



2020



Comprehensive Annual Financial Report

For the Year Ended September 30, 2020



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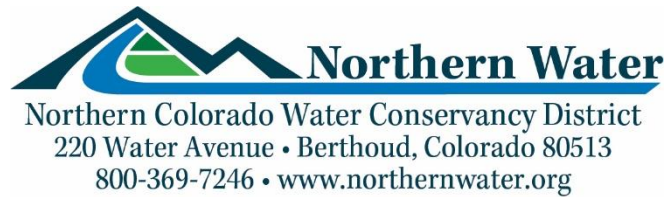
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INTRODUCTORY

The introductory section includes the Transmittal Letter, Board of Directors, Committee descriptions, Organizational Chart and the Certificate of Achievement for past financial report.



March 4, 2021

To the Board of Directors of Northern Water,

We are pleased to transmit the Comprehensive Annual Financial Report of the Northern Colorado Water Conservancy District (Northern Water) as of and for the year ended September 30, 2020.

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, a certified public accounting and consulting firm, has issued unmodified opinions on the Northern Water financial statements for the year ended September 30, 2020. The independent auditors' report is located on page 17.

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

Profile of Northern Water

Northern Water is a public agency created in 1937 to partner with the U.S. Bureau of Reclamation (Reclamation) in the construction and operation of the Colorado-Big Thompson (C-BT) Project. The C-BT Project diverts, stores and regulates water from the Colorado River on the West Slope of the Continental Divide to the East Slope of the Rocky Mountains. C-BT Project water provides supplemental irrigation for more than 615,000 acres of farm and ranchland and supplements the water needs of 1,021,000 people in the eight Northern Colorado counties within the Northern Water boundaries. The C-BT Project became fully operational in 1957 and today delivers on average more than 212,000 acre-feet of water annually.

Northern Water's mission is to "Provide water resources management, project operations and conservation services for project beneficiaries."

The following values are adhered to as Northern Water works toward its mission:

- 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. §37-45.1-101 to 107, and its Repayment Contract with Reclamation. 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 with Reclamation. Northern Water charges for administration, engineering, environmental and operations services provided to Reclamation for multipurpose and some single-purpose power portions of the C-BT Project, the Northern Water enterprise funds, the Municipal Subdistrict of the Northern Colorado Water Conservancy District (Subdistrict) 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 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, with Reclamation, jointly operates and maintains the C-BT Project, a large transmountain diversion, storage and delivery system. The project includes dams, dikes, reservoirs, powerplants, pumping plants, pipelines, tunnels, transmission lines, substations and other associated structures. These structures are single purpose water distribution, single purpose power generation or multipurpose, serving or benefitting both water supply and power generation. Northern Water bears the cost of single purpose water distribution features. Reclamation bears the cost of single purpose power generation features. Northern Water and Reclamation share the cost of multipurpose water and power generation works.

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

Southern Water Supply Project Enterprise Fund (SWSP)

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. Construction costs were funded from participant contributions. Construction of a second 20-mile pipeline was completed in early 2020 between the North Poudre Supply Canal and Horsetooth Reservoir Soldier Canyon Outlet Works to carry C-BT Project and Windy Gap Project water from Carter Lake Reservoir to the City of Boulder, Left Hand Water District, the Town of Berthoud and Longs Peak Water District. Project participants fully funded the 20-mile pipeline's \$48 million cost. Both pipelines are operated and maintained by Northern Water for the benefit of project participants who provide ongoing cash requirements.

Pleasant Valley Pipeline Project Enterprise Fund (PVP)

The PVP project was put into operation in 2004 and maintained by Northern Water for the benefit of project participants who fully funded construction costs and provide ongoing cash requirements. The project increases water reliability and flexibility for project participants on the East Slope using an 8.5-mile reversible flow pipeline.

Northern Integrated Supply Project Enterprise Fund (NISP)

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.

Hydropower Enterprise Fund (Hydropower)

Hydropower was established to construct and operate small hydro-power facilities. Hydropower currently owns and operates the Robert V. Trout Hydropower Plant at Carter Lake and the Granby Hydropower Plant at Lake Granby. The two facilities became operational in 2012 and 2016, respectively, and, combined, generated almost 14 million kwh of energy in 2020. Energy is sold to local electric utilities. Construction was funded through debt and interfund financing. Revenue from energy sales provides all operating and debt service requirements.

MAJOR ACTIVITIES AND INITIATIVES

Northern Water

2020 was a year like no other.

As the COVID-19 pandemic reached local communities in March 2020, Northern Water management transitioned many employees to remote work, keeping only essential office and field personnel on site. Despite the challenges of new work environments and necessary social distancing, Northern Water continued to deliver high-quality supplemental water to more than 1 million Northeastern Colorado residents and more than 615,000 acres of irrigated farmland. In fact, even in the midst of the pandemic, Northern Water continued to expand its services and added additional employees to address project and operational needs. In 2020 Northern Water increased its staffing by 26 employees to a total of 153. The organization anticipates adding an additional 20 to 25 employees in 2021.

With added complexities of managing and operating existing projects and new projects on the horizon, Northern Water's Campus Development Project gained momentum in 2020. To replace its present 1950's facilities, a new West Slope campus in Grand County will be developed including office and conference areas, fleet storage and shop space. Construction will also begin on phase I of an East Slope Berthoud Headquarters campus expansion, including an Operations Division facility, fleet and other storage, a parking lot expansion and other site improvements. Schematic design of both projects was completed in 2020. Both the West Slope campus and phase I of the Berthoud campus expansion are expected to be completed in 2022 at an estimated cost of \$54 million. Costs will be funded through issuance of Certificates of Participation by the Northern Water Building Corporation.

In October 2020 Northern Water employees responded to multiple devastating wildfires in Northern Colorado. The East Troublesome, Cameron Peak, Cal-Wood and Williams Fork fires presented hazards to residents and watersheds in Northern Water's collection and delivery areas, resulting in hundreds of thousands of acres burned. Years of recovery lie ahead, with significant damage to the Colorado River, Willow Creek and Big Thompson River watersheds. Northern Water is actively and closely collaborating with partners to monitor and protect water quality as the community recovers and rebuilds.

Southern Water Supply Project Enterprise Fund – Eastern Pump Plant

Construction began in 2020 on the Southern Water Supply Project's Eastern Pump Plant located near Platteville. The new pump plant will consist of a 5,200 square-foot building containing five vertical turbine pumps, each powered by 700 horsepower motors with variable frequency drives. The facility will be operational in spring 2021. Project participants are fully funding the \$10 million cost.

Northern Integrated Supply Project Enterprise Fund

The proposed Northern Integrated Supply Project will yield 40,000 acre-feet of new water supply annually and more than 200,000 acre-feet of storage capacity with the construction of Glade and Galetton 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. Overall, NISP is committing nearly \$60 million toward mitigation and enhancement activities.

In 2020, NISP continued design and permitting efforts. In January, NISP received its State 401 Water Quality Certification from the State of Colorado. This was followed in September 2020 by Larimer County approving a 1041 Land Use Permit

for construction of Glade Reservoir, its recreation components and the pipelines to convey water from the reservoir to participants throughout Northern Colorado. It is anticipated that NISP will receive its federal Clean Water Act Section 404 Record of Decision in early 2021.

Local Economy

The Colorado Economic Outlook, published in December 2020 by the Colorado Office of State Planning and Budgeting, provides an economic overview of the area in which Northern Water operates. This narrative is summarized from that report.

Overall growth of the Colorado economy slowed as a result of the COVID-19 pandemic. Recovery remains incomplete and uneven with some sectors bouncing back while others are lagging. While economic expectations show a positive trend due to the COVID-19 vaccines, the lasting impact of the pandemic recession remains unknown and poses ongoing downside risks.

The Colorado Economic Outlook describes two major regions, the Metro Denver Region and the Northern Region, both of which are served in part by the Subdistrict. The Metro Denver Region includes Boulder and Broomfield Counties. The region relies heavily on tourism-related and business travel activities, while having a concentration of oil and gas firms. The pandemic and related recession have taken a toll on the region's previously robust labor market.

The Northern Region includes Larimer and Weld Counties. Larimer County's economy continues to expand with an average population growth of 2 percent per year. However, in Weld County economic activity is driven largely by oil and gas and agriculture. The energy sector is at significant risk due to oil prices falling to unprofitable production levels of \$40 per barrel combined with the drop in demand due to COVID-19 related shutdowns. The oil and gas drilling rig count in Colorado is one third of the count from prior periods. Oil prices are expected to remain depressed through 2020 and into 2021. This impacts the public sector through property and sales taxes. The agricultural sector faces significant challenges. Already in the midst of a prolonged economic downturn, the sector has been beset by supply chain disruptions, COVID-19 outbreaks in processing facilities, drought conditions and natural disasters. The outlook for 2021 remains precarious and highly dependent on pandemic recovery and ongoing support from government programs.

Though employment statistics in both regions were better than other areas in Colorado, employment growth decreased between 2.7 percent in Greeley and 3.6 percent in other areas. Unemployment ranged from 6 to 7 percent. Growth in statewide employment is expected to increase to 3.1 percent in 2021 and remain steady with unemployment declining to between 5.9 percent and 4.6 percent.

In contrast, personal income increased in 2020 by 5.3 percent at least partially due to government intervention in the form of unemployment benefits and direct payments to households. Growth in personal income is expected to slow to between 4.3 percent to 4.1 percent in coming years. Wage and salary income declined from a growth rate of 6.9 percent in 2019 to a modest 1.8 percent in 2020. This is expected to bounce back to 7 percent in 2021.

The residential housing market remains a bright spot in the economy. Historically low mortgage rates have boosted demand. A shift to working at home has many buyers looking for bigger homes, often in suburban areas. Construction permits are expected to grow 8.8 percent and remain steady in the coming year. The strength in the residential market has offset the weakness in the nonresidential market, which has declined due to uncertainty created by the pandemic.

Water Year

The 2020 water year began with C-BT Project reservoirs at 132 percent of average storage levels and the Upper Colorado River basin and South Platte tributaries' snowpack at 114 percent and 122 percent of average, respectively.

By spring, Northeastern Colorado began experiencing warm, dry weather. Those conditions persisted through the rest of the year, resulting in earlier and faster snowmelt and runoff than average, and higher water demand. Streamflow volumes were significantly lower than anticipated. Total precipitation for 2020 was significantly below average. According to the U.S. Drought Monitor as of October 31, 2020, 100 percent of Colorado was experiencing moderate to extreme drought.

In response to the local conditions and regional water needs, Northern Water Directors increased the C-BT quota from 70 percent declared in April to 80 percent in June 2020. In addition, the Northern Water Board allocated 15,000 acre-feet of water to its Regional Pool Program, all of which was fully awarded through public auction.

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
2020	\$27.40	\$46.50
2021	\$28.20	\$47.80
Percentage Increase	2.9%	2.8%

Forward guidance is expected to be reviewed and updated in fiscal year 2021.

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

Comprehensive Annual 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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2019. 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. In order 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 CAFR for the year ended September 30, 2020, continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility.

Annual Budget

In addition, Northern Water also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2019. In order 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 CAFR and Annual Budget are available at northernwater.org.

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

Kristyn Unrein, CGFM
Fahim Ghafoori, MBA/MS

Judy Skram, CPA
Emma Kuntz

Bernice Rupp

Kathy Jo Price

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

Sincerely,

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

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

BOARD OF DIRECTORS AND OFFICERS

The 12-member Board is the policy-making body of Northern Water. Among other duties, the Board sets water assessment rates, adopts the annual budget and appropriation, determines the amount of water available for delivery annually through its quota process and approves the transfers of allotment contracts. Directors from the counties within Northern Water boundaries are appointed to four-year terms by district court judges. The Board holds its public meetings twice a month.

Current Board of Directors



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



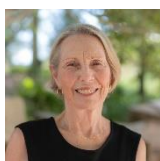
Dale Trowbridge
Vice President
Weld County
Aug. 15, 2014 – Sept. 28, 2023



Bill Emslie
Larimer County
Sept. 28, 2005 – Sept. 28, 2021



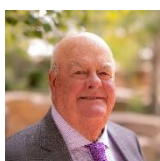
Jennifer Gimbel
Larimer County
July 15, 2019 – Sept. 28, 2024



Sue Ellen Harrison
Boulder County
Sept. 28, 2009 – Sept. 29, 2022



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



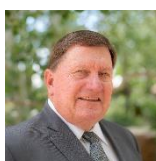
Gene Manuello
Logan County
Sept. 28, 2018 – Sept. 28, 2022



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



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



John Rusch
Morgan and Washington Counties
April 12, 2002 – Sept. 28, 2021



Todd Williams
Boulder County
Sept. 28, 2017 – Sept. 28, 2021



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

Northern Water officers are as follows:

Secretary	Brad Wind, General Manager
Treasurer	Jerry Gibbens, Operations Division Director

Northern Water officers are elected by the Board annually. The General Manager of Northern Water is appointed by and serves at the pleasure of the Board.

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 full Board of Directors.

The Audit Committee meets semi-annually to initiate and then conclude each year's annual audit processes. The Audit Committee works closely with the independent auditors ensuring that the Board can faithfully carry out its fiduciary obligations. The Audit Committee receives the auditor's findings and recommendations for changes to policy and procedures and makes recommendations to the Board as warranted.

Audit Committee Members:

- Mike Applegate
- Bill Emslie
- Jennifer Gimbel
- Rob McClary
- Dale Trowbridge, Chair
- Todd Williams
- Dennis Yanchunas

The Finance and Benefits Committee meets on a regular basis with its financial, actuarial and benefit advisors to review Northern Water financial and employee benefit policies, investment and pension plan fund performance, to discuss future financing requirements or other financial matters. The committee makes recommendations as necessary to the Board.

Finance and Benefits Committee Members:

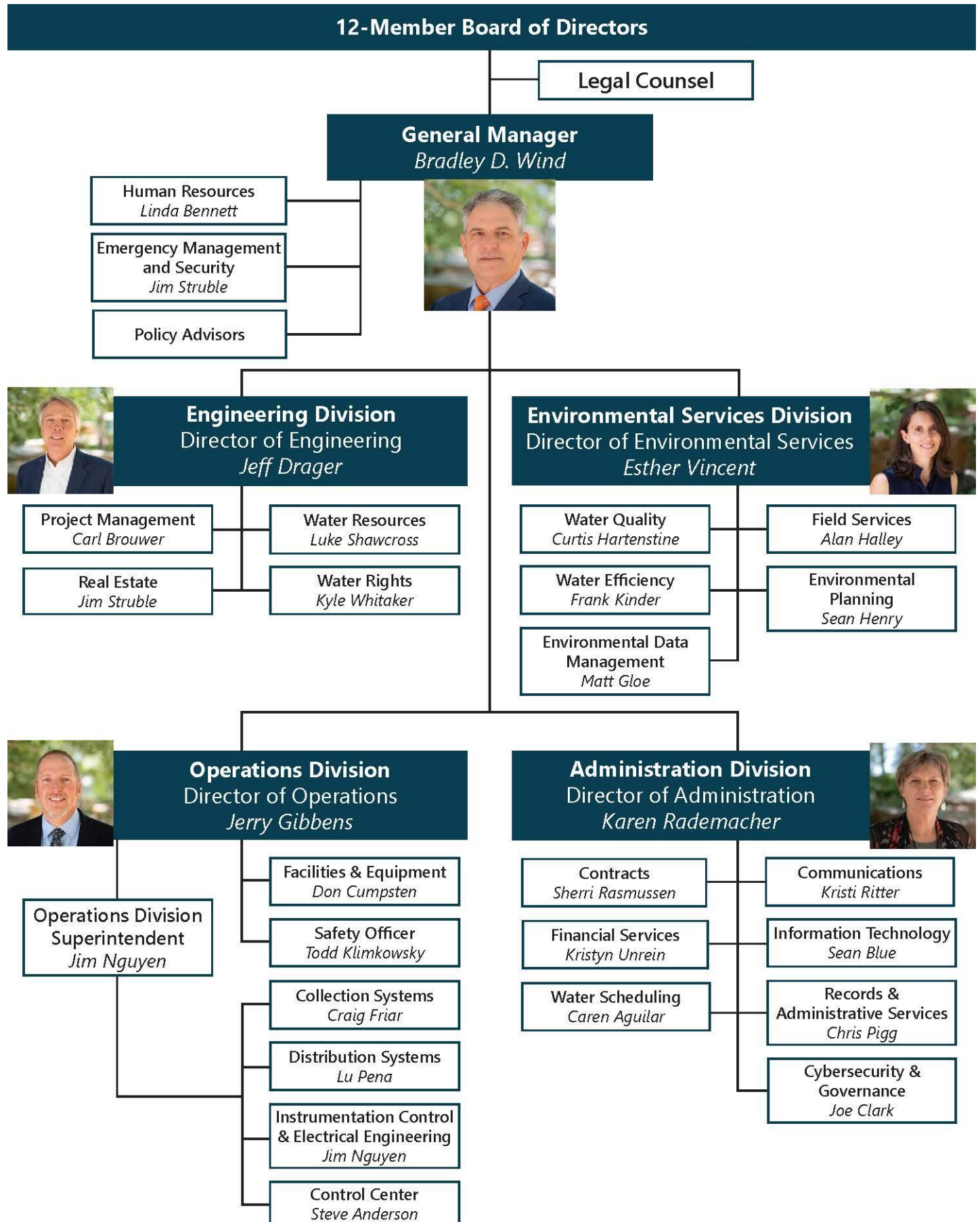
- Mike Applegate
- Bill Emslie, Chair
- Rob McClary
- David Nettles
- Dale Trowbridge
- Todd Williams
- Dennis Yanchunas

The Legal and Legislative Committee meets at least quarterly to receive updates on federal, state and local legislation of interest to the Subdistrict 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 and, if warranted, makes recommendations to the Board.

