2%	14	275	1.0%
Top ten principal employers		9,610	24.9%		6,809	24.0%
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⁾ (2013 and 2022) (continued)

Years ended September 30

Unaudited



City of Longmont

Employers	2022			2013		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
St Vrain Valley School District ⁽²⁾	1	3,600	6.6%	1	3,364	7.1%
Seagate Technology	2	1,465	2.7%	2	1,245	2.6%
City of Longmont	3	1,012	1.8%	4	828	
Intrado	4	755	1.4%	5	793	1.7%
UC Health Longs Peak Hospital	5	660	1.2%	-		0.0%
Longmont United Hospital	6	530	1.0%	3	1238	2.6%
Circle Graphics, Inc.	7	457	0.8%	-		0.0%
McLane Western	8	450	0.8%	10	362	0.8%
Federal Aviation Administration	9	402	0.7%	8	484	1.0%
Crocs	10	330	0.6%	9	433	0.9%
Amgen	-	-	-	7	707	1.5%
AveXis	-	-	-	6	762	1.6%
Top ten principal employers		9,661	17.6%		10,216	19.8%

⁽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⁾ (2013 and 2022) (continued)

Years ended September 30

Unaudited



City of Greeley

Employers	2022			2013		
	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⁾ (2013 and 2022) (continued)

Years ended September 30

Unaudited



City of Loveland

Employers	2022			2013 ⁽²⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Thompson School District R2-J	1	2,113	4.2%	1	2,087	5.9%
Medical Center of the Rockies	2	1,700	3.3%	-	-	-
Wal-Mart Distribution Center	3	1,273	2.5%	2	989	2.8%
City of Loveland	4	915	1.8%	4	688	2.0%
Hach Company	5	841	1.7%	-	-	-
McKee Medical Center	6	525	1.0%	3	851	2.4%
Nutrein/Crop Production Services	7	500	1.0%	5	350	1.0%
LPR Construction	8	447	0.9%	-	-	-
Good Samaritan Society - Loveland	9	235	0.5%	-	-	-
The Eye Laser Center of Northern Colorado	10	200	0.4%	-	-	-
Pinnacle Agriculture Holdings LLC	-	-	-	-	-	-
Columbine Health Systems	-	-	-	8	285	0.8%
Banner Health-Big Thompson Medical Group	-	-	-	10	278	0.8%
Agilent Technologies	-	-	-	9	280	0.8%
Kroll Factual Data	-	-	-	7	299	0.9%
About Solar	-	-	-	6	350	1.0%
Top ten principal employers		8,749	17.2%		6,457	18.3%
Total employment		50,902			35,220	