Legal and Legislative Committee Members:

- Mike Applegate
- Bill Emslie
- Jennifer Gimbel, Co-Chair
- Sue Ellen Harrison, Co-Chair
- Don Magnuson
- Gene Manuella
- Rob McClary
- David Nettles
- John Rusch
- Dale Trowbridge
- Todd Williams

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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO



FINANCIAL

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

Independent Auditor's Report

To the Board of Directors
Northern Colorado Water Conservancy District

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Northern Colorado Water Conservancy District (the "District") as of and for the year ended September 30, 2020 and the related notes to the financial statements, which collectively comprise Northern Colorado Water Conservancy District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Northern Colorado Water Conservancy District as of September 30, 2020 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Northern Colorado Water Conservancy District

Other Matters

Required Supplemental Information

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

Other Information

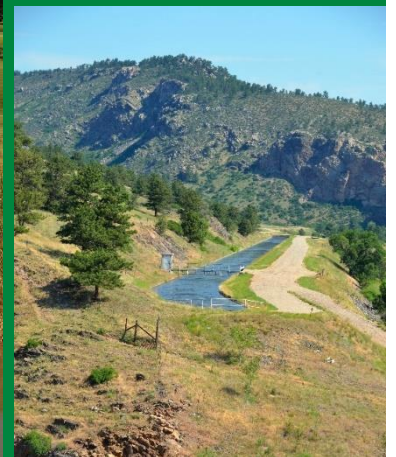
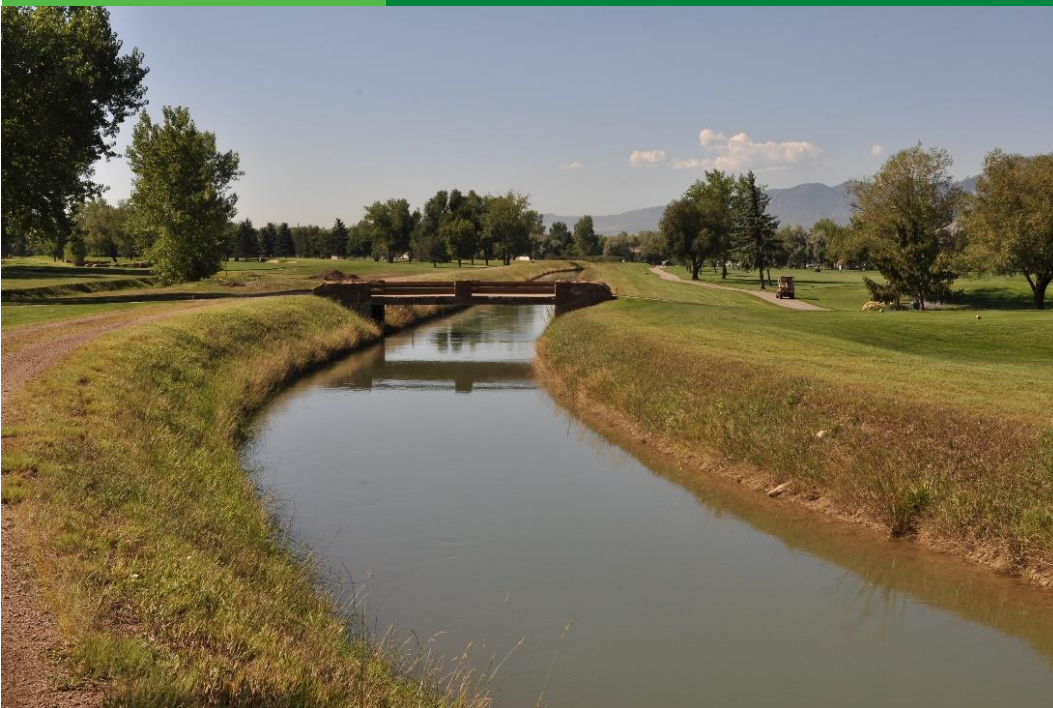
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northern Colorado Water Conservancy District's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory and statistical sections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

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

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

Plante & Moreau, PLLC

March 4, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis presents a narrative overview of the financial activities of Northern Water for the fiscal year ended September 30, 2020.

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, 2020. It should be considered in conjunction with the additional information furnished in the Transmittal Letter (page 6).

Highlights

District Enterprise Fund

- In 2020 Northern Water responded to the COVID-19 pandemic by transitioning employees to working remotely when instituting social-distancing practices, procuring and mandating use of appropriate personal protective equipment including masks, and requiring self isolation at home under certain circumstances. Such measures cost approximately \$735,000.
- Northern Water fully paid its Certificates of Participation Series 2012.
- Major C-BT Project infrastructure work in 2020 included the Poudre Drop Structure for \$2.2 million. In addition, \$2 million was included in operating expenses for rehabilitation of the Cottonwood Siphon.
- A \$1 million Berthoud Campus yard expansion was completed in 2020.
- Northern Water delivered 231,755 acre-feet of water in 2020 and provided an addition 15,000 acre-feet of water through its Regional Pool program.
- In 2020 Northern Water funded four reserve accounts for a total of \$40 million, in accordance with its Reserve Policy. These accounts were funded from existing reserves and operating cash.
- Northern Water coordinated with water users to plan for and complete extensive maintenance work at both Horsetooth and Boulder reservoirs, including managing operations to ensure water levels that allowed work to commence.



Cottonwood Siphon



Poudre Drop Structure

Northern Integrated Supply Project

- NISP received its State Water Quality Certification in accordance with Section 401 of the Clean Water Act and a 1041 Permit from the Larimer County Board of Commissioners.
- In addition to its interim funding of \$10 million, NISP participants funded the \$20 million Phase I of NISP to acquire properties for the project. In 2020, one property was purchased for approximately \$1.5 million.
- The project continues design and permitting efforts.

Hydropower

- Hydropower facilities had a record year in 2020 with output at almost 14,000MWhrs. Factors contributing to the strong performance included bringing the SWSP II pipeline online and strong water deliveries to Boulder Reservoir through the winter.

Southern Water Supply Project

- Construction was completed on the SWSP II pipeline. Project participants fully funded the \$48 million project cost.
- Expended \$8.7 million for construction of the Eastern Pump Plant. The project has an estimated total cost of \$10 million and is expected to be operational in spring 2021.



Construction was completed on the Southern Water Supply Project II

Overview of the Financial Statements

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

The enterprise fund financial statements include the following:

- Statement of Net Position - reports Northern Water's current and noncurrent assets, deferred inflows and outflows of resources, current and noncurrent liabilities. The difference between assets and deferred outflows and liabilities and deferred inflows is reported as net position (page 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 pensions 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 liability and contributions to the Pension Plan can be found in the Required Supplementary Information (page 69).
- Notes to Financial Statements - provide further explanations and details that are essential to a full understanding of the information provided in the financial statements described above (page 44).

Statement of Net Position⁽¹⁾

(condensed)
September 30,

	\$000s			
	2020	2019	Increase (Decrease) in Net Position	Percentage Change
Assets				
Current assets				
Cash, cash equivalents and investments	\$ 124,645	\$ 106,913	\$ 17,732	16.6%
Receivables	10,734	10,923	(189)	-1.7%
Other current assets	3,888	1,354	2,534	187.1%
Noncurrent cash equivalents and investments	2,846	2,732	114	4.2%
Interfund loan receivable	3,040	3,262	(222)	-6.8%
Capital assets, net of accumulated depreciation	274,588	245,661	28,927	11.8%
Assets	\$ 419,741	\$ 370,845	\$ 48,896	13.2%
Deferred outflows of resources related to Pension Plan	\$ 3,792	\$ 6,029	\$ (2,237)	-37.1%
Liabilities				
Accounts payable and accrued liabilities	\$ 9,257	\$ 14,026	\$ 4,769	34.0%
Unearned revenue	2,270	9,501	7,231	76.1%
Other current liabilities	4,367	3,505	(862)	-24.6%
Long-term debt, net of current maturities	8,579	10,382	1,803	17.4%
Interfund loan payable, net of current maturity	3,040	3,262	222	6.8%
Net pension liability	4,231	7,363	3,132	42.5%
Liabilities	\$ 31,744	\$ 48,039	\$ 16,295	33.9%
Deferred inflows of resources related to Pension Plan	\$ 1,559	\$ 314	\$ (1,245)	-396.5%
Net Position				
Net investment in capital assets	\$ 265,628	\$ 233,624	\$ 32,004	13.7%
Restricted net position				
Major repairs	2,295	2,106	189	9.0%
Capital projects	22,948	3,286	19,662	598.4%
Debt Service	229	203	26	12.8%
Restricted net position	25,472	5,595	19,877	355.3%
Unrestricted net position	99,130	89,302	9,828	11.0%
Net Position	\$ 390,230	\$ 328,521	\$ 61,709	

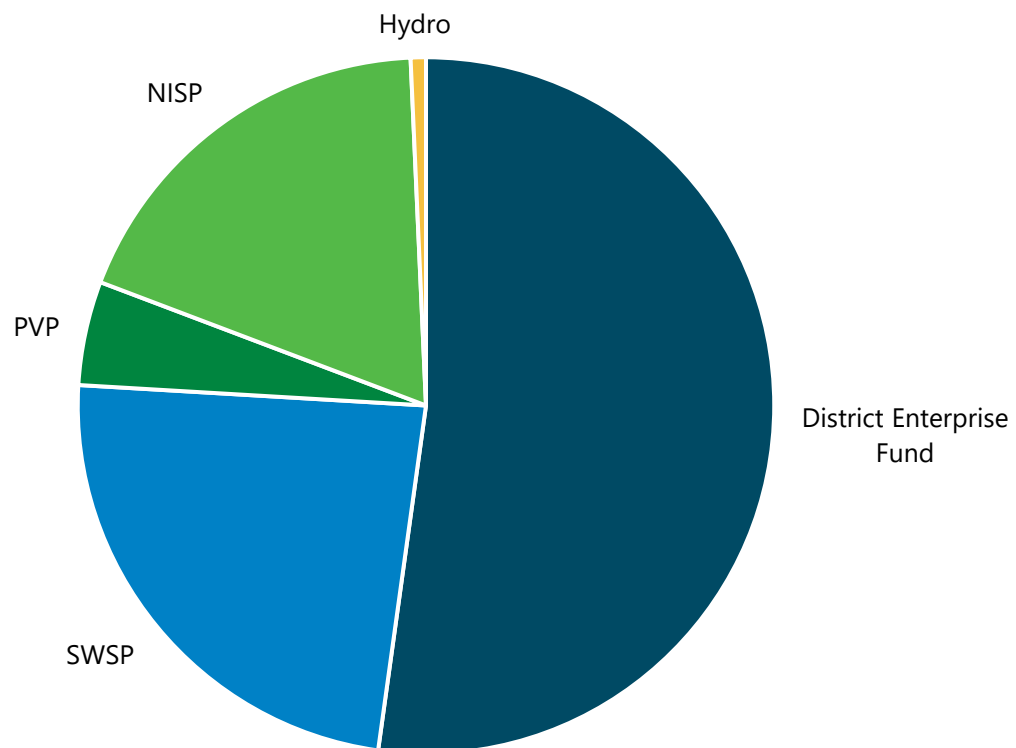
⁽¹⁾ Balances reflect all Northern Water's enterprise funds combined unless otherwise indicated.

Statement of Net Position ⁽¹⁾ (continued)

	\$000s		
	2020	2019	Increase (Decrease) in Net Position
Changes in net position			
Income before contributions	\$ 14,465	\$ 12,437	\$ 2,028
Capital contributions	47,244	39,470	7,774
Increases (decreases) in net position	61,709	51,907	9,802
Net position, beginning of year	328,521	276,614	51,907
Net position, end of year	\$ 390,230	\$ 328,521	\$ 61,709

Net position by enterprise fund was as follows:

Net Position by Enterprise Fund September 30, 2020



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

Changes in Net Position⁽¹⁾

Years ended September 30,

Net position by enterprise fund:

Enterprise Fund	\$000s		
	2020	2019	Increase (Decrease) in Net Position
District Enterprise Fund	\$ 203,688	\$ 187,444	\$ 16,244
SWSP	92,644	77,116	15,528
PVP	18,828	19,592	(764)
NISP	72,310	42,161	30,149
Hydro	2,760	2,208	552
	\$ 390,230	\$ 328,521	\$ 61,709

District Enterprise Fund

The District Enterprise Fund had net position of \$204 million at year end. Approximately half of this balance, \$102 million, reflected the District's investment in capital assets, net of depreciation. Unrestricted cash and investment balances and trade receivables primarily make up the remainder of the balance.

In accordance with its Reserve Policy, in 2020 the District established four reserve accounts for future operating and capital needs of the organization. These reserves were funded from other District reserves and operating cash. Receivables include water assessments billed and not yet received and property taxes assessed and not yet collected. The District net position increased by \$16 million in 2020 reflecting an operating loss of \$13 million offset by property tax revenue and earnings on investments of \$29 million.

Southern Water Supply Project

SWSP capital assets comprise the majority of its \$92.6 million net position. Net position increased by \$15.5 million in 2020 reflecting an operating loss of \$1.6 million from current year depreciation offset by \$17.1 million in capital contributions for the SWSP II pipeline and Eastern Pump Plant projects.

Pleasant Valley Pipeline Project

PVP net position at September 30, 2020, of \$18.8 million consisted primarily of the investment in the PVP capital project, net of depreciation. Net position decreased in 2020 reflecting the current year depreciation on capital assets.

Northern Integrated Supply Project

Net position for NISP was \$72.3 million at September 30, 2020. This consisted of unrestricted cash balances of \$6.4 million, cash restricted for Phase I property acquisitions of \$18.7 million and construction in progress for the project of \$49.6 million, net of related payables. Net position increased by \$30 million due to participant capital contributions for current design and permitting expenditures and property acquisitions.

Hydropower

Hydropower net position of \$2.7 million consisted primarily of cash balances and the investment in the hydropower facilities, net of related debt. Net position increased by \$552,014 reflecting positive operating income and cash flows. The fund continued to make its regularly scheduled debt service payments.

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

Revenues⁽¹⁾

Years ended September 30,

	\$000s			
	2020	2019	Increase (Decrease) in Net Position	Percentage Change
Operating revenues				
Assessments	\$ 13,496	\$ 12,513	\$ 983	
Charges for services	7,962	6,593	1,369	
Energy revenue	1,302	1,115	187	
Other operating revenues	2,509	1,923	586	
Operating revenues	25,269	22,144	3,125	14.1%
Nonoperating revenues				
Property and specific ownership taxes	\$ 27,187	\$ 23,043	\$ 4,144	
Earnings on investments	2,174	2,257	(83)	
Intergovernmental grants	105	129	(24)	
Other nonoperating revenues	368	2,154	(1,786)	
Nonoperating revenues	29,834	27,583	2,251	
Revenues	\$ 55,103	\$ 49,727	\$ 5,376	

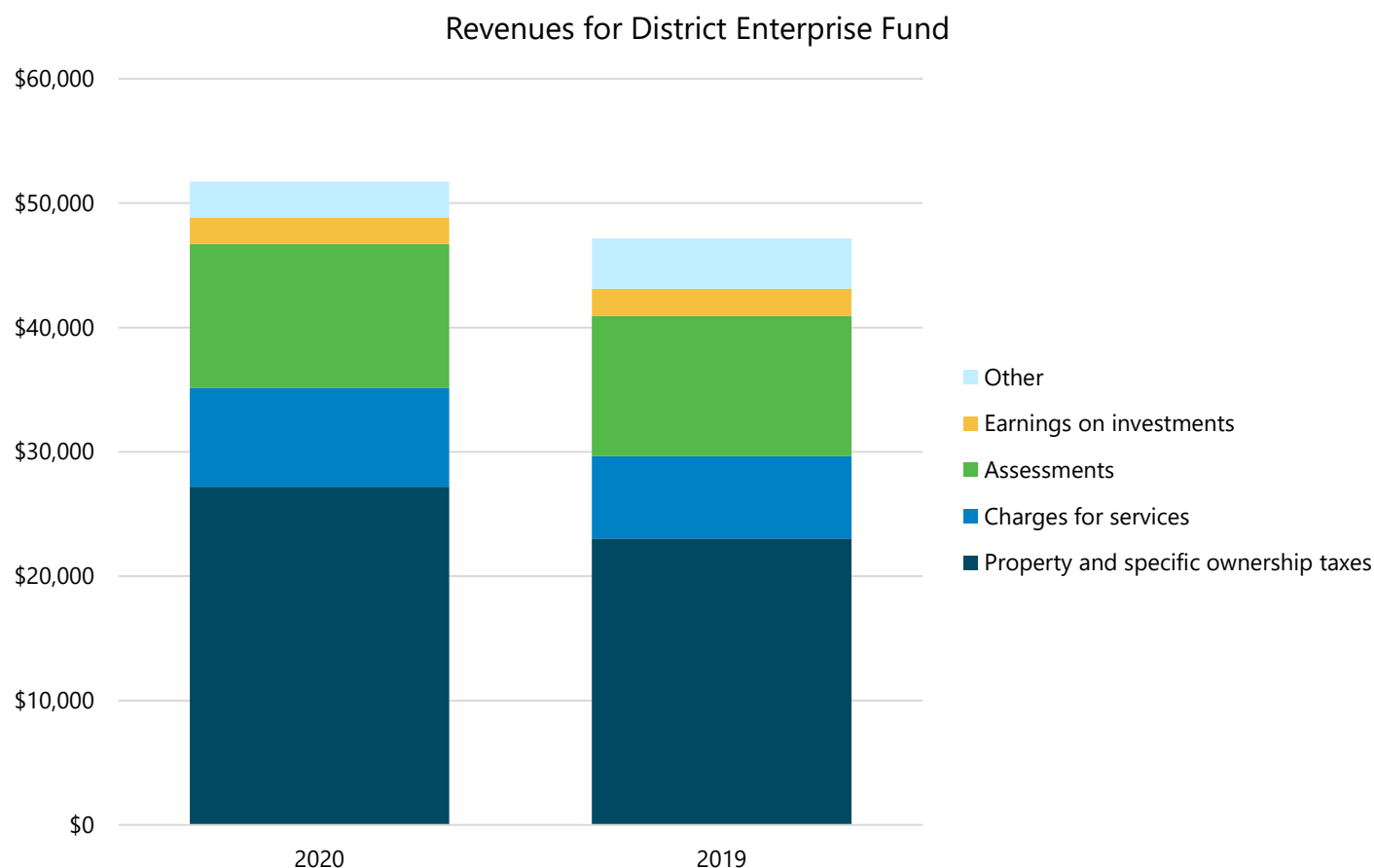
District Enterprise Fund

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

	\$000s			
	2020	2019	Increase (Decrease) in Net Position	
Water assessments	\$ 11,580	\$ 11,296	\$ 284	
Charges for services	7,962	6,593	1,369	
Property taxes	27,187	23,043	4,144	
Earnings on investments	2,132	2,194	(62)	
Other	2,878	4,049	(1,171)	
District Enterprise Fund revenues	\$ 51,739	\$ 47,175	\$ 4,564	9.7%

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

Revenues ⁽¹⁾ (continued)



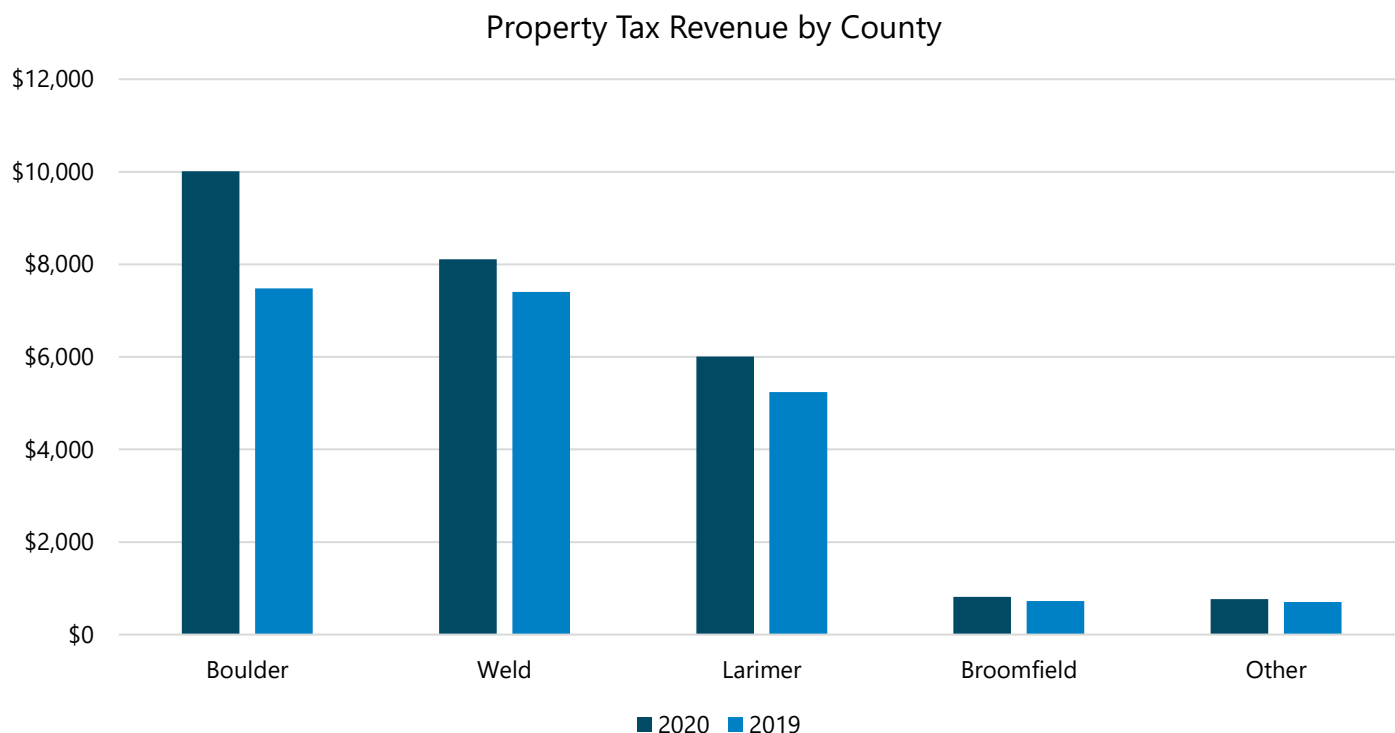
District Enterprise Fund revenues consist primarily of water assessments from allottees, charges for services, property taxes and earnings on investments. Annual water assessments are based on units held and independent of actual water deliveries. The 2020 water assessment open rates increased 2.9 percent from \$45.20 to \$46.50 per acre-foot unit for municipal/industrial users and 2.6 percent from \$26.70 to \$27.40 for agricultural users. In addition, District Enterprise Fund assessments included approximately \$2 million in 2020 and 2019 each 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.

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

Revenues ⁽¹⁾ (continued)

Northern Water collects a voter-approved 1.0 mill levy tax on real property located within its boundaries. Property tax revenue increased \$4.1 million (18 percent) in 2020 primarily from Weld, Larimer and Boulder counties, due to assessments based on prior year's energy production and increases in new residential housing.



District Enterprise Fund investment earnings amounted to \$2 million consistent with prior years.

In 2019, other nonoperating revenues included revenues from the sale of forfeited C-BT water allotment units of \$1.8 million. C-BT Project water allotment units were forfeited in accordance with Northern Water's Storage and Parking rule.

Other Enterprise Funds

SWSP and PVP revenues consist of annual assessments from their respective participants and were generally consistent between 2020 and 2019. NISP had no revenue as it is in the permitting and design phase.

Hydropower energy revenues, reflecting power charges earned based on energy produced from the facilities, were \$1.3 million in 2020, a 16 percent increase over 2019 due to flows relating to deliveries through the new SWSP II pipeline, generally high reservoir levels and strong water deliveries. In 2020 Hydropower received a \$105,000 incentive payment from the U.S. Department of Energy based on energy production from the Trout hydropower facility. This amount was included in Intergovernmental grants.

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

Expenses⁽¹⁾

Years ended September 30,

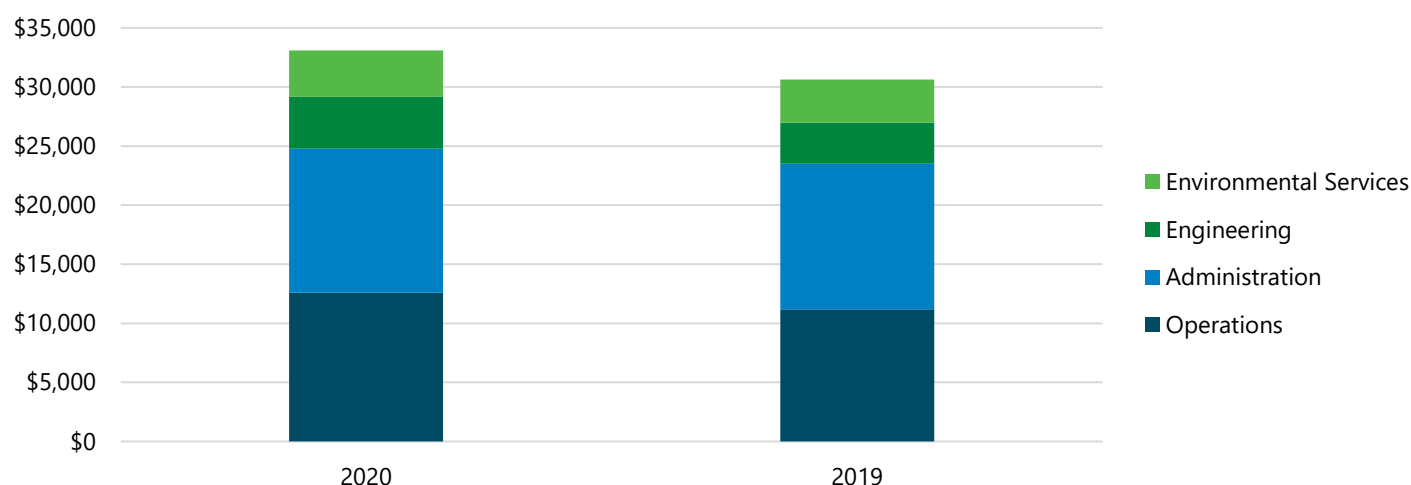
	\$000s			
	2020	2019	Increase (Decrease) in Net Position	Percentage Change
Operating expenses				
Operations	\$ 13,955	\$ 12,323	\$ 1,632	
Administration	12,287	12,418	(131)	
Engineering	4,645	3,714	931	
Environmental Services	3,947	3,656	291	
Depreciation	5,554	4,767	787	
Operating expenses	40,388	36,878	3,510	9.5%
Nonoperating expenses				
Interest expense	238	412	(174)	
Other nonoperating expenses	12	2,154	(2,142)	
Nonoperating expenses	250	2,566	(2,316)	-90.3%
Expenses	\$ 40,638	\$ 39,444	\$ 1,194	

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

Expenses ⁽¹⁾ (continued)

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

Operating Expenses for the District Enterprise Fund by Division



By Division	\$000s			Increase (Decrease)	
	2020	2019			
Operations	\$ 12,595	\$ 11,178	\$ 1,417		
Administration	12,186	12,335	(149)		
Engineering	4,370	3,454	916		
Environmental Services	3,947	3,656	291		
Depreciation	2,349	2,062	287		
District Enterprise Fund operating expenses	<u>\$ 35,447</u>	<u>\$ 32,685</u>	<u>\$ 2,762</u>		8.5%

District Enterprise Fund operating expenses increased \$2.7 million (8.5 percent) over 2019. The Operations and Engineering Divisions accounted for the majority of this increase as 15 new employees were added. Two-thirds of operating expenses consist of labor charges and the remainder are materials and services.

Other Enterprise Funds

Operating expenses for SWSP increased in 2020 from \$2.7 million to \$3.4 million reflecting increased operations costs on the new SWSP II pipeline and additional depreciation on the capitalized asset. Operating expenses for other Northern Water enterprise funds were largely consistent with prior years. There were no operating expenses for NISP since that enterprise fund is in the planning and permitting phase.

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

Capital Assets, Net⁽¹⁾

(condensed)
September 30,

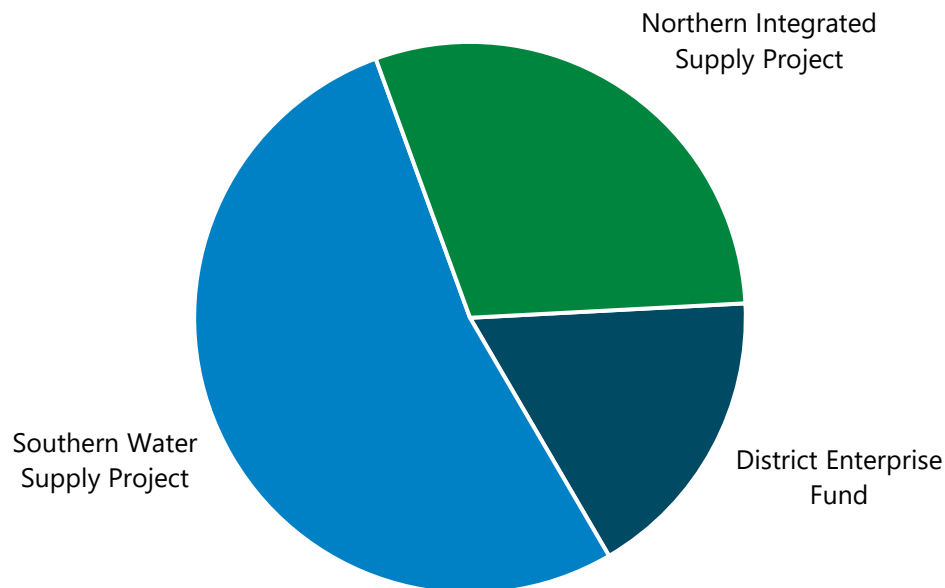
	\$000s		
	2020	2019	Increase (Decrease) in Net Position
Capital assets			
Land, easements and water rights	\$ 93,531	\$ 90,709	\$ 2,822
Construction in progress	60,555	80,095	(19,540)
Water pipelines and equipment	148,574	100,382	48,192
Hydropower facilities	11,503	11,503	-
Operations equipment	6,784	6,344	440
Buildings and improvements	23,272	22,031	1,241
Computer and office equipment	10,264	9,358	906
Capital assets	354,483	320,422	34,061
Less accumulated depreciation	(79,895)	(74,761)	(5,134)
Capital assets, net of depreciation	\$ 274,588	\$ 245,661	\$ 28,927

Capital Assets Detail for Selected Enterprise Funds

	\$000s		
	2020	2019	Increase
District Enterprise Fund			
Construction in progress	\$ 2,095	\$ 1,917	\$ 178
Land, easements and water rights	87,364	84,542	2,822
Buildings and improvements	10,258	9,878	380
Operations equipment	1,826	1,655	171
Computer and office equipment	3,683	3,582	101
Capital assets, net of depreciation	\$ 105,226	\$ 101,574	\$ 3,474
Southern Water Supply Project			
Construction in progress	\$ 8,842	\$ 38,796	\$ (29,954)
Land, easements and water rights	5,233	5,233	-
Water pipeline and equipment	77,182	31,197	45,985
Capital assets, net of depreciation	\$ 91,257	\$ 75,226	\$ 45,985
Northern Integrated Pipeline Project			
Construction in progress	\$ 49,618	\$ 39,382	\$ 10,236

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

Capital Additions by Enterprise Fund



District Enterprise Fund

District Enterprise Fund capital assets, net of depreciation, increased from \$102 to \$105 million, largely as a result of the Poudre River Drop Structure. This project replaced a 1950 bifurcation structure built to control water flows from Horsetooth Dam to the Poudre River.

Southern Water Supply Project

Capital asset activity for Southern Water Supply Project represented the completion of the SWSP II pipeline and construction of the Eastern Pump Plant. Total SWSP II pipeline costs of \$48 million consisting of accumulated prior year costs of \$38 million and \$10 million in 2020 costs were transferred to depreciable assets as a water pipeline. Current year construction costs for the Eastern Pump Plant of \$8 million plus accumulated costs from prior years remained in construction in progress at September 30, 2020.

Northern Integrated Supply Project

NISP costs incurred since inception of the project amounted to \$49.6 million as of September 30, 2020. The \$10 million invested in 2020 consisted of permitting and design costs and real property purchases of \$1.5 million.

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.

Debt Administration⁽¹⁾

(condensed)
September 30,

	\$000s			
	2020	2019	Increase (Decrease) in Net Position	Percentage Change
District Enterprise Fund				
Certificates of Participation Series 2012	\$ -	\$ 2,611	\$ (2,611)	
Horsetooth Safety of Dams	3,053	3,193	(140)	
Pole Hill Canal	-	95	(95)	
District Enterprise Fund debt	3,053	5,899	(2,846)	-48.2%
Hydropower				
Colorado Water Resources and Power Development Authority	1,294	1,388	(94)	
Colorado Water Conservation Board	4,613	4,748	(135)	
Hydropower	5,907	6,136	(229)	-3.7%
Long-term debt	8,960	12,035	(3,075)	
Less current maturities of long-term debt	(381)	(1,653)	1,272	
Long-term debt, net of current maturities	\$ 8,579	\$ 10,382	\$ (1,803)	

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

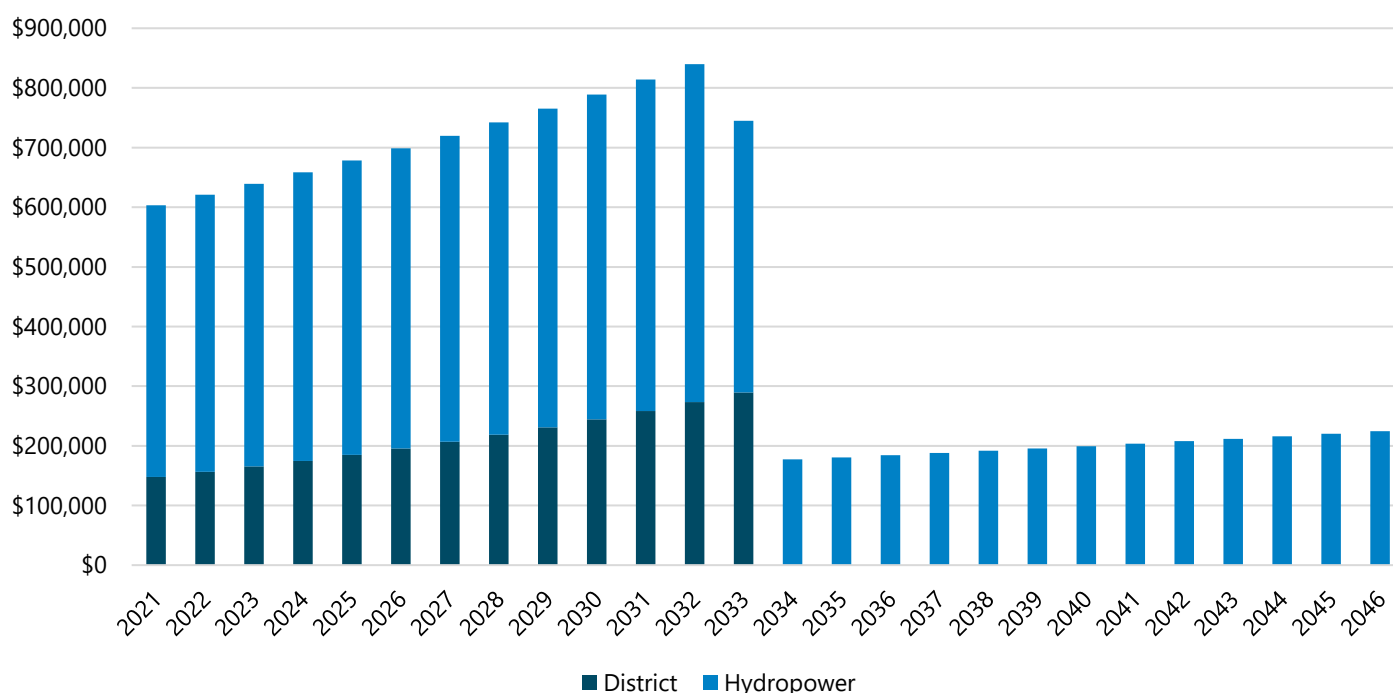
Debt Administration⁽¹⁾ (continued)

	\$000s			
	2020	2019	Increase (Decrease) in Net Position	Percentage Change
Interfund loan				
District Enterprise Fund/Hydropower interfund loan	\$ 3,262	\$ 3,480	\$ (218)	
Less current maturities of long-term debt	(222)	(218)	(4)	
Long-term debt, net of current maturities	\$ 3,040	\$ 3,262	\$ (222)	-6.3%

In 2020 the District Enterprise Fund paid both its regularly scheduled debt service payment and the 2021 payment on the Certificates of Participation Series 2012 to fully extinguish that debt. Regularly scheduled debt service payments were made on the remaining debt, including a final payment on the Pole Hill Canal obligation.

The Hydropower enterprise fund continued to pay its regularly scheduled debt service payments to Colorado Water Resources and Power Development Authority (CWRPDA), CWCB and Northern Water in 2020. See additional information relating to long-term debt and the District Enterprise Fund/Hydropower interfund loan receivable/payable at Notes 1 and 13.

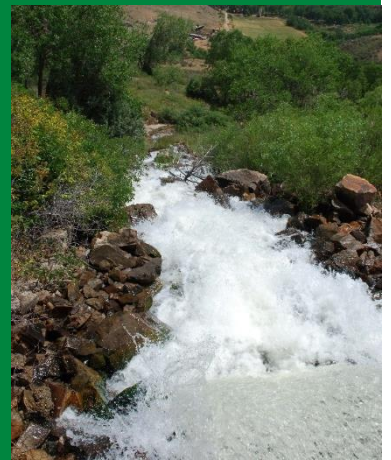
Long Term Debt Maturities



Financial Contact

Northern Water's financial statements are designed to present users (water users, taxpayers, participants and creditors) 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.

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



BASIC FINANCIAL STATEMENTS

Statement of Net Position – Proprietary Funds

September 30, 2020

	Business-type Activity Enterprise Funds					
	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline Project	Northern Integrated Supply Project	Hydropower	Total
ASSETS						
Current assets						
Cash, cash equivalents and investments						
Unrestricted	\$ 48,380,322	\$ 2,425,582	\$ 106,774	\$ 6,448,808	\$ 1,717,182	\$ 59,078,668
Restricted	-	6,789,668	-	18,637,811	-	25,427,479
Investments, unrestricted	40,138,423	-	-	-	-	40,138,423
Receivables	9,893,429	614,533	12,760	1,197	212,471	10,734,390
Due from other funds	2,366,325	-	-	-	-	2,366,325
Advances	1,038,321	-	-	-	32,835	1,071,156
Other current assets	185,318	42,572	-	-	-	227,890
Current maturity of interfund loan	222,198	-	-	-	-	222,198
Current assets	102,224,336	9,872,355	119,534	25,087,816	1,962,488	139,266,529
Noncurrent assets						
Cash equivalents, restricted	588,144	-	-	-	551,155	1,139,299
Investments, restricted	1,707,249	-	-	-	-	1,707,249
Interfund loan receivable	3,039,740	-	-	-	-	3,039,740
Capital assets	129,778,523	132,884,628	30,698,895	49,617,922	11,502,848	354,482,816
Less accumulated depreciation	(24,552,737)	(41,628,039)	(11,886,482)	-	(1,827,259)	(79,894,517)
Capital assets, net of accumulated depreciation	105,225,786	91,256,589	18,812,413	49,617,922	9,675,589	274,588,299
Noncurrent assets	110,560,919	91,256,589	18,812,413	49,617,922	10,226,744	280,474,587
Assets	\$212,785,255	\$101,128,944	\$ 18,931,947	\$ 74,705,738	\$ 12,189,232	\$419,741,116
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSION PLAN						
	\$ 3,791,626	\$ -	\$ -	\$ -	\$ -	\$ 3,791,626

See accompanying Notes to Financial Statements

See accompanying Notes to Financial Statements.