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

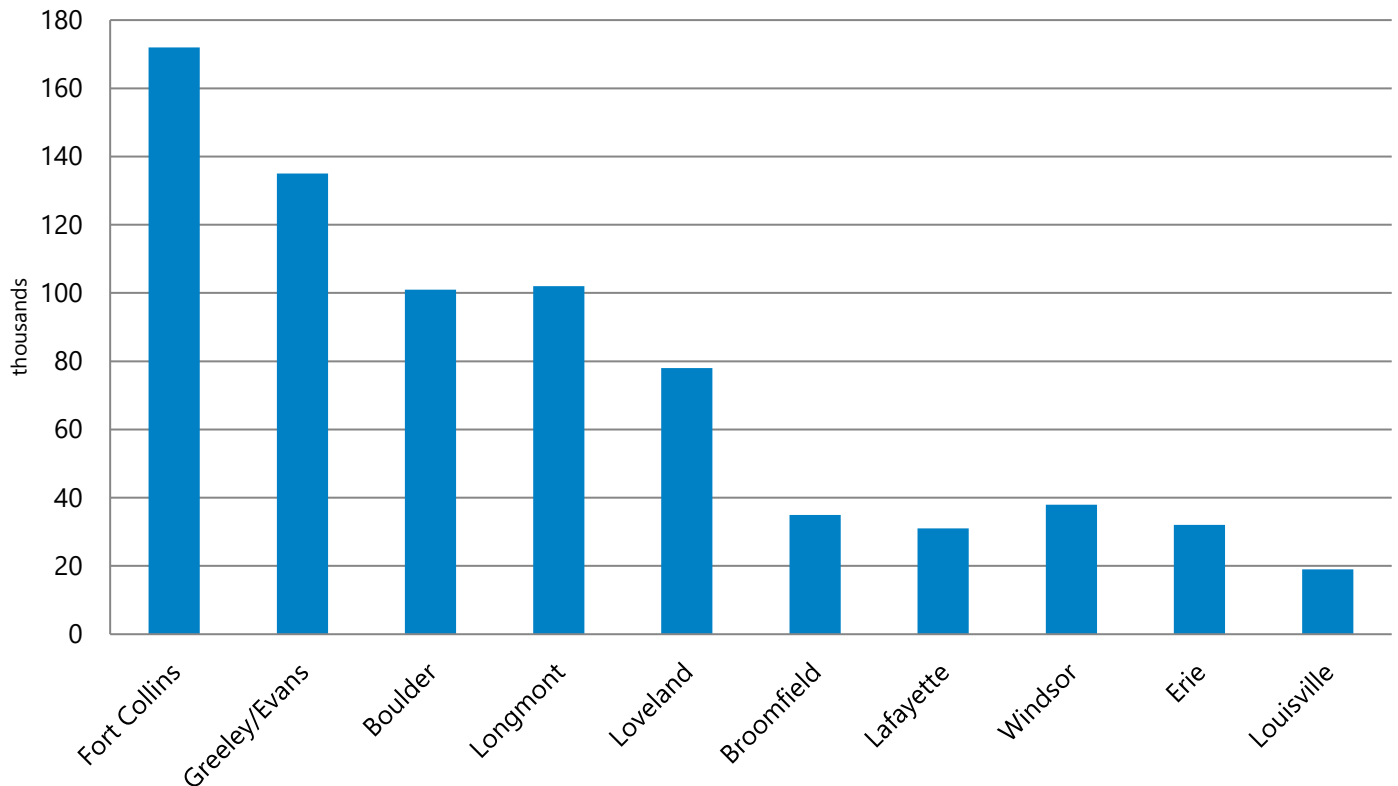
⁽²⁾ Numbers prior to 2016 reflect full employment. 2016 forward reflect full time equivalents (FTEs).

Population of Ten Largest Municipalities in Northern Water Boundaries (2013 and 2022)

Years ended September 30

Unaudited

Municipalities ⁽¹⁾	2022		2013 ⁽³⁾	
	Population ⁽²⁾	Percentage	Population	Percentage
City of Fort Collins	172,305	16.7%	148,167	17.0%
Cities of Greeley/Evans	134,726	13.2%	114,845	13.0%
City of Longmont	102,411	9.7%	88,876	10.0%
City of Boulder	101,675	9.5%	100,782	12.0%
City of Loveland	77,723	7.7%	70,436	8.0%
Town of Windsor	38,100	3.3%	19,795	3.0%
City and County of Broomfield	35,388	3.2%	58,322	7.0%
Town of Erie	32,184	2.8%	19,640	2.0%
City of Lafayette	30,855	2.8%	26,076	3.0%
City of Louisville	19,438	2.0%	19,026	2.0%
Population of ten largest municipalities in Northern Water boundaries	744,805	70.9%	665,965	77.0%
Other municipalities and unincorporated areas	306,497	29.1%	193,948	23.0%
Estimated population within Northern Water boundaries	1,051,302	100.0%	859,913	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 2013 ACFR.