Statement of Net Position – Proprietary Funds (continued)

September 30, 2020

	Business-type Activity Enterprise Funds					
	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline Project	Northern Integrated Supply Project	Hydropower	Total
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	\$ 2,691,010	\$ 5,430,145	\$ 538	\$ 1,117,530	\$ 17,160	\$ 9,256,383
Due to other funds	-	784,379	103,480	1,278,014	200,452	2,366,325
Interest payable	131,670	-	-	-	42,930	174,600
Unearned revenue	-	2,270,216	-	-	-	2,270,216
Compensated absences	1,223,157	-	-	-	-	1,223,157
Current maturities of long- term debt	147,855	-	-	-	233,460	381,315
Current maturity of interfund loan	-	-	-	-	222,198	222,198
Current liabilities	4,193,692	8,484,740	104,018	2,395,544	716,200	15,894,194
Noncurrent liabilities						
Long-term debt, net of current maturities	2,905,375	-	-	-	5,673,509	8,578,884
Interfund loan, net of current maturity	-	-	-	-	3,039,740	3,039,740
Net pension liability	4,230,984	-	-	-	-	4,230,984
Noncurrent liabilities	7,136,359	-	-	-	8,713,249	15,849,608
Liabilities	\$ 11,330,051	\$ 8,484,740	\$ 104,018	\$ 2,395,544	\$ 9,429,449	\$ 31,743,802
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION PLAN						
	\$ 1,559,142	\$ -	\$ -	\$ -	\$ -	\$ 1,559,142
NET POSITION						
Net investment in capital assets	\$102,172,556	\$ 91,256,589	\$ 18,812,414	\$ 49,617,922	\$ 3,768,620	\$265,628,101
Restricted net position						
Major repairs	2,295,393	-	-	-	-	2,295,393
Capital projects	-	255,692	-	22,692,272	-	22,947,964
Debt service	-	-	-	-	228,413	228,413
Restricted net position	2,295,393	255,692	-	22,692,272	228,413	25,471,770
Unrestricted net position (deficit)						
	99,219,739	1,131,923	15,515	-	(1,237,250)	99,129,927
Net position	\$203,687,688	\$ 92,644,204	\$ 18,827,929	\$ 72,310,194	\$ 2,759,783	\$390,229,798

See accompanying Notes to Financial Statements.

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

Year ended September 30, 2020

	Business-type Activity Enterprise Funds					
	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline Project	Northern Integrated Supply Project	Hydropower	Total
Operating revenues						
Assessments	\$ 11,580,149	\$ 1,839,740	\$ 76,205	\$ -	\$ -	\$ 13,496,094
Charges for services	7,961,981	-	-	-	-	7,961,981
Energy revenue	-	-	-	-	1,301,643	1,301,643
Other operating revenues	2,509,470	-	-	-	-	2,509,470
Operating revenues	22,051,600	1,839,740	76,205	-	1,301,643	25,269,188
Operating expenses						
Operations	12,594,884	910,403	64,692	-	385,339	13,955,318
Engineering	4,370,438	259,283	15,027	-	593	4,645,341
Environmental services	3,946,621	235	-	-	85	3,946,941
Administration	12,186,357	81,012	8,214	-	11,257	12,286,840
Depreciation	2,348,462	2,175,496	742,905	-	287,227	5,554,090
Operating expenses	35,446,762	3,426,429	830,838	-	684,501	40,388,530
Operating income (loss)	(13,395,162)	(1,586,689)	(754,633)	-	617,142	(15,119,342)
Nonoperating revenues						
Property and specific ownership taxes	27,187,290	-	-	-	-	27,187,290
Earnings on investments	2,131,889	21,778	588	-	19,626	2,173,881
Intergovernmental grants	-	-	-	-	104,678	104,678
Other nonoperating revenues	368,138	-	-	-	-	368,138
Nonoperating revenues	29,687,317	21,778	588	-	124,304	29,833,987
Nonoperating expenses						
Interest expense	48,438	-	-	-	189,432	237,870
Other nonoperating expenses	-	1,873	10,000	-	-	11,873
Nonoperating expenses	48,438	1,873	10,000	-	189,432	249,743
Nonoperating income (loss)	29,638,879	19,905	(9,412)	-	(65,128)	29,584,244
Income (loss) before contributions	16,243,717	(1,566,784)	(764,045)	-	552,014	14,464,902
Capital contributions	-	17,094,932	-	30,148,626	-	47,243,558
Increase (decrease) in net position	16,243,717	15,528,148	(764,045)	30,148,626	552,014	61,708,460
Net position, beginning of year	187,443,971	77,116,056	19,591,974	42,161,568	2,207,769	328,521,338
Net position, end of year	\$203,687,688	\$ 92,644,204	\$ 18,827,929	\$ 72,310,194	\$ 2,759,783	\$390,229,798

See accompanying Notes to Financial Statements.

Statement of Cash Flows – Proprietary Funds

Year ended September 30, 2020

	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 allottees and participants	\$ 16,887,829	\$ 1,305,237	\$ 63,446	\$ -	\$ 1,379,903	\$ 19,636,415
Payments to suppliers	(13,930,509)	(406,678)	(15,050)	-	(269,163)	(14,621,400)
Payments to employees	(19,790,423)	2,558	26,325	-	-	(19,761,540)
Other receipts	343,425	-	-	-	-	343,425
Net cash provided by (used in) operating activities	(16,489,678)	901,117	74,721	-	1,110,740	(14,403,100)
Cash flows from noncapital financing activities						
Property and specific ownership tax receipts	25,236,270	-	-	-	-	25,236,270
Advances from other governments	2,661,561	-	-	-	-	2,661,561
Advances from other funds	916,187	-	-	-	-	916,187
Intergovernmental grants	-	-	-	-	104,678	104,678
Net cash provided by noncapital financing activities	28,814,018	-	-	-	104,678	28,918,696
Cash flows from capital and related financing activities						
Capital contributions	-	12,015,373	-	30,150,384	-	42,165,757
Acquisition and construction of capital assets	(5,886,552)	(22,014,270)	(48,360)	(9,502,430)	-	(37,451,612)
Principal paid on capital debt and interfund loan	(2,654,555)	-	-	-	(446,721)	(3,101,276)
Interest paid of capital debt and interfund loan	(271,797)	-	-	-	(192,314)	(464,111)
Principal receipts from interfund loan	217,840	-	-	-	-	217,840
Interest receipts from interfund loan	69,595	-	-	-	-	69,595
Proceeds from capital funding	-	(285,086)	-	-	-	(285,086)
Proceeds from sale of capital assets	24,713	-	-	-	-	24,713
Net cash provided by (used in) capital and related financing activities	(8,500,756)	(10,283,983)	(48,360)	20,647,954	(639,035)	1,175,820
Cash flows from investing activities						
Investment purchases	(21,170,855)	-	-	-	-	(21,170,855)
Investment sales	15,835,361	-	-	-	-	15,835,361
Proceeds from earnings on investments	1,437,099	21,778	588	-	19,864	1,479,329
Net cash provided (used) by investing activities	(3,898,395)	21,778	588	-	19,864	(3,856,165)
Net increase (decrease) in cash and cash equivalents	(74,811)	(9,361,088)	26,949	20,647,954	596,247	11,835,251
Cash and cash equivalents, beginning of year	49,043,277	18,576,338	79,825	4,438,665	1,672,090	73,810,195
Cash and cash equivalents, end of year	\$ 48,968,466	\$ 9,215,250	\$ 106,774	\$ 25,086,619	\$ 2,268,337	\$ 85,645,446

See accompanying Notes to Financial Statements.

Statement of Cash Flows – Proprietary Funds (continued)

Year ended September 30, 2020

	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)	\$ (13,395,162)	\$ (1,586,689)	\$ (754,633)	\$ -	\$ 617,142	\$ (15,119,342)
Adjustments to reconcile operating income (loss) to net cash provided (used) in operating activities						-
Depreciation	2,348,462	2,175,496	742,905	-	287,227	5,554,090
Nonoperating	343,426	-	-	-	-	343,426
(Increase) decrease in current assets						
Receivables	(2,300,178)	(534,503)	(12,760)	-	77,079	(2,770,362)
Due from other funds	(2,815,127)	846,813	99,224	-	-	(1,869,090)
Advances	(692,031)	-	-	-	-	(692,031)
Other current assets	104,698	-	-	-	-	104,698
Increase (decrease) in current liabilities						
Accounts payable and accrued liabilities	(700,143)	-	(15)	-	2,190	(697,968)
Due to other funds	-	-	-	-	127,102	127,102
Compensated absences	264,089	-	-	-	-	264,089
Increase (decrease) in Pension Plan-related items						
Net pension liability	(3,132,583)	-	-	-	-	(3,132,583)
Deferred outflows of resources	2,237,434	-	-	-	-	2,237,434
Deferred inflows of resources	1,247,437	-	-	-	-	1,247,437
Adjustments	(3,094,516)	2,487,806	829,354	-	493,598	716,242
Net cash provided (used) in operating activities	\$ (16,489,678)	\$ 901,117	\$ 74,721	\$ -	\$ 1,110,740	\$ (14,403,100)
Non-cash activities						
Change in value of investments	\$ (675,680)	-	-	-	-	\$ (675,680)
Reconciliation of capital contributions						
Capital contributions	\$ -	\$ 17,094,932	\$ -	\$ 30,148,626	\$ -	\$ 47,243,558
Plus capital contributions that were recognized in the prior year	-	2,151,453	-	1,758	-	2,153,211
Less capital contributions recognized in 2020, previously reflected as unearned revenue	-	(7,231,012)	-	-	-	(7,231,012)
Cash flows from capital contributions	\$ -	\$ 12,015,373	\$ -	\$ 30,150,384	\$ -	\$ 42,165,757

See accompanying Notes to Financial Statements.

Statement of Fiduciary Net Position – Fiduciary Fund Pension Trust Fund

December 31, 2019

	<u>Pension Plan</u>
ASSETS	
Cash and cash equivalents	<u>\$ 1,643,260</u>
Investments	
Domestic equities	11,217,909
Mutual funds	
Fixed income	14,385,567
International equities	5,001,943
Liquid low correlated hedge	3,929,573
Emerging markets equities	1,951,972
Investments	<u>36,486,964</u>
Due from Northern Water	<u>79,165</u>
Assets	<u>\$ 38,209,389</u>
LIABILITIES	
Liabilities	<u>\$ -</u>
Net position restricted for pension	<u>\$ 38,209,389</u>

See accompanying Notes to Financial Statements.

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

Year ended December 31, 2019

	<u>Pension Plan</u>
Additions	
Employer contributions	\$ 2,089,663
Investment earnings	
Net appreciation in fair value of investments	4,742,501
Interest and dividends	1,185,841
Investment earnings	5,928,342
Investment expenses	(73,868)
Investment losses, net of expenses	5,854,474
Additions to Plan assets	7,944,137
Deductions	
Benefit payments	(5,171,928)
Increase in net position	2,772,209
Net position, beginning of year	35,437,180
Net position, end of year	<u>\$ 38,209,389</u>

See accompanying Notes to Financial Statements.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

In 2002, Northern Water organized the Building Corporation as a nonprofit corporation in accordance with state law to facilitate the financing of the Northern Water headquarters facilities. The Northern Water Board serves as the Board of Directors of the Building Corporation. The Building Corporation financed the headquarters facilities through the issuance of Certificates of Participation, which were payable solely from Northern Water's facilities lease payments. The Certificates of Participation were fully paid in fiscal year 2020.

As required by generally accepted accounting principles (GAAP), Northern Water's financial statements present the activities of the Building Corporation as a blended component unit of the District Enterprise Fund. The Building Corporation is a legally separate entity but is, in substance, part of the District Enterprise Fund's operations. Separate financial statements for the Building Corporation are not issued. The Building Corporation has a September 30 year end.

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 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, 2020, 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 Hydropower Enterprise Fund accounts for the activities of the Robert V. Trout (Trout) and Granby hydropower facilities.
- 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 fund pension trust fund, the Pension Plan reports net position restricted for pensions and, therefore, is not available to support Northern Water operations. The reporting focus of the Pension Plan is on net position and changes in net position and employs accounting principles similar to the proprietary enterprise funds described above. As further described in Note 16, the financial statements of the Pension Plan are reported using the economic resources measurement focus and the accrual basis of accounting.

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

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

Cash and Cash Equivalents, Unrestricted and Restricted

Cash and cash equivalents are considered to be cash deposits and short-term investments with original maturities of three months or less from the date of acquisition. Certain cash balances are held in the Colorado Statewide Investment Pool (CSIP), a local government investment pool. The State Securities Commissioner administers and enforces State statutes governing the CSIP. 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 and term portfolios is 49 days and 85 days with ratings of AAAM and AA Af, respectively. Certain balances are classified as restricted on the Statement of Net Position because their use is limited by either contractual obligations or debt covenants (Note 8).

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 the United States
- Corporate Bonds issued by a corporation or bank organized and operating within the United States and denominated in U.S. dollars
- Municipal Bonds representing general and revenue obligations of or under the authority of any state in the United States or any political subdivision of such a government entity
- Commercial Paper where the issuer's commercial paper program's size exceeds \$200 million
- 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

Receivables

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

Due To/From Other Funds

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.

Other Current Assets

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

Capital Assets

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

Northern Water's share of the original construction and subsequent modifications or enhancements to the C-BT Project are treated similar to water rights and easements. 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

Note 1 continued

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:

	<u>Years</u>
Water pipelines and hydropower plants	40
Buildings and improvements	5 - 25
Operations equipment	3 - 10
Office equipment	5 - 10
Computer equipment	3

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.

Unearned Revenue

SWSP received advanced participant funding for the SWSP Eastern Pump Plant. This funding is being recognized as capital contributions ratably as project costs are incurred.

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

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 contract with Reclamation, Northern Water makes estimated advance payments to Reclamation for its share of operations costs as described above. Reclamation reimbursements to Northern Water and Northern Water reimbursements to Reclamation are reflected as operating revenues from charges for services and operating expenses for operations, respectively, on the accompanying Statement of Revenues, Expenses and Changes in Net Position.

Energy Revenue

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

Property and Specific Ownership Taxes

Northern Water collects a voter-approved 1.00 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

Intergovernmental grants represent an incentive payment from the U.S. Department of Energy based on hydropower energy production from Trout hydropower facility. This amount has been reflected as intergovernmental grant revenue.

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 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. Northern Water believes that the District Enterprise Fund is in compliance with these limitations.

Budgetary Information

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

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

Note 2 continued

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

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

The level of control (level at which expenses may not exceed appropriations) is maintained at the department, capital outlay and debt service levels. No commitment is authorized, nor any expenditure incurred, until it is determined that adequate appropriation balances exist for that purpose. Material purchase orders that would result in an overrun of available funds are not released until additional appropriations are made available. Management is authorized to transfer 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, 2020, Northern Water had the following cash and cash equivalents:

Fund	Current		Noncurrent	Total Cash and Cash Equivalents
	Unrestricted	Restricted	Restricted	
District Enterprise Fund				
Deposits	\$ 34,111,807	\$ -	\$ -	\$ 34,111,807
Local Government Investment Pool/Money Market Funds	14,268,515	-	588,144	14,856,659
District Enterprise fund	48,380,322	-	588,144	48,968,466
Southern Water Supply Project				
Local Government Investment Pool/Money Market Funds	2,425,582	6,789,668	-	9,215,250
Pleasant Valley Pipeline Project				
Local Government Investment Pool/Money Market Funds	106,774	-	-	106,774
Northern Integrated Supply Project				
Local Government Investment Pool/Money Market Funds	6,448,808	18,637,811	-	25,086,619
Hydropower				
Deposits	107,141	-	-	107,141
Local Government Investment Pool/Money Market Funds	1,610,041	-	551,155	2,161,196
Hydropower	1,717,182	-	551,155	2,268,337
Cash and cash equivalents	\$ 59,078,668	\$ 25,427,479	\$ 1,139,299	\$ 85,645,446

There is no custodial credit risk for deposits held since all are eligible public depositories pursuant to Colorado's Public Deposit Program.

4 INVESTMENTS

As of September 30, 2020, the Northern Water District Enterprise Fund had the following investments:

Investment Type	Current Unrestricted	Noncurrent Restricted	Total Investments
U.S. Government Securities	\$ 14,650,796	\$ 1,707,249	\$ 16,358,045
Federal Agency Securities	10,159,625	-	10,159,625
Federal Agency Collateralized Mortgage Obligations	1,955,214	-	1,955,214
Negotiable Certificates of Deposit	2,236,313	-	2,236,313
Supranationals	3,050,252	-	3,050,252
Municipal Obligations	3,933,348	-	3,933,348
Commercial Paper	2,348,117	-	2,348,117
Corporate Notes	1,804,758	-	1,804,758
Investments	<u>\$ 40,138,423</u>	<u>\$ 1,707,249</u>	<u>\$ 41,845,672</u>

Investment balances at September 30, 2020, by fair value level were as follows:

Investment Type	Level 1	Level 2	Fair Value
U.S. Government Securities	\$ 16,358,045	\$ -	\$ 16,358,045
Federal Agency Securities	-	10,159,625	10,159,625
Federal Agency Collateralized Mortgage Obligations	-	1,955,214	1,955,214
Negotiable Certificates of Deposit	-	2,236,313	2,236,313
Supranationals	-	3,050,252	3,050,252
Municipal Obligations	-	3,933,348	3,933,348
Commercial Paper	-	2,348,117	2,348,117
Corporate Notes	-	1,804,758	1,804,758
Investments	<u>\$ 16,358,045</u>	<u>\$ 25,487,627</u>	<u>\$ 41,845,672</u>

Note 4 continued

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

Investment Type	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	85%	35%	5 years	AA-(1)
Negotiable Certificates of Deposit	35%	5%	3 years	- (1)(2)
Time Certificates of Deposit	5%	1%	1 year	N/A
Corporate Bonds	35%	5%	3 years	AA-(1)
Municipal Bonds				
Colorado Issuer	35%	5%	5 years	A-(1)
Non-Colorado Issuer	35%	5%	5 years	AA-(1)
School District Certificates of Participation	35%	5%	5 years	A(1)
Commercial Paper	35%	5%	270 days	A-(1)(3)
Bankers Acceptances	35%	5%	180 days	A-(1)(3)
Repurchase Agreements	100%	25%	180 days	(4)
Local Government Investment Pools	100%	100%	N/A	AAAm/AAAf
Money Market Funds ⁽⁵⁾	100%	100%	N/A	AAAm

The Northern Water 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 extend Northern Water's investment policy is more restrictive.

⁽¹⁾ Rating required 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 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, 2020, the Northern Water District Enterprise Fund had investments with the following maturities:

Investment Type	Investment Maturities			Investments
	1 - 2 years	2 - 3 years	3 - 5 years	
U.S. Government Securities	\$ 813,538	\$ 10,690,977	\$ 4,853,530	\$ 16,358,045
Federal Agency Securities	-	2,550,994	7,608,631	10,159,625
Federal Agency Collateralized Mortgage Obligations	305,957	442,153	1,207,104	1,955,214
Negotiable Certificates of Deposit	812,849	1,423,464	-	2,236,313
Supranationals	-	1,194,504	1,855,748	3,050,252
Municipal Obligations	378,175	1,668,734	1,886,439	3,933,348
Commercial Paper	2,348,117	-	-	2,348,117
Corporate Notes	-	1,316,634	488,124	1,804,758
Investments	<u>\$ 4,658,636</u>	<u>\$ 19,287,460</u>	<u>\$ 17,899,576</u>	<u>\$ 41,845,672</u>

To the extent possible, Northern Water investments are matched with anticipated cash flow requirements. Investments are not invested in securities maturing more than five years from the date of trade settlement.

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, 2020, no investments were greater than 5 percent with any one issuer.

As of September 30, 2020, the Northern Water District Enterprise Fund had investments with the following Standard and Poor's ratings:

Summary by Rating	Investments	Percentage
A-1	\$ 2,012,149	4.8%
A-1+	1,148,817	2.7%
A+	910,599	2.2%
AA-	711,663	1.7%
AA	2,235,746	5.3%
AA+	29,915,398	71.5%
AAA	4,126,031	9.9%
Not rated	785,269	1.9%
Investments	<u>\$ 41,845,672</u>	<u>100.0%</u>

Investment Type	Rating	Investments	Percentage
U.S. Government Securities	AA+	\$ 16,358,045	39.1%
Federal Agency Securities	AA+	10,159,625	24.3%
Federal Agency Collateralized Mortgage Obligations	AA+	1,955,214	4.7%
Negotiable Certificates of Deposit	A-1	812,849	1.9%
Negotiable Certificates of Deposit	A+	711,801	1.7%
Negotiable Certificates of Deposit	AA-	711,663	1.7%
Supranationals	AAA	3,050,252	7.3%
Municipal Obligations	AA	1,195,625	2.9%
Municipal Obligations	AA+	876,675	2.1%
Municipal Obligations	AAA	1,075,779	2.6%
Municipal Obligations	Not rated	785,269	1.9%
Commercial Paper	A-1	1,199,300	2.9%
Commercial Paper	A-1+	1,148,817	2.7%
Corporate Notes	A+	198,798	0.5%
Corporate Notes	AA	1,040,121	2.5%
Corporate Notes	AA+	565,839	1.4%
Investments		<u>\$ 41,845,672</u>	<u>100.0%</u>

5 RECEIVABLES

Receivables at September 30, 2020 are summarized by major classification as follows:

	2020
Assessments	\$ 3,030,675
Property taxes receivable	2,291,304
Charges for services	1,962,555
Power revenue	212,471
Interest receivable	182,567
Other	3,054,818
Receivables	<u>\$ 10,734,390</u>

As described in Note 17, receivables include approximately \$4.5 million due from the Subdistrict.

6 DUE TO/FROM OTHER FUNDS

Amounts due from the various Northern Water enterprise funds to the District Enterprise Fund at September 30, 2020, were as follows:

	2020
Southern Water Supply Project	\$ 784,379
Pleasant Valley Pipeline Project	103,480
Northern Integrated Supply Project	1,278,014
Hydropower	200,452
Due to District Enterprise Fund	<u>\$ 2,366,325</u>

District Enterprise Fund balance due to the Pension Plan of \$88,048 as of September 30, 2020, was included in accounts payable and accrued liabilities.

7 OTHER CURRENT ASSETS

Other current assets at September 30, 2020 included the following:

	2020
Inventory	\$ 136,355
Prepaid expenses	91,035
Other	500
Other current assets	<u>\$ 227,890</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, 2020, are detailed as follows:

Current Cash Equivalents, Restricted	2020
Southern Water Supply Project	
Eastern Pump Station	\$ 3,300,338
Southern Water Supply Project Pipeline II	3,489,330
Southern Water Supply Project	<u>6,789,668</u>

Northern Integrated Supply Project	
Phase 1	18,637,811
Total current cash and cash equivalents, restricted	<u>\$ 25,427,479</u>

Noncurrent Cash Equivalents, Restricted

District Enterprise Fund

Fund I Single Purpose District Enterprise Fund (Reclamation)	\$ 35,680
Fund II Multipurpose (Reclamation)	49,417
Fund IV Contingency (Reclamation)	6,320
Emergency Reserve	389,145
Hydropower Facility Removal	107,582
District Enterprise Fund	<u>588,144</u>

Hydropower

Colorado Water Resources and Power Development	
Authority Debt Service	134,474
Interfund Loan Payable Debt Service	322,742
Colorado Water Conservation Board	93,939
Hydropower	<u>551,155</u>
Noncurrent cash equivalents and investments, restricted	<u>\$ 1,139,299</u>

District Enterprise Fund

- Fund I Single Purpose (Reclamation) - Restricted for operations and maintenance costs, major repairs, extraordinary and unforeseen expenditures for the C-BT Project single-purpose water supply features in the event there are insufficient funds available for such purposes from current revenues. Funding requirements are \$600,000 with a minimum of \$100,000.
- Fund II Multipurpose (Reclamation) - Restricted for operations and maintenance costs, major repairs, extraordinary and unforeseen expenditures for the C-BT Project multipurpose features in the event there are insufficient funds available for such purposes from current revenues. Funding requirements are \$800,000 with a minimum of \$150,000.
- Fund IV Contingency (Reclamation) - Restricted for contingent items with a funding requirement of \$100,000.
- Emergency Reserve - Restricted for declared emergencies.
- Hydropower Facility Removal - Restricted for any future removal costs of the Trout hydropower facility.

Southern Water Supply Project

- Eastern Pump Plant - Restricted for construction of the pump plant facility.
- SWSP II Pipeline - Restricted for pipeline construction costs and/or future return of capital to participants.

Northern Integrated Supply Project

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

Hydropower

- 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. The restricted balances at September 30, 2020, are detailed as follows:

	<u>2020</u>
Fund I Single Purpose (Reclamation)	\$ 671,958
Fund II Multipurpose (Reclamation)	924,846
Fund IV Contingency (Reclamation)	110,445
Investments, restricted	<u>\$ 1,707,249</u>

See Note 8 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, 2020, was as follows:

	2019	Additions	Retirements/ Other	2020
District Enterprise Fund				
Non-depreciable capital assets				
Construction in progress	\$ 1,917,520	\$ 1,061,621	\$ (884,593)	\$ 2,094,548
Land, easements and water rights	84,541,864	2,821,704	-	87,363,568
Depreciable capital assets				
Buildings and improvements	22,030,730	1,240,891	-	23,271,621
Operations equipment	6,343,738	761,985	(321,213)	6,784,510
Computer and office equipment	9,358,085	998,963	(92,772)	10,264,276
Capital assets	124,191,937	6,885,164	(1,298,578)	129,778,523
Less accumulated depreciation				
Buildings and improvements	(12,152,680)	(861,090)	-	(13,013,770)
Operations equipment	(4,689,138)	(590,337)	321,213	(4,958,262)
Computer and office equipment	(5,776,443)	(897,035)	92,773	(6,580,705)
Accumulated depreciation	(22,618,261)	(2,348,462)	413,986	(24,552,737)
District Enterprise Fund capital assets, net	101,573,676	4,536,702	(884,592)	105,225,786
Southern Water Supply Project				
Non-depreciable capital assets				
Construction in progress	38,796,165	18,081,908	(48,036,032)	8,842,041
Land and easements	5,232,983	-	-	5,232,983
Depreciable capital assets				
Water pipeline and equipment	70,649,583	48,160,021	-	118,809,604
Capital assets	114,678,731	66,241,929	(48,036,032)	132,884,628
Less accumulated depreciation				
Water pipeline and equipment	(39,452,542)	(2,175,496)	-	(41,628,039)
Southern Water Supply Project capital assets, net	75,226,189	64,066,433	(48,036,032)	91,256,589
Pleasant Valley Pipeline Project				
Non-depreciable capital assets				
Land and easements	934,330	-	-	934,330
Depreciable capital assets				
Water pipeline and equipment	29,732,205	48,360	(16,000)	29,764,565
Capital assets	30,666,535	48,360	(16,000)	30,698,895
Less accumulated depreciation				
Water pipeline and equipment	(11,149,576)	(742,905)	6,000	(11,886,482)
Pleasant Valley Pipeline Project capital assets, net	19,516,959	(694,545)	(10,000)	18,812,413
Northern Integrated Supply Project				
Non-depreciable capital assets				
Construction in progress	39,381,817	10,236,105	-	49,617,922
Hydropower				
Hydropower plants	11,502,848	-	-	11,502,848
Less accumulated depreciation				
Hydropower plants	(1,540,032)	(287,227)	-	(1,827,259)
Hydropower capital assets, net	9,962,816	(287,227)	-	9,675,589
Capital assets, net	\$245,661,457	\$ 77,857,468	\$ (48,930,624)	\$274,588,299

11 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2020	2019
Claims incurred	\$ 1,405,983	\$ 1,515,799
Claims paid	(1,405,983)	(1,515,799)
Adjustment to IBNR estimate	(5,069)	81,589
IBNR, beginning of year	228,297	146,708
IBNR, end of year	<u>\$ 223,228</u>	<u>\$ 228,297</u>

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

12 COMPENSATED ABSENCES

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

	2020	2019
Absences accrued	\$ 1,211,399	\$ 1,078,927
Absences taken	(947,310)	(1,020,252)
Compensated absences, beginning of year	959,068	900,393
Compensated absences, end of year	<u>\$ 1,223,157</u>	<u>\$ 959,068</u>

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

District Enterprise Fund

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.

Certificates of Participation, Series 2012

In 2020 Northern Water repaid its Certificates of Participation, Series 2012.

Pole Hill Canal

In 2020 Northern Water repaid its obligation to Reclamation for the Pole Hill Canal Project.

Net Pension Liability

The District Enterprise Fund has an unfunded liability for its Pension Plan (Note 16).

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 facility.

Annual payments of \$122,313, including interest at 2.0 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 8). 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 facility and energy revenues generated from the facility are pledged as security for the loan.

Interfund Loan Receivable/Payable

Hydropower capital financing for the Trout hydropower facility not provided by CWRPDA as described above was financed by the Northern Water 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 2.0 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 8). 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 facility and energy revenues generated from the facility 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 facility. Annual payments of \$229,285, including interest at 2.0 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 8). The balance is increased annually by one-tenth of the annual debt service through 2026. Energy revenues generated from the Granby facility 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, 2020, was as follows:

	2019	Additions	Reductions	2020	Amounts Due Within One Year
District Enterprise Fund					
Certificates of Participation, Series 2012	\$ 2,420,000	\$ -	\$ (2,420,000)	\$ -	\$ -
Unamortized premium	191,487	-	(191,487)	-	-
Certificates of Participation, Series 2012	2,611,487	-	(2,611,487)	-	-
Contracts Payable to Reclamation					
Horsetooth Safety of Dams	3,193,045	-	(139,815)	3,053,230	147,855
Pole Hill Canal	94,740	-	(94,740)	-	-
District Enterprise Fund	5,899,272	-	(2,846,042)	3,053,230	147,855
Hydropower					
Colorado Water Resources and Power Development Authority	1,388,058	-	(94,551)	1,293,507	96,444
Colorado Water Conservation Board	4,747,792	-	(134,330)	4,613,462	137,016
Hydropower	6,135,850	-	(228,881)	5,906,969	233,460
Long-term debt outstanding	12,035,122	-	(3,074,923)	8,960,199	\$ 381,315
Less: current maturities of long-term debt	(1,653,437)	1,272,122	-	(381,315)	
Long-term debt, net of current maturities	\$ 10,381,685	\$ 1,272,122	\$ (3,074,923)	\$ 8,578,884	

Interfund receivable/payable activity for the year ended September 30, 2020, was as follows:

Hydropower Interfund					
Interfund loan receivable/payable	\$ 3,479,778	\$ -	\$ (217,840)	\$ 3,261,938	\$ 222,198
Less: current maturities of interfund loan receivable/payable	(217,841)	(4,357)	-	(222,198)	
Interfund loan receivable/payable, net of current maturities	\$ 3,261,937	\$ (4,357)	\$ (217,840)	\$ 3,039,740	

Net pension liability activity or the year ended September 30, 2020, was as follows:

District Enterprise Fund				
Net pension liability	\$ 7,363,567	\$ -	\$ (3,132,583)	\$ 4,230,984

Note 13 continued

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

Years ending September 30,	Horsetooth Safety of Dams		Hydropower		Annual Debt Service
	Principal	Interest	Principal	Interest	
2021	\$ 147,855	\$ 175,561	\$ 455,658	\$ 183,378	\$ 962,452
2022	156,357	167,059	464,770	174,265	962,451
2023	165,347	158,069	474,066	164,970	962,452
2024	174,855	148,561	483,547	155,488	962,451
2025	184,909	138,507	493,218	145,817	962,451
2026 - 2030	1,096,794	520,286	2,618,062	577,116	4,812,258
2031 - 2035	1,127,113	166,548	1,935,602	317,762	3,547,025
2036 - 2040	-	-	959,655	186,772	1,146,427
2041 - 2045	-	-	1,059,537	86,890	1,146,427
2046	-	-	224,792	4,495	229,287
Debt service	\$ 3,053,230	\$ 1,474,591	\$ 9,168,907	\$ 1,996,953	\$ 15,693,681

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
2021	\$ 603,513	\$ 358,939	\$ 962,452
2022	621,127	341,324	962,451
2023	639,413	323,039	962,452
2024	658,402	304,049	962,451
2025	678,127	284,324	962,451
2026 - 2030	3,714,856	1,097,402	4,812,258
2031 - 2035	3,062,715	484,310	3,547,025
2036 - 2040	959,655	186,772	1,146,427
2041 - 2045	1,059,537	86,890	1,146,427
2046	224,792	4,495	229,287
Debt service	\$ 12,222,137	\$ 3,471,544	\$ 15,693,681

14 DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

At September 30, 2020 Northern Water had deferred outflows and inflows of resources as follows:

	2020
Deferred Outflows	
Pension Plan contributions subsequent to December 31, 2019, measurement date	\$ 1,182,681
Pension Plan effect of assumption changes	1,477,096
Pension Plan economic/demographic gains/losses	1,131,849
Deferred Outflows	\$ 3,791,626
Deferred Inflows	
Pension Plan investments gains/losses	\$ (1,367,783)
Pension Plan effect of assumption changes	(191,359)
Deferred Inflows	\$ (1,559,142)

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. Under the terms of the Money Purchase Plan, Northern Water contributes as follows:

Years of Service	Percentage of Employee's Compensation
Less than 5	5%
5 - 9	6%
10 - 14	7%
15 or more	8%

The Board established the Money Purchase Plan and may amend its provisions and contribution requirements. Northern Water's contribution to the Money Purchase Plan for the year ended September 30, 2020 was \$661,128.

In 2019 the Board establish 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.

In addition, Northern Water's matching contributions are as follows:

Years of Service	Percentage of Employee's Compensation
Less than 5	3%
5 - 9	2%
10 - 14	2%
15 or more	1%

Only employees participating in the Money Purchase Plan are eligible for the Northern Water match.

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, 2020. The Measurement Date, the date as of which the net pension liability was determined, was December 31, 2019. 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 receive 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, 2020, Pension Plan participants included 23 retirees receiving benefits, 38 active plan members and 2 former employees entitled to benefits but not yet eligible to receive them for a total of 63 participants.

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 costs and investment management expenses. 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, 2019, Northern Water contributions to the Pension Plan amounted to \$2,089,663, which included the annual actuarially-determined contribution and a supplemental contribution of \$799,000.

Investment Portfolio

In accordance with the terms of the Pension Plan Investment Policy, Pension Plan assets are invested in a diversified portfolio.

Investment Type	Concentration
Domestic equities	27%
Fixed income	39%
International equities	16%
Liquid low correlated hedge funds	10%
Emerging markets	5%
Investments	97%
Cash	3%
Total	100%

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, 2019, the Pension Plan had the following investments:

Investment Type	Fair Value December 31,	
	2019	Level 1
Domestic equities	\$ 11,217,909	\$ 11,217,909
Fixed income	14,385,567	14,385,567
International equities	5,001,943	5,001,943
Liquid low correlated hedge funds	202,467	202,467
Emerging markets	1,951,972	1,951,972
Investments at fair value	32,759,858	\$ 32,759,858
Investments measured at NAV		
Equity long/short hedge fund	1,846,545	
Multi-strategy hedge fund	1,880,561	
Investments	\$ 36,486,964	

The equity long/short hedge fund invests in a variety of related segregated portfolios with various global investment strategies of which the majority follow a long/short or market neutral equity strategy that primarily relies on fundamental security analysis for the purchase or sale of individual securities. Redemptions are permitted monthly with a 30 days' notice.

The multi-strategy hedge fund invests in approximately 25 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. At April 30, 2019, the date of the fund's most recent audited financial statements, the next available redemption date ranged from May 31 to June 30, 2019. Liquidity, representing the available frequency of redemption without a redemption fee, ranged from monthly to annually.

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 actuary investment consulting practice as of December 31, 2019, and assume a 20-year time horizon.

Investment Type	Target Allocation	Long-Term Expected Geometric Real
		Rate of Return
US Cash	3.0%	0.05%
US Core Fixed Income	32.0%	1.2%
US Bank/Leveraged Loans	7.0%	2.5%
US Large Caps	19.0%	3.2%
US Small & Mid Caps	8.0%	3.7%
Foreign Developed Equity	16.0%	4.5%
Emerging Markets Equity	5.0%	5.3%
Hedge FOF Diversified	10.0%	1.7%

For the Pension Plan year ended December 31, 2019, the annual money-weighted rate of return was 17.5 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, 2019, 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, 2019, 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:

Fixed Income Mutual Fund	Fair Value December 31,	Weighted Average Maturity
	2019	
Eaton Vance Floating Rate	\$ 2,596,995	4.85 years
Metropolitan West	5,893,291	7.97 years
Schroder Fixed Income Fund	5,895,281	7.67 years

Actuarial Methods and Assumptions

Total pension liability was determined by an actuarial valuation as of the December 31, 2019, Measurement Date, using the following actuarial assumptions:

- Inflation - 2.5 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 3.5 percent
- Cost of Living Adjustments - 1.25 percent
- Mortality - Pub-2010 Healthy Employee and Retiree Mortality Tables for General Employees projected generationally using Scale MP2018
- Investment Rate of Return - 5.50 percent (prior valuation assumed 5.75 percent)
- Valuation Timing - January 1
- Actuarial Cost Method – Entry Age Normal Level Percentage of Pay
- Retirement Age - Participants are assumed to retire at age 65

Changes in Net Pension Liability

Net pension liability was determined by an actuarial valuation as of the December 31, 2019, Measurement Date, calculated based on a discount rate and long-term expected rate of return of 5.50 percent. Changes in pension liability for the Pension Plan year ended December 31, 2019, were as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances, December 31, 2018	\$ 42,800,747	\$ 35,437,180	\$ 7,363,567
Changes for the year:			
Service cost	744,039	-	744,039
Interest on total pension liability	2,357,210	-	2,357,210
Effect of economic/demographic gains/losses	853,600	-	853,600
Effect of assumption changes	856,705	-	856,705
Benefit payments	(5,171,928)	(5,171,928)	-
Employer contributions	-	2,089,663	(2,089,663)
Net investment income	-	5,854,474	(5,854,474)
Net changes	(360,374)	2,772,209	(3,132,583)
Balance, December 31, 2019	\$ 42,440,373	\$ 38,209,389	\$ 4,230,984

Fiduciary net position as a percentage of total pension liability	90.0%
Covered payroll	\$4,626,308
Net pension liability as a percentage of covered payroll	91.5%

Sensitivity Analysis

The following presents the net pension liability as of December 31, 2019, calculated using the discount rate of 5.50 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 (4.50 percent) or 1 percentage point higher (6.50 percent) than the current rate.

	1 Percentage Point Decrease (4.50%)	Current Discount Rate (5.50%)	1 Percentage Point Increase (6.50%)
Total pension liability	\$ 46,226,405	\$ 42,440,373	\$ 39,150,138
Fiduciary net position	38,209,389	38,209,389	38,209,389
Net pension liability	<u>\$ 8,017,016</u>	<u>\$ 4,230,984</u>	<u>\$ 940,749</u>

Pension Plan Deferred Inflows and Outflows of Resources

As of the December 31, 2019, 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	\$ -	\$ 1,131,849
Effect of assumption changes	(191,359)	1,477,096
Net difference between projected and actual earnings on investments	(1,367,783)	-
Northern Water contributions made subsequent to the December 31, 2019, Measurement Date	-	1,182,681
Deferred inflows and outflows of resources	<u>\$ (1,559,142)</u>	<u>\$ 3,791,626</u>

Deferred outflows of resources resulting from Northern Water contributions subsequent to the December 31, 2019, Measurement Date are included above and will be recognized as a reduction in net pension liability in the fiscal year ending September 30, 2021. 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
2021	\$ 714,162
2022	647,196
2023	469,287
2024	(780,842)
	<u>\$ 1,049,803</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, 2020, Northern Water recognized pension expense of \$2,728,837.