OPERATING INFORMATION

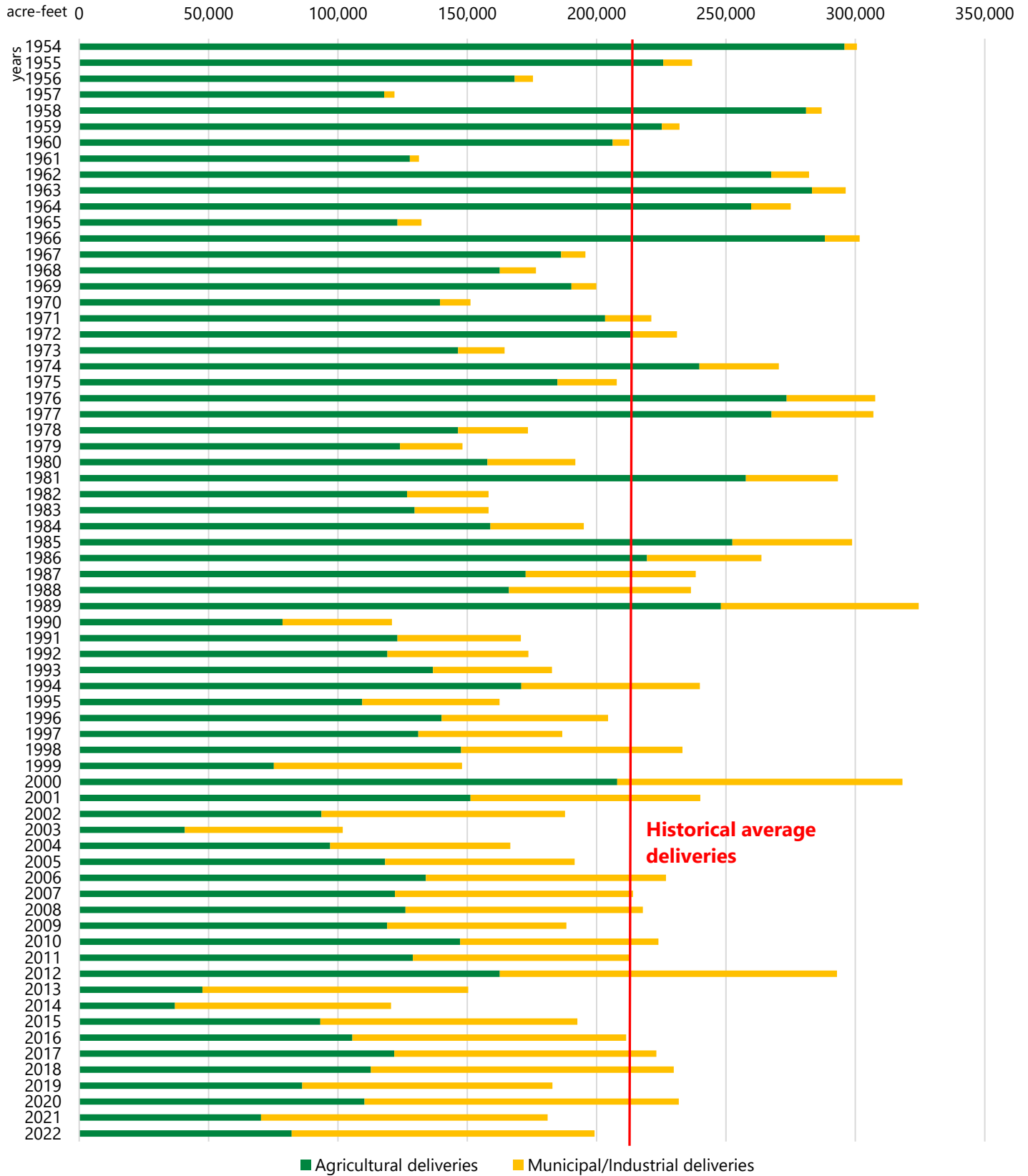
These schedules contain information about Northern Water’s operations and resources to help the reader understand how Northern Water’s financial information relates to the services it provides and the activities it performs.

C-BT Project Water Deliveries⁽¹⁾ (Historical and 2013 - 2022)

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 2013 - 2022) (continued)**District Enterprise Fund**

Years ended September 30

Unaudited

Year	Agricultural		Municipal/Industrial		Water Deliveries (acre-feet)
	Deliveries (acre-feet)	Percentage	Deliveries (acre-feet)	Percentage	
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
2022	82,140	41.2%	117,081	58.8%	199,221
Historical average from 1954	159,175	75.1%	52,900	25.0%	211,920