17 INTERGOVERNMENTAL TRANSACTIONS

Northern Water provides certain administrative, operational, engineering and environmental services to the Subdistrict. In addition, Northern Water charges the Subdistrict for the Subdistrict's use of the C-BT Project conveyance and storage system (carriage costs). Revenue from charges for services and other operating revenues on the accompanying financial statement included charges to the Subdistrict for the year ended September 30, 2020, of \$2,843,383 of which carriage costs amounted to \$937,294. The total balance of \$2,843,383, plus amounts outstanding of \$1,686,469 from the prior year, were included in receivables at September 30, 2020. In addition, Northern Water provides centralized cash receipts and disbursement functions to the Subdistrict and its enterprise funds. Balances not transferred at year end are reflected in payables and balances due to/from the enterprise funds, respectively.

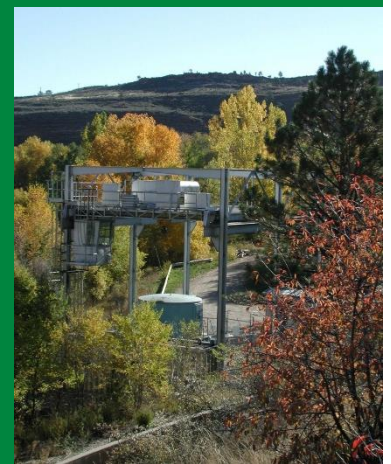
18 RISK MANAGEMENT

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.

19 COMMITMENTS AND CONTINGENCIES

In 2020 Northern Water entered into Campus Development design service agreements totaling \$4 million. In addition, subsequent to year end, a \$6.9 million contract was entered into for construction services for campus development. To date, these commitments are outstanding. Northern Water also has a commitment of \$1.9 million for consulting services regarding to a significant ERP system upgrade. NISP has commitments totaling \$7.1 million for design development services and contributions towards mitigation and enhancement measures.

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⁽¹⁾ – Fiduciary Fund Pension Trust Plan

Pension Plan year ended December 31

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 744,039	\$ 750,237	\$ 593,304	\$ 629,104	\$ 767,076	\$ 746,409
Interest on total pension liability	2,357,210	2,412,496	2,481,636	2,533,835	2,479,704	2,360,109
Effect of economic/demographic gains/losses	853,600	940,602	90,073	98,744	459,807	(63,355)
Effect of assumption changes	856,705	1,678,482	(529,054)	120,176	727,550	1,178,636
Benefit payments	(5,171,928)	(4,808,193)	(3,107,012)	(1,962,149)	(1,846,706)	(293,103)
Net change in pension liability	(360,374)	973,624	(471,053)	1,419,710	2,587,431	3,928,696
Total pension liability, beginning of year	42,800,747	41,827,123	42,298,176	40,878,466	38,291,035	34,362,339
Total pension liability, end of year	42,440,373	42,800,747	41,827,123	42,298,176	40,878,466	38,291,035
Fiduciary net position						
Employer contributions	2,089,663	2,533,926	2,612,183	3,315,464	1,511,622	631,338
Net investment income (loss)	5,854,474	(2,118,348)	4,636,518	1,611,802	(421,624)	1,091,271
Benefit payments	(5,171,928)	(4,808,193)	(3,107,012)	(1,962,149)	(1,846,706)	(293,103)
Change in fiduciary net position	2,772,209	(4,392,615)	4,141,689	2,965,117	(756,708)	1,429,506
Fiduciary net position, beginning of year	35,437,180	39,829,795	35,688,106	32,722,989	33,479,697	32,050,191
Fiduciary net position, end of year	38,209,389	35,437,180	39,829,795	35,688,106	32,722,989	33,479,697
Net pension liability, end of year	\$ 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	90.0%	82.8%	95.2%	84.4%	80.0%	87.4%
Covered payroll	\$ 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	91.5%	148.9%	34.7%	107.5%	131.3%	76.3%
Money-Weighted Rate of Return	17.5%	-5.6%	13.2%	4.9%	-1.3%	3.4%

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

Schedule of Employer Contributions⁽¹⁾ – Fiduciary Fund Pension Trust Plan

Fiscal Year Ended September 30,	Actuarially Determined Contribution⁽¹⁾	Actual Employer Contribution	Employer Contribution Over (Under) Actuarially- Determined Contribution	Covered Payroll	Employer Contribution as a Percentage of Covered Payroll
2011	\$ 1,309,673	\$ 1,524,233	\$ 214,560	\$ 6,350,442	24.0%
2012	1,486,930	1,505,057	18,127	6,340,694	23.7%
2013	1,427,987	1,624,350	196,363	6,212,281	26.1%
2014	1,464,770	1,740,550	275,780	6,193,924	28.1%
2015	1,478,222	1,457,540	(20,682)	6,292,764	23.2%
2016	1,402,690	1,721,211	318,521	6,229,543	27.6%
2017	1,626,008	3,301,343	1,675,335	6,197,108	53.3%
2018	1,534,694	2,390,592	855,898	6,051,359	39.5%
2019	1,268,476	2,374,835	1,106,359	5,551,135	42.8%
2020	1,216,085	2,374,032	1,157,947	4,866,281	48.8%

⁽¹⁾ The Pension Plan's actuarially-determined contribution is the normal cost under the aggregate normal cost method.



SUPPLEMENTARY INFORMATION

Schedule of Revenues and Expenses, Budget to Actual

District Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2020			Year ended September 30, 2019
	Budget (unaudited)	Actual	Variance	Actual
Operating revenue sources				
Water assessments	\$ 11,328,537	\$ 11,580,149	\$ 251,612	\$ 11,296,458
Charges for services	7,906,959	7,961,981	55,022	7,658,051
Other operating revenues	2,554,400	2,509,470	(44,930)	852,607
Operating revenue sources	21,789,896	22,051,600	261,704	19,807,116
Operating expense uses	(33,414,336)	(29,205,452)	4,208,884	(26,726,189)
Operating revenue sources under expense uses	(11,624,440)	(7,153,852)	4,470,588	(6,919,073)
Nonoperating revenue sources				
Property and specific ownership taxes	25,735,000	27,187,290	1,452,290	23,043,100
Earnings on investments	1,803,955	2,131,889	327,934	2,194,480
Intergovernmental grants	790,167	-	(790,167)	53,651
Other nonoperating revenues	285,775	368,138	82,363	2,104,319
Interfund loan receivable receipts	287,436	217,840	(69,596)	213,570
Capital contributions	-	-	-	228,437
Nonoperating revenue sources	28,902,333	29,905,157	1,002,824	27,837,557
Nonoperating expense uses				
Debt service	(2,926,253)	(2,910,851)	15,402	(1,682,731)
Intergovernmental subgrantee payments	-	-	-	(27,651)
Capital purchase and project expenditures	(11,905,113)	(9,498,294)	2,406,819	(7,477,089)
Supplemental Pension Plan contribution	(230,455)	(229,000)	1,455	(708,875)
Contingency	(250,000)	-	-	-
Nonoperating expense uses	(15,311,821)	(12,638,145)	2,423,676	(9,896,346)
Nonoperating revenue sources over expense uses	13,590,512	17,267,012	3,426,500	17,941,211
Revenue sources over expenses uses	<u>\$ 1,966,072</u>	<u>10,113,160</u>	<u>\$ 7,897,088</u>	<u>11,022,138</u>
Adjustments to reconcile budgetary basis to GAAP basis				
Interfund loan receivable principal receipts		(217,841)		(213,570)
Debt principal payments and bond-related amortization		2,848,262		1,469,404
Capital outlay		6,043,953		5,219,202
Payroll-related year-end accruals		151,103		(205,483)
Excess of Pension Plan contributions over actuarially-determined pension plan expense		(352,289)		(752,595)
Depreciation		(2,348,462)		(2,061,595)
Other		5,831		-
Increases in net position		<u>\$ 16,243,717</u>		<u>\$ 14,477,501</u>

Schedule of Revenues and Expenses, Budget to Actual

Southern Water Supply Project Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2020			Year ended September 30, 2019
	Budget (unaudited)	Actual	Variance	Actual
Operating revenue sources				
Water assessments	\$ 1,453,264	\$ 1,839,740	\$ 386,476	\$ 1,153,472
Other operating revenues	-	-	-	6,000
Operating revenue sources	1,453,264	1,839,740	386,476	1,159,472
Operating expense uses	(1,353,264)	(1,250,910)	102,354	(1,037,829)
Operating revenue sources under expense uses	100,000	588,830	488,830	121,643
Nonoperating revenue sources				
Earnings on investments	-	11,020	11,020	25,243
Capital contributions	9,885,000	9,853,917	(31,083)	1,227,457
Other nonoperating revenues	-	-	-	23,581
Nonoperating revenue sources	9,885,000	9,864,937	(20,063)	1,276,281
Nonoperating expense uses				
Capital expenditures	(22,027,198)	(18,205,896)	3,821,302	(29,803,584)
Retainage	-	340,939	340,939	1,371,744
Other capital expenditures	-	-	-	(22,736)
Contingency	(100,000)	-	100,000	-
Nonoperating expense uses	(22,127,198)	(17,864,957)	4,262,241	(28,454,576)
Nonoperating revenue sources over expense uses	(12,242,198)	(8,000,020)	4,242,178	(27,178,295)
Revenue sources over expenses uses	<u>\$ (12,142,198)</u>	<u>(7,411,190)</u>	<u>\$ 4,731,008</u>	<u>(27,056,652)</u>
Adjustments to reconcile budgetary basis to GAAP basis				
Unearned revenue recognized as capital contributions		7,737,402		28,965,269
Participant funding held as accrued liabilities for construction contingencies		(487,501)		(63,629)
Retainage		(340,963)		(1,371,744)
Capital expenditures		18,205,896		29,803,584
Depreciation		(2,175,496)		(1,675,296)
Other		-		(105)
Increases in net position		<u>\$ 15,528,148</u>		<u>\$ 28,601,427</u>

Schedule of Revenues and Expenses, Budget to Actual

Pleasant Valley Pipeline Project Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2020			Year ended September 30, 2019
	Budget (unaudited)	Actual	Variance	Actual
Operating revenue sources				
Water assessments	\$ 103,841	\$ 76,205	\$ (27,636)	\$ 62,525
Operating revenue sources	103,841	76,205	(27,636)	62,525
Operating expense uses	(103,841)	(87,933)	15,908	(77,146)
Operating revenue sources under expense uses	-	(11,728)	(11,728)	(14,621)
Nonoperating revenue sources				
Earnings on investments	-	588	588	2,138
Capital contributions	25,000	-	(25,000)	-
Nonoperating revenue sources	25,000	588	(24,412)	2,138
Nonoperating expense uses				
Capital purchase and project expenditures	(25,000)	(48,361)	(23,361)	-
Loss on asset disposal	-	(10,000)	(10,000)	-
Nonoperating expense uses	(25,000)	(58,361)	(33,361)	-
Nonoperating revenue sources over expense uses	-	(57,773)	(57,773)	2,138
Revenue sources over expenses uses	\$ -	(69,501)	\$ (69,501)	(12,483)
Adjustments to reconcile budgetary basis to GAAP basis				
Depreciation		(742,905)		(743,305)
Capital projects		48,361		-
Decreases in net position		\$ (764,045)		\$ (755,788)

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

	Year ended September 30, 2020			Year ended September 30, 2019
	Budget (unaudited)	Actual	Variance	Actual
Nonoperating revenue sources				
Capital contributions	\$ 17,000,000	\$ 30,000,000	\$ 13,000,000	\$ 9,140,278
Line of credit	13,000,000	-	(13,000,000)	-
Earnings on investments	-	136,162	136,162	-
Other nonoperating revenues	-	12,464	12,464	-
Nonoperating revenue sources	30,000,000	30,148,626	148,626	9,140,278
Nonoperating expense uses				
Capital purchase and project expenditures	(30,000,000)	(10,236,104)	19,763,896	(8,498,326)
Nonoperating expense uses	(30,000,000)	(10,236,104)	19,763,896	(8,498,326)
Nonoperating revenue sources over expense uses	\$ -	19,912,522	\$ 19,912,522	641,952
Adjustments to reconcile budgetary basis to GAAP basis				
Capital outlay		10,236,104		8,498,326
Increases in net position		\$ 30,148,626		\$ 9,140,278

Variances between budget and actual due, in part, to the timing of the project development.

Schedule of Revenues and Expenses, Budget to Actual

Hydropower Enterprise Fund

Non-GAAP Budgetary Basis

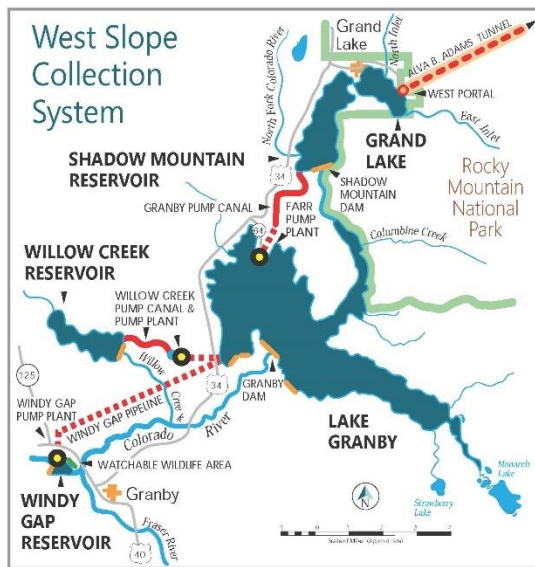
	Year ended September 30, 2020			Year ended September 30, 2019
	Budget (unaudited)	Actual	Variance	Actual
Operating revenue sources				
Energy revenue	\$ 1,286,000	\$ 1,301,644	\$ 15,644	\$ 1,115,254
Operating expense uses	(417,556)	(394,393)	23,163	(350,449)
Operating revenue sources under expense uses	868,444	907,251	38,807	764,805
Nonoperating revenue sources				
Earnings on investments	21,300	19,626	(1,674)	35,259
Intergovernmental grants	-	104,678	104,678	129,279
Nonoperating revenue sources	21,300	124,304	103,004	164,538
Nonoperating expense uses				
Debt service				
Principal	(446,723)	(446,721)	2	(437,964)
Interest	(192,314)	(192,314)	-	(198,248)
Capital purchase and project expenditures	-	-	-	(13,774)
Contingency	(50,000)	-	50,000	
Nonoperating expense uses	(689,037)	(639,035)	50,002	(649,986)
Nonoperating revenue sources over expense uses	(667,737)	(514,731)	153,006	(485,448)
Revenue sources over expenses uses	<u>\$ 200,707</u>	<u>392,520</u>	<u>\$ 191,813</u>	<u>279,357</u>
Adjustments to reconcile budgetary basis to GAAP basis				
Debt principal payments		446,721		437,964
Capital projects contract				13,774
Depreciation		(287,227)		(287,228)
Increases in net position		<u>\$ 552,014</u>		<u>\$ 443,867</u>



STATISTICAL

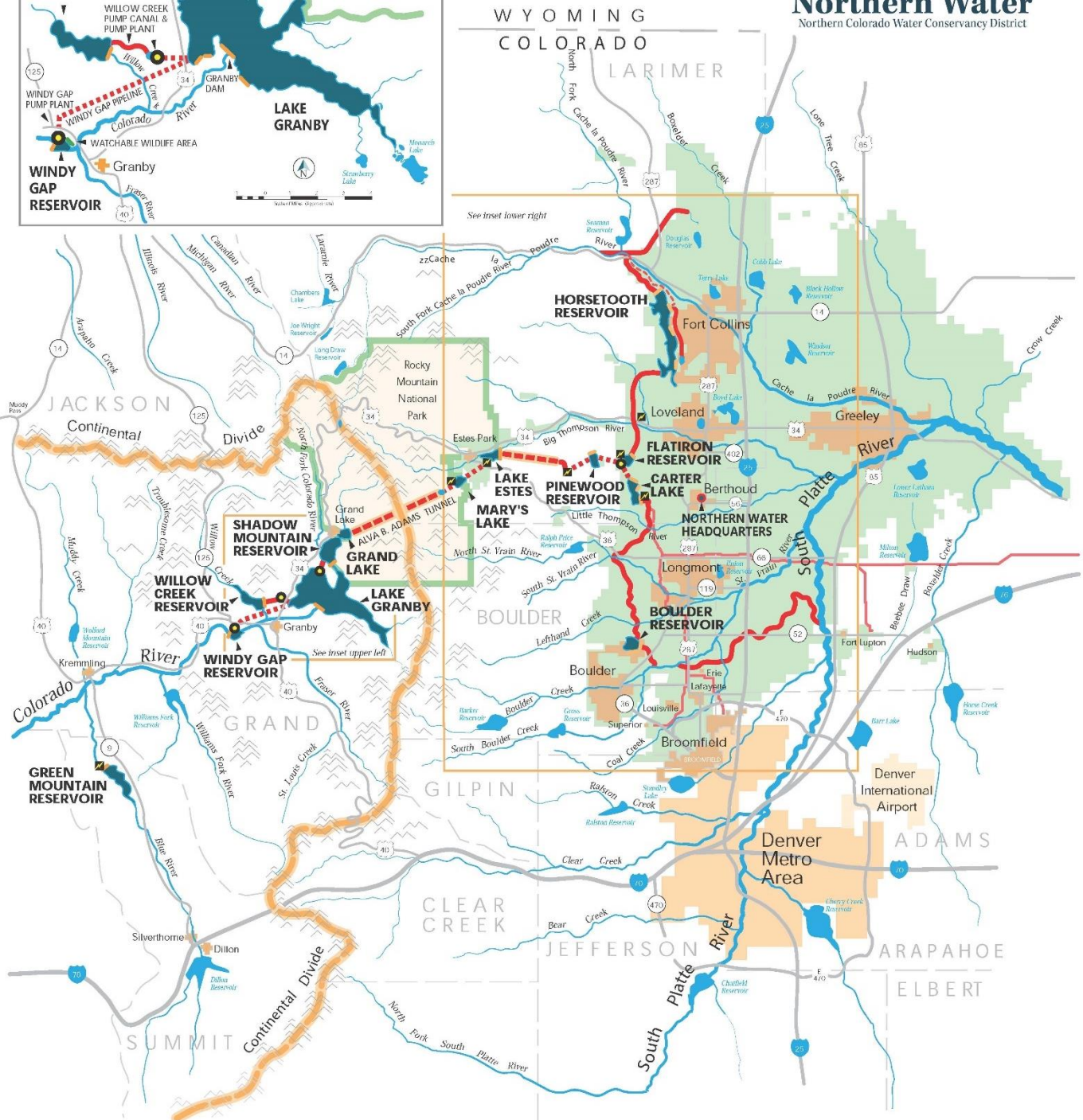
This section presents detailed information as a context for understanding information in the financial statements, note disclosures, required supplementary information and supplementary information. Unless otherwise noted, the statistical information is derived from the CAFRs and underlying accounting,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