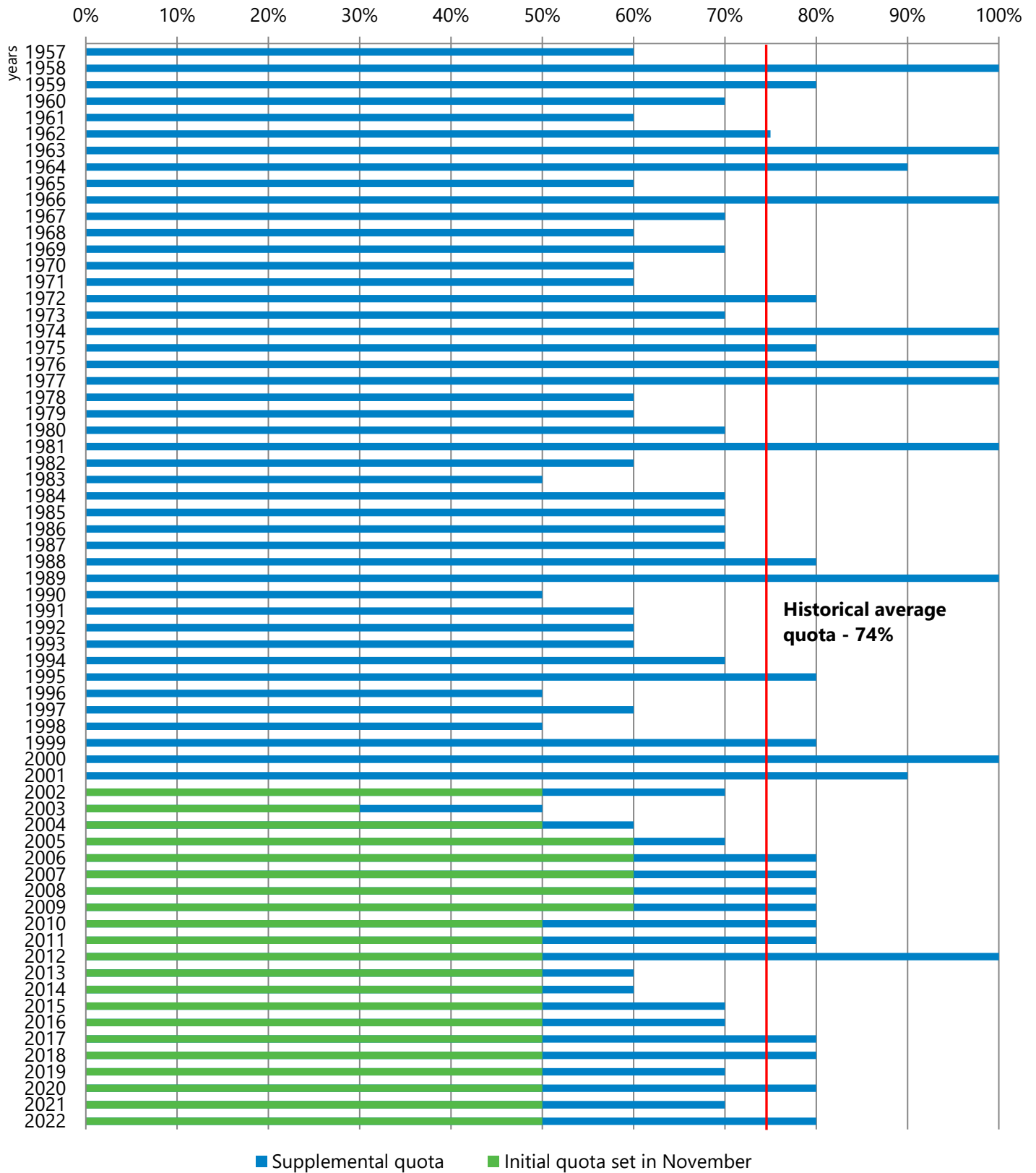
⁽¹⁾ Includes C-BT Project quota, carryover, non-charge, operations and Regional Pool water.

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 which runs November 1 to October 31.

Capital Assets by Northern Water Enterprise Fund (2013 - 2022)

Years ended September 30

Unaudited

District Enterprise Fund	2022	2021	2020	2019	2018
Non-depreciable capital assets					
Land, easements and water rights	\$ 88,332,336	\$ 87,819,208	\$ 87,363,568	\$ 84,541,864	\$ 84,252,380
Construction in progress	66,049,710	19,282,569	2,094,548	1,917,520	522,555
Depreciable capital assets					
Buildings and improvements	23,558,603	23,298,526	23,271,621	22,030,730	19,796,460
Operations equipment	8,990,989	7,995,508	6,784,510	6,343,738	5,476,107
Water pipeline and equipment	90,778	-	-	-	-
Computer and office equipment	11,096,211	10,449,797	10,264,276	9,358,085	9,698,287
Capital assets	198,118,628	148,845,609	129,778,523	124,191,937	119,745,789
Less accumulated depreciation					
Buildings and improvements	(14,803,265)	(13,884,110)	(13,013,770)	(12,152,680)	(11,380,960)
Operations equipment	(6,181,298)	(5,369,881)	(4,958,262)	(4,689,138)	(4,529,724)
Computer and office equipment	(8,365,028)	(7,446,919)	(6,580,705)	(5,776,443)	(5,419,017)
Accumulated depreciation	(29,349,591)	(26,700,910)	(24,552,737)	(22,618,261)	(21,329,701)
District Enterprise Fund capital assets, net	168,769,036	122,144,698	105,225,786	101,573,676	98,416,088
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	131,971	10,584,632	8,842,041	38,796,165	8,999,194
Depreciable capital assets					
Operations equipment	177,410	-	-	-	-
Water pipeline and equipment	129,629,299	119,007,737	118,809,604	70,649,583	70,643,074
Capital assets	135,171,663	134,825,352	132,884,628	114,678,731	84,875,251
Less accumulated depreciation					
Water pipeline and equipment	(47,405,954)	(44,521,505)	(41,628,039)	(39,452,542)	(37,777,246)
Southern Water Supply Project capital assets, net	87,765,709	90,303,847	91,256,589	75,226,189	47,098,005
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	29,787,545	29,764,565	29,764,565	29,732,205	29,732,205
Capital assets	30,721,875	30,698,895	30,698,895	30,666,535	30,666,535
Less accumulated depreciation					
Water pipeline and equipment	(13,374,787)	(12,630,596)	(11,886,482)	(11,149,576)	(10,406,271)
Pleasant Valley Pipeline Project capital assets, net	17,347,088	18,068,299	18,812,413	19,516,959	20,260,264
Northern Integrated Supply Project					
Non-depreciable capital assets					
Construction in progress	87,457,346	69,503,327	49,617,922	39,381,817	30,883,491
Northern Water Hydropower					
Non-depreciable capital asset					
Construction in progress	6,043	824	-	-	-
Depreciable capital assets					
Hydropower plants	11,502,848	11,502,848	11,502,848	11,502,848	11,489,074
Capital assets	11,508,891	11,503,672	11,502,848	11,502,848	11,489,074
Less accumulated depreciation					
Hydropower plants	(2,404,468)	(2,115,864)	(1,827,259)	(1,540,032)	(1,252,804)
Northern Water Hydropower capital assets, net	9,104,423	9,387,808	9,675,589	9,962,816	10,236,270
Capital assets, net	\$ 370,443,602	\$ 309,407,979	\$ 274,588,299	\$ 245,661,457	\$ 206,894,118

Capital Assets by Northern Water Enterprise Fund (2013 - 2022) (continued)