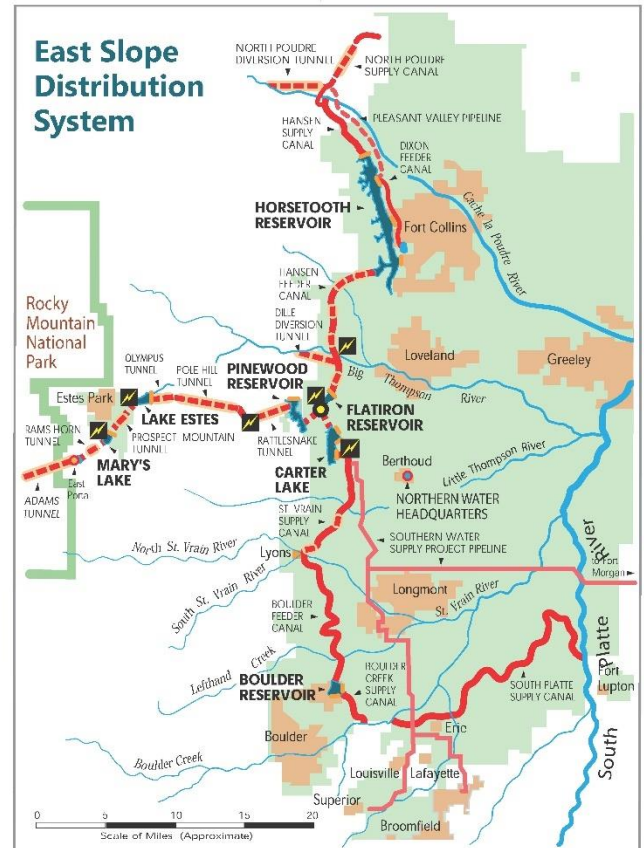
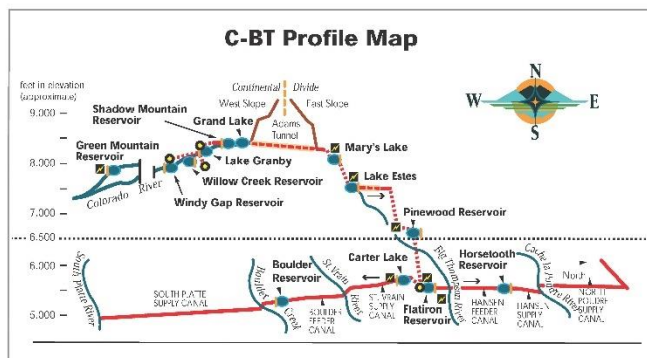
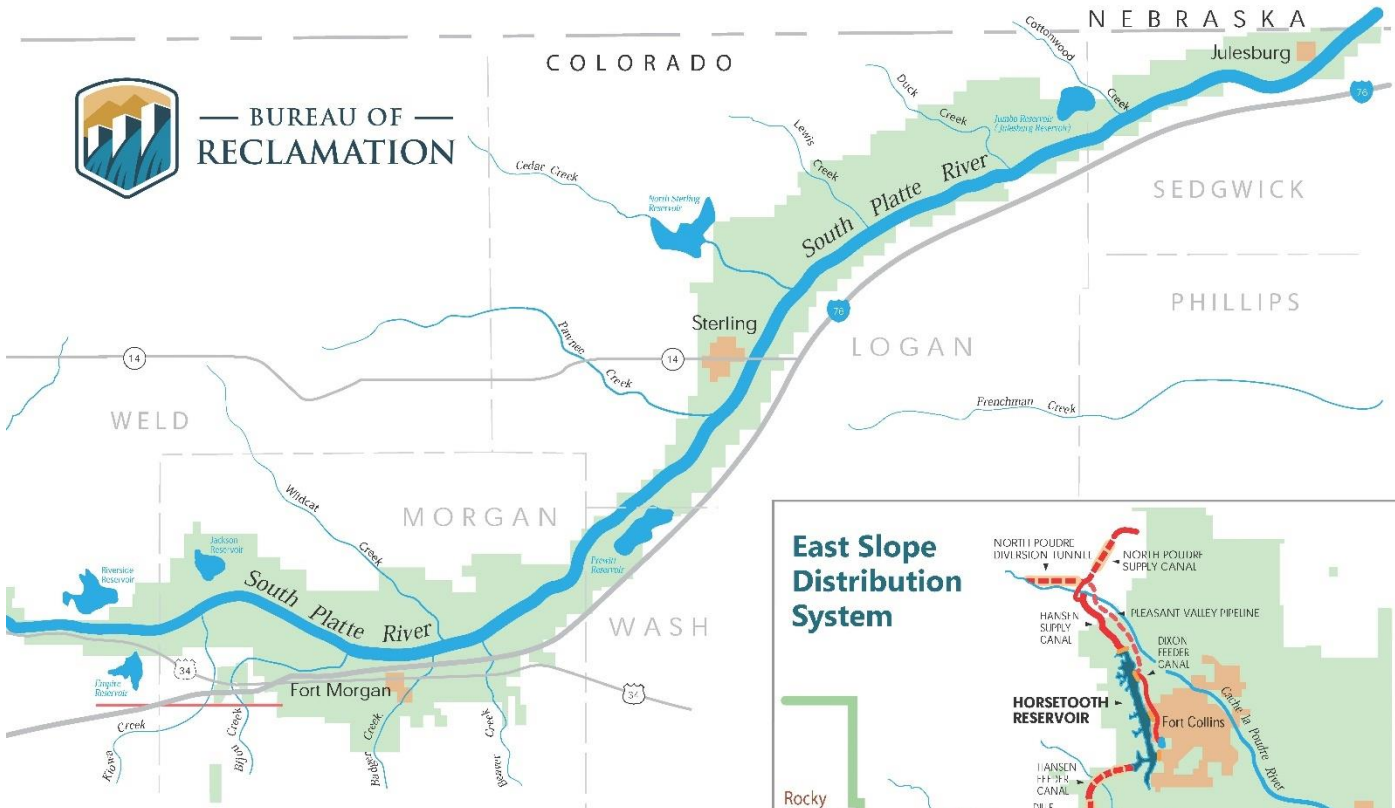
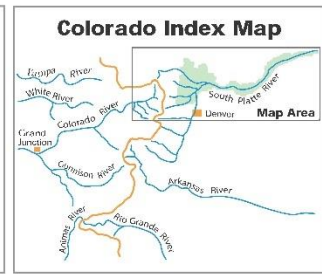
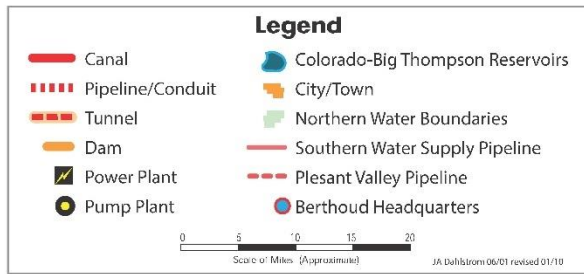
NORTHERN WATER FACILITIES, COLORADO-BIG THOMPSON PROJECT FACILITIES AND NORTHERN WATER BOUNDARIES



Northern Water

Colorado-Big Thompson Project
Facilities and Northern Water Boundaries







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⁾ (2011-2020)

Years ended September 30

Unaudited

	2020	2019	2018	2017	2016
Revenues					
Operating revenues					
Assessments	13,496,094	12,512,455	12,239,150	11,496,339	10,113,724
Charges for services ⁽²⁾	7,961,981	6,593,167	6,307,644	5,783,834	4,701,786
Energy revenue ⁽³⁾	1,301,643	1,115,254	1,112,541	1,110,090	936,746
Other operating revenues	2,509,470	1,923,491	2,374,919	1,916,281	1,644,774
Operating revenues	25,269,188	22,144,367	22,034,254	20,306,544	17,397,030
Nonoperating revenues					
Property and specific ownership taxes	27,187,290	23,043,100	21,282,930	18,807,149	19,027,007
Earnings on investments	2,173,881	2,257,120	390,058	314,956	344,096
Intergovernmental grants	104,678	129,279	253,333	83,449	536,777
Other nonoperating revenues, net	356,265	2,153,900	1,941,115	390,855	262,128
Use of facilities ⁽⁴⁾	-	-	782,263	-	-
Gain (loss) on disposition of assets ⁽⁵⁾	-	-	-	-	-
Nonoperating revenues	29,822,114	27,583,399	24,649,699	19,596,409	20,170,008
Revenues	55,091,302	49,727,766	46,683,953	39,902,953	37,567,038
Expenses					
Operating expenses					
Operations	13,955,318	12,324,327	14,117,940	13,223,118	12,736,200
Administration	4,645,341	12,417,554	6,755,097	6,806,674	6,289,010
Engineering	3,946,941	3,713,533	7,695,271	7,102,192	5,435,991
Environmental Services ⁽⁶⁾	12,286,840	3,656,229	-	-	-
Depreciation	5,554,090	4,767,424	4,563,619	4,384,339	4,169,073
Operating expenses	40,388,530	36,879,067	33,131,927	31,516,323	28,630,274
Nonoperating expenses					
Interest expense	237,870	411,575	476,068	530,614	475,720
Intergovernmental subgrantee payments	-	-	118,398	113,800	454,589
Participant gain on use of facilities ⁽⁴⁾	-	-	782,263	-	-
Refund of contributed capital	-	-	371,803	-	59,672
Nonoperating expenses	237,870	411,575	1,748,532	644,414	989,981
Expenses	40,626,400	37,290,642	34,880,459	32,160,737	29,620,255
Income (loss) before contributions	14,464,902	12,437,124	11,803,494	7,742,216	7,946,783
Capital contributions	47,243,558.00	39,470,161	12,552,674	6,528,346	4,400,000
Changes in net position	61,708,460	51,907,285	24,356,168	14,270,562	12,346,783
Net position, beginning of year	328,521,338	276,614,053	252,257,885	237,987,323	225,640,540
Restatement	-	-	-	-	-
Net position, end of year	\$ 390,229,798	\$ 328,521,338	\$ 276,614,053	\$ 252,257,885	\$ 237,987,323

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

⁽²⁾ Balances in 2018 and 2013 are the result of SWSP Pipeline II facilities and right-of-way transactions, respectively.

⁽³⁾ Included in other nonoperating revenues from 2013 forward.

⁽⁴⁾ Established 2019. In previous years was included in Engineering.

Statement of Changes in Net Position⁽¹⁾ (2011-2020) (continued)⁽¹⁾

Years ended September 30

Unaudited

	2015	2014	2013	2012	2011
Revenues					
Operating revenues					
Assessments	8,110,867	7,875,949	7,343,449	6,739,612	6,336,897
Charges for services ⁽²⁾	4,541,473	4,658,426	5,133,403	6,197,883	6,400,517
Energy revenue ⁽³⁾	606,827	480,309	625,371	484,632	-
Other operating revenues	2,592,305	1,836,432	10,622,677	1,273,387	1,174,792
Operating revenues	15,851,472	14,851,116	23,724,900	14,695,514	13,912,206
Nonoperating revenues					
Property and specific ownership taxes	15,997,115	15,569,049	15,217,883	14,614,826	14,427,014
Earnings on investments	313,207	208,444	196,413	91,339	150,191
Intergovernmental grants	1,397,620	1,962,262	-	-	-
Other nonoperating revenues, net	487,930	1,028,181	235,503	285,265	281,631
Use of facilities ⁽⁴⁾	-	-	-	-	-
Gain (loss) on disposition of assets ⁽⁵⁾	-	-	906,507	35,879	34,053
Nonoperating revenues	18,195,872	18,767,936	16,556,306	15,027,309	14,892,889
Revenues	34,047,344	33,619,052	40,281,206	29,722,823	28,805,095
Expenses					
Operating expenses					
Operations	12,787,288	13,358,066	13,533,921	12,054,637	11,639,603
Administration	4,934,313	6,238,623	5,485,132	9,216,199	9,315,195
Engineering	5,497,912	5,090,341	4,645,297	4,970,541	4,679,940
Environmental Services ⁽⁶⁾	-	-	-	-	-
Depreciation	4,102,074	4,149,642	3,841,086	3,997,207	4,019,615
Operating expenses	27,321,587	28,836,672	27,505,436	30,238,584	29,654,353
Nonoperating expenses					
Interest expense	522,045	566,912	783,119	980,401	1,019,611
Intergovernmental subgrantee payments	1,191,100	1,259,635	-	-	-
Participant gain on use of facilities ⁽⁴⁾	-	-	702,165	-	-
Refund of contributed capital	-	-	204,342	-	-
Nonoperating expenses	1,713,145	1,826,547	1,689,626	980,401	1,019,611
Expenses	29,034,732	30,663,219	29,195,062	31,218,985	30,673,964
Income (loss) before contributions	5,012,612	2,955,833	11,086,144	(1,496,162)	(1,868,869)
Capital contributions	3,542,024	1,890,000	1,799,304	1,003,100	1,500,000
Changes in net position	8,554,636	4,845,833	12,885,448	(493,062)	(368,869)
Net position, beginning of year	217,085,904	215,054,729	202,378,483	202,871,545	203,240,414
Restatement ⁽⁷⁾	-	(2,814,658)	(209,202)	-	-
Net position, end of year	\$ 225,640,540	\$ 217,085,904	\$ 215,054,729	\$ 202,378,483	\$ 202,871,545

⁽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 facilities became operational in 2012 and 2016, respectively.

⁽⁴⁾ Balances in 2018 and 2013 are the result of SWSP Pipeline II facilities and right-of-way transactions, respectively.

⁽⁵⁾ Included in other nonoperating revenues from 2013 forward.

⁽⁶⁾ Established 2019. In previous years was included in Engineering.

⁽⁷⁾ 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 (2011-2020)⁽¹⁾

Years ended September 30

Unaudited

	2020	2019	2018	2017	2016
Net Position					
Net investment in capital assets	\$265,628,101	\$233,624,113	\$193,162,975	\$182,061,936	\$177,863,092
Restricted net position					
Debt service	228,413	202,653	174,967	149,684	126,010
Major repairs	2,295,393	2,106,516	1,970,697	2,007,139	1,993,343
Capital projects	22,947,964	3,285,800	2,420,068	2,786,161	1,959,697
Unrestricted net position	99,129,927	89,302,256	78,885,346	65,252,965	56,045,181
Net position	\$390,229,798	\$328,521,338	\$276,614,053	\$252,257,885	\$237,987,323

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

Statement of Net Position by Component (2011-2020)⁽¹⁾ (continued)

Years ended September 30

Unaudited

	2015	2014 ⁽²⁾	2013 ⁽³⁾	2012	2011
Net Position					
Net investment in capital assets	\$174,959,097	\$171,634,522	\$171,455,879	\$167,267,534	\$154,229,495
Restricted net position					
Debt service	125,505	125,363	425,806	-	-
Major repairs	1,989,621	1,989,049	1,988,522	1,987,672	1,987,256
Capital projects	1,381,990	840,935	1,326,539	949,872	1,148,136
Unrestricted net position	47,184,327	42,496,035	39,857,983	32,173,405	45,506,658
Net position	\$225,640,540	\$217,085,904	\$215,054,729	\$202,378,483	\$202,871,545

⁽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

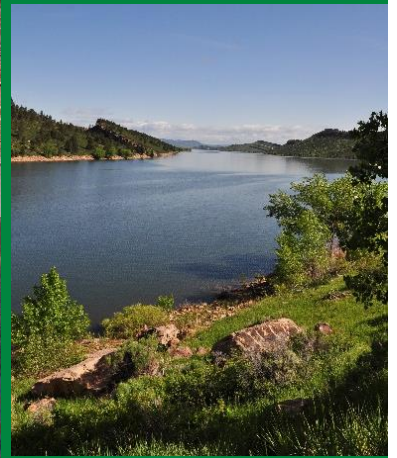
⁽¹⁾ Beginning 1986, the responsibilities for daily operations and maintenance of the majority of multipurpose projects was transferred from Reclamation to Northern Water.

⁽²⁾ Northern Water costs incurred on joint works related 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 company costs in consideration for use of the ditch company's conveyance system.

⁽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 (2011-2020)

District Enterprise Fund

Years ended September 30

Unaudited

	2020	2019	2018	2017	2016
Water Assessments					
Class B Municipal	\$ 5,213,301	\$ 5,064,728	\$ 4,875,560	\$ 4,689,355	\$ 4,371,754
Class C					
Domestic	2,453,720	2,356,342	2,259,151	2,163,133	1,795,448
Industrial	583,326	567,019	532,861	524,355	440,908
Irrigation	516,872	496,287	478,708	464,719	343,280
Multi-Purpose	13,718	13,334	12,832	22,998	17,053
Class D, irrigation	711,851	714,012	691,788	660,774	506,851
Carryover	2,087,361	2,084,736	2,056,639	1,817,185	1,545,158
Water assessments	<u>\$ 11,580,149</u>	<u>\$ 11,296,458</u>	<u>\$ 10,907,539</u>	<u>\$ 10,342,519</u>	<u>\$ 9,020,452</u>

Ownership by Water Allotment Contract

Class (acre-foot units)

Class B, municipal	153,176	152,729	152,429	151,517	151,063
Class C					
Irrigation	57,057	57,063	56,754	56,490	56,615
Domestic/Industrial/Multi-purpose	67,119	66,532	66,006	65,894	64,587
Class D irrigation ⁽¹⁾	32,648	33,676	34,811	36,099	37,735
Acre-foot units	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>

Ownership by Water Allotment Contract Rate

(acre-foot units)

Fixed rate	94,824	95,299	96,289	97,401	98,263
Open rate	215,176	214,701	213,711	212,599	211,737
Acre-foot units	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>

⁽¹⁾ Includes inactive units.

Water Assessments and Ownership by Water Allotment Contract Class and Rate (2011-2020) (continued)

District Enterprise Fund
 Years ended September 30
 Unaudited

	2015	2014	2013	2012	2011
Water Assessments					
Class B Municipal	\$ 3,529,939	\$ 3,181,025	\$ 2,950,799	\$ 2,805,799	\$ 2,676,564
Class C					
Domestic	1,442,564	1,308,281	1,222,250	1,165,155	1,136,715
Industrial	376,939	318,286	272,712	262,864	258,328
Irrigation	262,962	249,332	249,426	245,675	251,139
Multi-Purpose	14,487	19,797	18,693	18,028	17,717
Class D, irrigation	318,641	310,360	315,163	301,179	306,431
Carryover	1,224,416	1,528,117	1,209,928	968,104	744,912
Water assessments	<u>\$ 7,169,948</u>	<u>\$ 6,915,198</u>	<u>\$ 6,238,971</u>	<u>\$ 5,766,804</u>	<u>\$ 5,391,806</u>

Ownership by Water Allotment Contract

Class (acre-foot units)

Class B, municipal	150,161	149,879	149,568	148,891	148,241
Class C					
Irrigation	56,417	60,122	60,505	60,660	59,696
Domestic/Industrial/Multi-purpose	63,878	58,999	57,414	56,871	57,569
Class D Irrigation ⁽¹⁾	39,544	41,000	42,513	43,578	44,494
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	99,311	99,862	100,406	101,286	101,497
Open rate	210,689	210,138	209,594	208,714	208,503
Acre-foot units	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>

⁽¹⁾ Includes inactive units.