Years ended September 30

Unaudited

District Enterprise Fund	2017	2016	2015	2014	2013
District Enterprise Fund					
Non-depreciable capital assets					
Land, easements and water rights	\$ 81,911,417	\$ 81,996,315	\$ 81,997,293	\$ 82,027,587	\$ 81,829,055
Construction in progress	2,701,458	2,668,200	2,031,625	283,363	54,526
Depreciable capital assets					
Buildings and improvements	19,428,994	19,340,433	18,654,537	18,594,598	18,732,858
Operations equipment	5,472,775	5,370,649	5,440,607	5,371,761	5,419,499
Computer and office equipment	10,055,588	9,382,832	8,555,986	8,172,229	8,040,845
Capital assets	119,570,232	118,758,429	116,680,048	114,449,538	114,076,783
Less accumulated depreciation					
Buildings and improvements	(10,622,714)	(9,865,172)	(9,123,419)	(8,396,388)	(7,790,187)
Operations equipment	(5,030,052)	(5,033,544)	(5,094,729)	(5,079,024)	(5,071,837)
Computer and office equipment	(5,113,699)	(4,694,811)	(4,240,138)	(3,605,688)	(2,973,089)
Accumulated depreciation	(20,766,465)	(19,593,527)	(18,458,286)	(17,081,100)	(15,835,113)
District Enterprise Fund capital assets, net	98,803,767	99,164,902	98,221,762	97,368,438	98,241,670
Southern Water Supply Project					
Non-depreciable capital assets					
Land, easements and water rights ⁽¹⁾	5,232,983	5,232,983	5,232,983	5,232,983	5,232,983
Construction in progress	3,857,236	2,189,374	1,750,024	1,607,625	1,113,518
Depreciable capital assets					
Water pipeline and equipment	69,983,333	69,983,357	70,003,210	69,526,213	69,499,494
Capital assets	79,073,552	77,405,714	76,986,217	76,366,821	75,845,995
Less accumulated depreciation					
Water pipeline and equipment	(36,117,443)	(34,461,533)	(32,824,079)	(31,164,625)	(29,519,078)
Southern Water Supply Project capital assets, net	42,956,109	42,944,181	44,162,138	45,202,196	46,326,917
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	29,732,205	29,739,846
Capital assets	30,666,535	30,666,535	30,666,535	30,666,535	30,674,176
Less accumulated depreciation					
Water pipeline and equipment	(9,662,966)	(8,919,661)	(8,176,356)	(7,433,051)	(6,690,510)
Pleasant Valley Pipeline Project capital assets, net	21,003,569	21,746,874	22,490,179	23,233,484	23,983,666
Northern Integrated Supply Project					
Non-depreciable capital asset					
Construction in progress	24,134,570	20,139,477	16,737,711	14,490,801	12,733,803
Hydropower⁽²⁾					
Non-depreciable capital asset					
Construction in progress	-	-	2,830,289	-	-
Depreciable capital assets					
Hydropower plants	11,489,074	11,489,074	6,278,945	6,278,945	6,278,945
Capital assets	11,489,074	11,489,074	9,109,234	6,278,945	6,278,945
Less accumulated depreciation					
Hydropower plants	(965,578)	(678,352)	(521,378)	(364,405)	(207,431)
Northern Water Hydropower capital assets, net	10,523,496	10,810,722	8,587,856	5,914,540	6,071,514
Capital assets, net	\$ 197,421,511	\$ 194,806,156	\$ 190,199,646	\$ 186,209,459	\$ 187,357,570

⁽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, 2022

Unaudited

Northern Water

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

- 128.8 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, 2022

Unaudited



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)

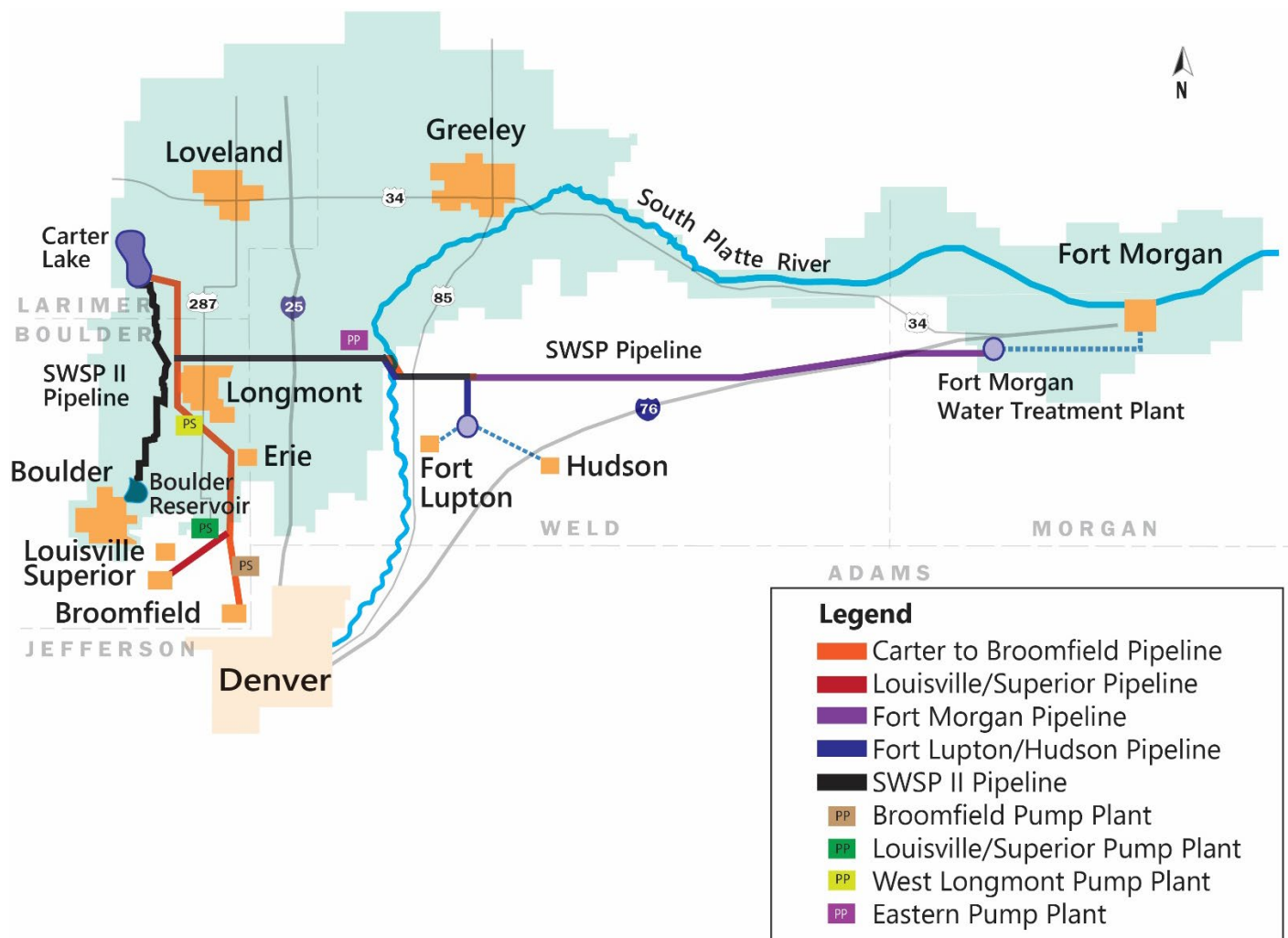
Southern Water Supply Project

Year ended September 30, 2022

Unaudited

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

Pump Plants	Capacity (cfs)	Rates Lift (feet)	Installed Capacity (hp)
SWSP I - Broomfield	24	110	550
SWSP I - West Longmont	41	310	2,000
SWSP I - Louisville/Superior	9	340	600
SWSP I - Eastern Pump Plant	33.6	653	3,500



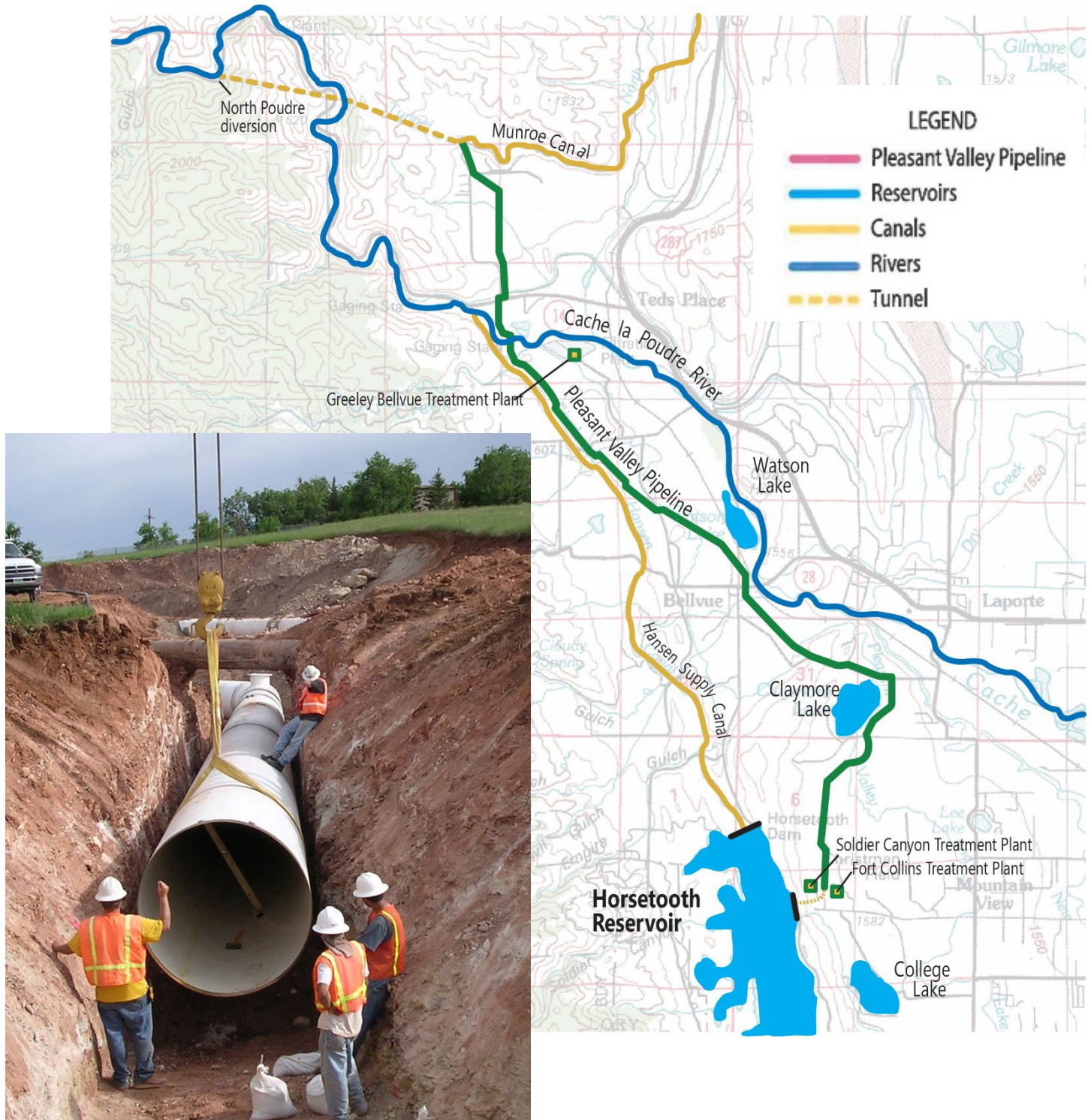
Project Capacity Statistics by Northern Water Enterprise Fund (continued)

Pleasant Valley Pipeline Project

Year ended September 30, 2022

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, 2022

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⁾ (2013 - 2022)

Years ended September 30

Unaudited

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Management	6	5	6	6	5	4	4	5	5	5
Human Resources⁽²⁾	4	4	2	2	2	-	-	-	-	-
Policy Advisors	-	1	2	2	4	-	-	-	-	-
Operations Division										
Collection Systems	10	9	9	15	14	15	15	17	18	18
Control Center	6	6	6	-	-	-	-	-	-	-
Distribution Systems	21	17	19	17	15	16	19	19	18	18
Facilities and Equipment	12	12	13	10	11	10	9	9	9	10
Capital Improvements	-	-	-	1	2	-	-	-	-	-
Instrumentation Control and Electrical Engineering	7	7	6	4	5	5	5	5	5	5
Safety Officer	1	1	1	1	1	1	1	1	-	-
Operations Division	57	52	54	48	48	47	49	51	50	51
Engineering Division										
Project Management	12	11	10	8	7	7	5	5	4	4
Water Resources	4	5	5	3	7	5	5	5	5	5
Water Rights	3	3	3	-	-	-	-	-	-	-
Real Estate/Emergency and Security	9	9	7	6	5	2	2	2	1	1
Engineering Division	28	28	25	17	19	14	12	12	10	10
Environmental Services Division										
Water Quality	8	7	8	6	6	5	4	3	3	3
Water Efficiency	4	5	4	4	4	6	6	6	6	6
Field Services	10	10	10	8	8	8	7	6	6	6
Environmental Planning	1	2	1	1	-	-	-	-	-	-
Environmental Data Management	1	1	1	-	-	-	-	-	-	-
Environmental Services Division	24	25	24	19	18	19	17	15	15	15
Administration Division										
Financial Services	9	10	7	8	6	6	6	6	6	6
Communications	7	7	7	7	5	7	6	7	8	8
Contracts	4	4	3	3	3	-	-	-	-	-
Cybersecurity & Governance	2	2	2	-	-	-	-	-	-	-
Information Technology	12	12	9	11	10	9	9	10	11	11
Water Scheduling	6	5	5	4	1	1	1	1	1	-
Records and Administrative Services	8	8	8	7	6	7	7	7	7	8
Administration Division	48	48	41	40	31	30	29	31	33	33
Full-time regular employees	167	163	154	134	127	114	111	114	113	114

⁽¹⁾ Statistics as of September 30, 2022.

⁽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 13-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 Montañó 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