Largest Water Allotment Contract Holders by Acre-Foot Units (2011 and 2020)

District Enterprise Fund

Years ended September 30

Unaudited

Entity	2020		2011	
	Acre-Foot Units	Percentage	Acre-Foot Units	Percentage
North Poudre irrigation Company	40,000	12.90%	40,000	12.90%
Greeley, City of	22,812	7.36%	22,539	7.27%
Boulder, City of	21,000	6.77%	21,264	6.86%
Fort Collins, City of	18,855	6.08%	18,855	6.08%
Broomfield, City and County of	13,698	4.42%	12,849	4.14%
Fort Collins-Loveland Water District	13,024	4.20%	10,712	3.46%
Longmont, City of	12,713	4.10%	12,710	4.10%
Loveland, City of	12,210	3.94%	11,786	3.80%
Little Thompson Water District	10,395	3.35%	9,748	3.14%
Xcel Energy (Public Service Company of Colorado)	10,007	3.23%	9,997	3.22%
Ten largest allottees by acre-foot units	174,714	56.36%	170,460	54.99%
Other allottees	135,286	43.64%	139,540	45.01%
Acre-foot units	310,000	100.00%	310,000	100.00%

Largest Water Allotment Contract Holders by Water Assessment (2011 and 2020)

District Enterprise Fund

Years ended September 30

Unaudited

Entity	2020			2011		
	Rank	Assessment	Percentage	Rank	Assessment	Percentage
Water Assessments						
Broomfield, City and County of	1	\$ 654,764	5.7%	3	\$ 327,649	6.1%
Fort Collins, City of	2	605,621	5.2%	2	330,329	6.1%
Fort Collins-Loveland Water District	3	605,616	5.2%	5	267,942	5.0%
Little Thompson Water District	4	483,378	4.2%	6	252,013	4.7%
Xcel Energy (Public Service Company of Colorado)	5	465,326	4.0%	4	300,289	5.6%
Boulder, City of	6	424,080	3.7%	7	244,507	4.5%
Greeley, City of	7	383,573	3.3%	1	340,578	6.3%
Longmont, City of	8	370,038	3.2%		-	0.0%
Left Hand Water District	9	342,426	3.0%		-	0.0%
Loveland, City of	10	340,155	2.9%	10	219,492	4.1%
Erie, Town of		-	0.0%	9	223,924	4.2%
Central Weld County Water District		-	0.0%	8	231,058	4.3%
Water Assessments for ten largest allottees		4,674,977	40.4%		2,737,781	50.8%
Other allottees		4,817,811	41.6%		1,909,113	35.4%
C-BT Project water assessments, Classes B, C and D		9,492,788	82.0%		4,646,894	86.2%
Carryover water assessments		2,087,361	18.0%		744,912	13.8%
Water Assessments		<u>\$ 11,580,149</u>	<u>100.0%</u>		<u>\$ 5,391,806</u>	<u>100.0%</u>

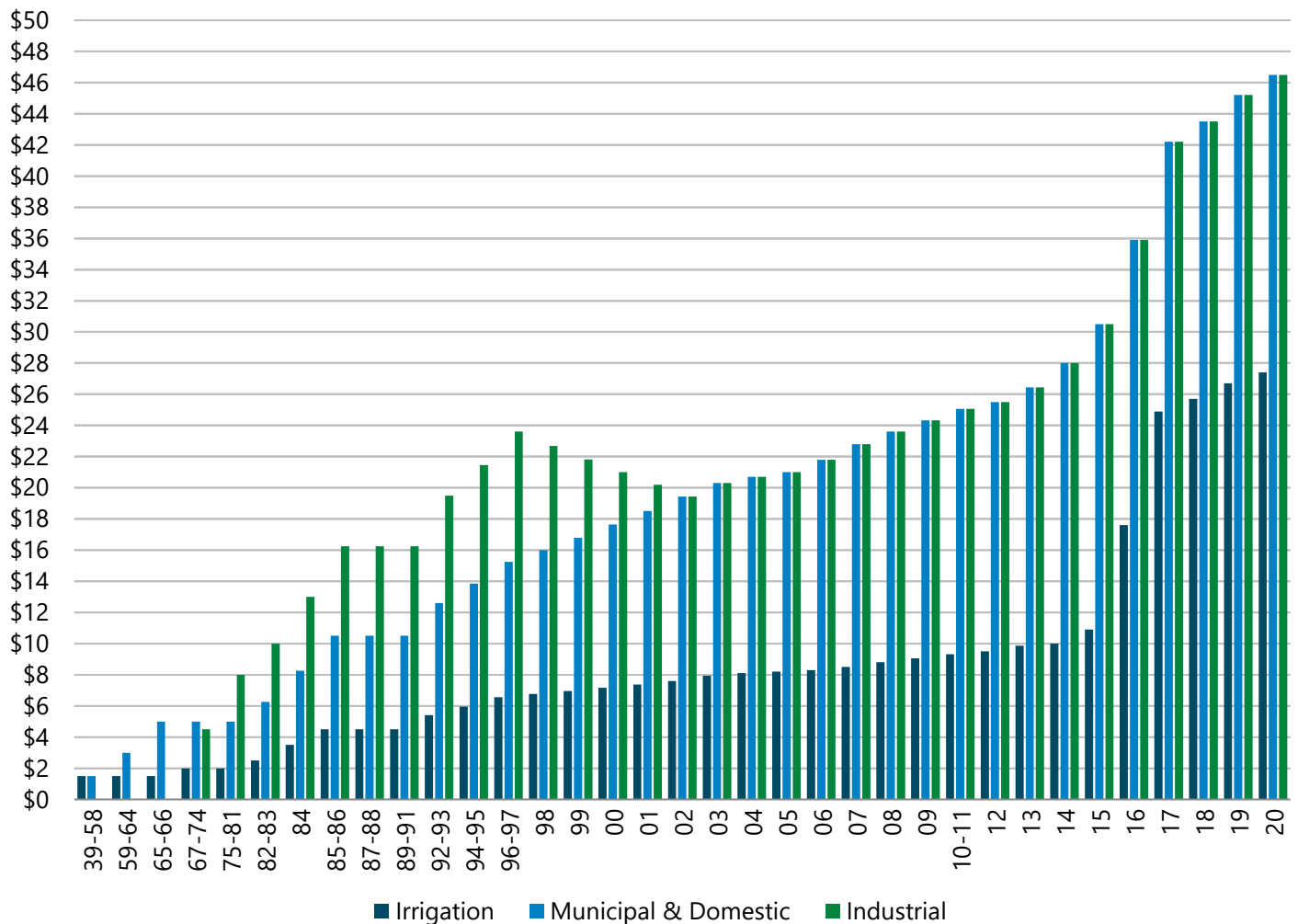
Open-Rate Water Assessment Charges (Historical)⁽¹⁾

District Enterprise Fund

Years ended September 30

Unaudited

Open Rate Rates



2020 Open-Rate Water Assessments

Per Acre-Foot Unit

Irrigation	\$26.70
Municipal/Domestic/Industrial	\$45.20

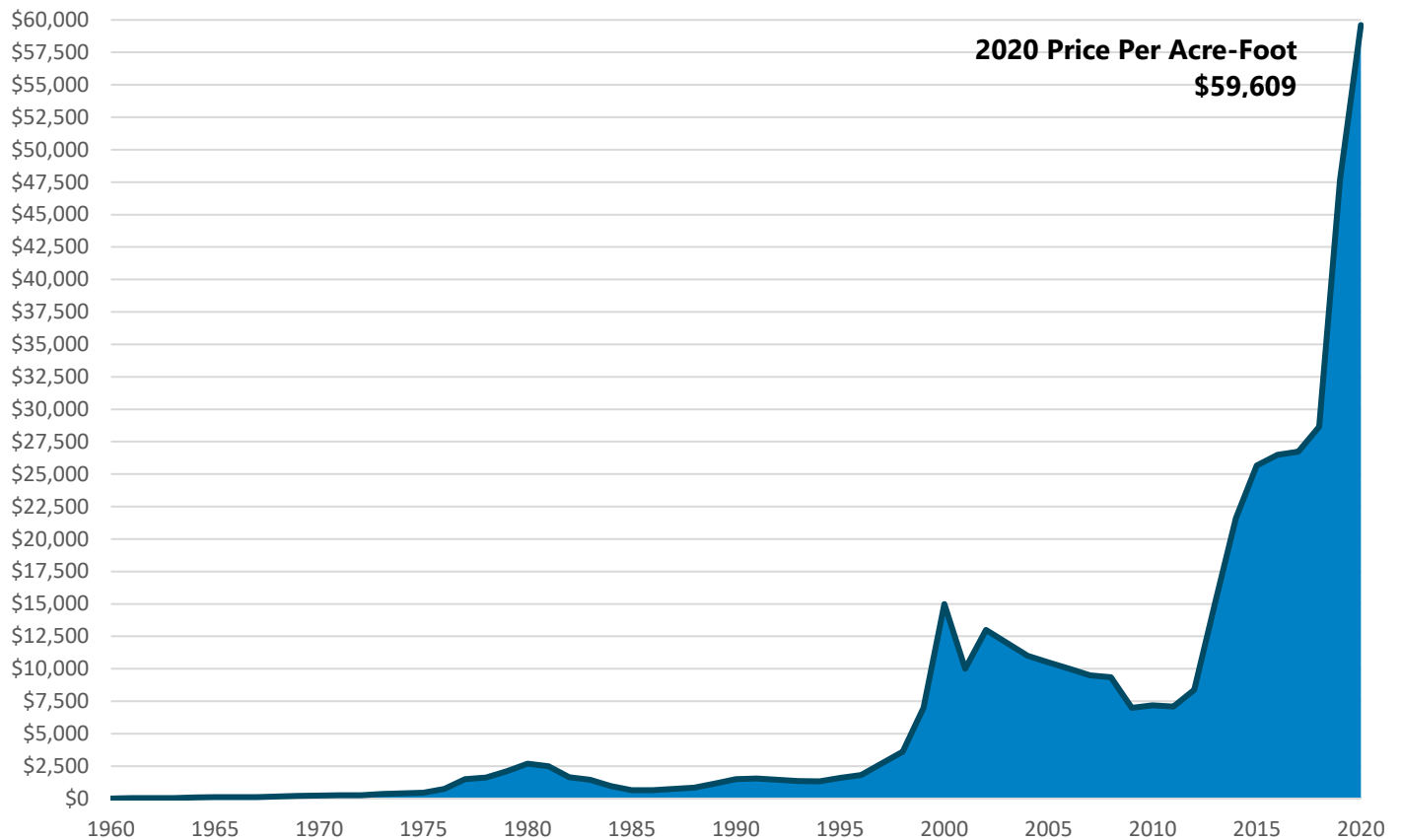
⁽¹⁾ The District Enterprise Fund collects annual water assessments on each acre-foot unit. Assessments on fixed-rate contracts are \$1.50 per unit. When a fixed-rate unit contract is transferred, sold or altered, the contract is changed from the original fixed rate to an open-rate assessment. Open-rate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

District Enterprise Fund

Years ended September 30

Unaudited



⁽¹⁾ Northern Water allottees of C-BT Project water may transfer and 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 (2011-2020)

District and Hydropower Enterprise Funds

Years ended September 30

Unaudited

CHARGES FOR SERVICES	2020	2019	2018	2017	2016
District Enterprise Fund ⁽¹⁾					
Reclamation	\$ 3,313,886	\$ 2,721,725	\$ 2,736,656	\$ 2,796,752	\$ 2,162,973
Labor, overhead and supplies	4,648,095	3,871,442	3,570,988	2,987,082	2,538,813
Charges for services	\$ 7,961,981	\$ 6,593,167	\$ 6,307,644	\$ 5,783,834	\$ 4,701,786
ENERGY REVENUE AND OUTPUT					
Hydropower ⁽²⁾					
Trout	\$ 921,473	\$ 785,813	\$ 760,873	\$ 798,799	\$ 750,251
Granby	380,171	329,441	351,668	311,291	186,492
Hydropower	\$ 1,301,644	\$ 1,115,254	\$ 1,112,541	\$ 1,110,090	\$ 936,743
Hydropower(KWh) ⁽²⁾					
Trout	8,782,453	8,027,000	8,213,000	9,039,000	8,078,000
Granby	5,157,266	4,698,130	5,338,000	4,921,000	2,954,000
Hydropower	13,939,719	12,725,130	13,551,000	13,960,000	11,032,000

Charges for Services and Energy Revenue (2011-2020) (continued)

District and Hydropower Enterprise Funds

Years ended September 30

Unaudited

CHARGES FOR SERVICES	2015	2014	2013	2012	2011
District Enterprise Fund ⁽¹⁾					
Reclamation	\$ 2,243,156	\$ 2,645,274	\$ 2,666,441	\$ 2,803,614	\$ 3,079,495
Labor, overhead and supplies	2,298,317	2,013,152	2,466,962	2,962,499	2,878,260
Charges for services	\$ 4,541,473	\$ 4,658,426	\$ 5,133,403	\$ 5,766,113	\$ 5,957,755
ENERGY REVENUE AND OUTPUT					
Hydropower ⁽²⁾					
Trout	\$ 606,827	\$ 480,309	\$ 484,632	\$ -	\$ -
Granby	-	-	-	-	-
Hydropower	\$ 606,827	\$ 480,309	\$ 484,632	\$ -	\$ -
Hydropower(KWh) ⁽²⁾					
Trout	6,585,000	5,425,000	3,671,000	-	-
Granby	-	-	-	-	-
Hydropower	6,585,000	5,425,000	3,671,000	-	-

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

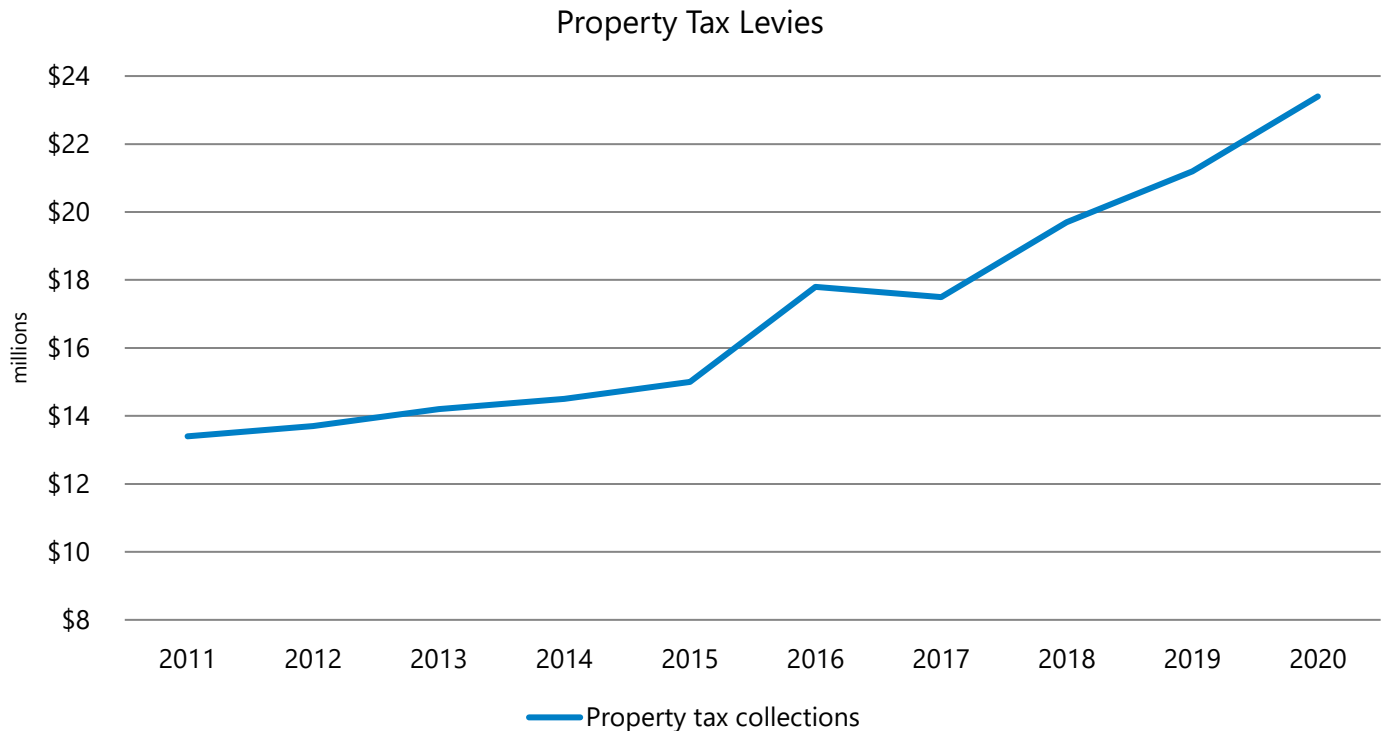
⁽²⁾ The Trout and Granby hydropower facilities became operational in 2012 and 2016, respectively.

Property Tax Levies and Collections (2011-2020)

District Enterprise Fund

Years ended September 30

Unaudited



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	
2011	\$ 13,637,263	\$ 13,442,895	98.6%	\$ 73,798	\$ 13,516,693	99.1%	
2012	13,768,657	13,675,941	99.3%	18,387	13,694,328	99.5%	
2013	14,313,566	14,217,057	99.3%	14,671	14,231,728	99.4%	
2014	14,554,204	14,508,847	99.7%	18,643	14,527,490	99.8%	
2015	15,066,441	15,004,109	99.6%	35,695	15,039,804	99.8%	
2016	17,949,405	17,844,139	99.4%	10,536	17,854,675	99.5%	
2017	17,645,466	17,521,665	99.3%	12,735	17,534,400	99.4%	
2018	19,872,029	19,735,132	99.3%	44,785	19,779,917	99.5%	
2019	21,571,402	21,231,116	98.4%	212,293	21,443,409	99.4%	
2020	25,729,732	23,438,428	91.1%	9,404	23,447,832	91.1%	

⁽¹⁾ Collections in Subsequent Years represents reported delinquent payments during the year and have not been identified with specific assessment years. Of the \$25.7 million tax levy for fiscal year 2020, essentially all has been collected. Subsequent collections do not include delinquent tax interest or refunds.

Assessed and Estimated Actual Value of Taxable Properties (2011-2020)

District Enterprise Fund

Years ended September 30, 2020

Unaudited (thousands)

	2020	2019	2018	2017	2016
Assessed Value					
Residential	\$ 11,712,174	\$ 9,780,474	\$ 9,075,556	\$ 7,866,349	\$ 7,693,115
Commercial	7,176,022	6,007,635	5,520,450	4,790,744	4,776,337
Industrial	1,268,476	1,097,984	1,134,693	1,009,321	911,830
Agricultural	131,222	138,057	147,053	125,283	105,901
Oil/Gas Natural Resources	4,289,146	3,337,096	2,615,159	2,560,357	3,182,430
Other	1,152,692	1,210,156	1,379,118	1,293,412	1,279,792
Assessed value of properties ⁽¹⁾	\$ 25,729,732	\$ 21,571,402	\$ 19,872,029	\$ 17,645,466	\$ 17,949,405
Estimated actual taxable value ⁽²⁾	\$ 195,474,271	\$ 163,528,648	\$ 151,243,740	\$ 132,544,573	\$ 132,013,690
	13.2%	13.2%	13.1%	13.3%	13.6%

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

⁽¹⁾ The counties assess residential property at approximately 7.96 percent of actual value and all other properties at 29 percent. Estimated actual taxable value was calculated by dividing assessed value by those percentages. Tax exempt properties are included in each property classification. Apparent differences between these amounts and those shown on Largest Corporate Taxpayers by Assessed Valuation on page 71 are due to averaging in the above assessed valuation calculations.

⁽²⁾ Tax rate at a maximum of 1.00 millage.

Assessed and Estimated Actual Value of Taxable Properties (2011-2020) (continued)

District Enterprise Fund

Years ended September 30

Unaudited (thousands)

	2015	2014	2013	2012	2011
Assessed Value					
Residential	\$ 6,281,199	\$ 6,099,667	\$ 6,074,677	\$ 5,909,508	\$ 5,929,482
Commercial	4,156,831	4,099,919	3,980,603	3,952,981	4,052,995
Industrial	827,148	778,650	774,364	771,045	823,691
Agricultural	91,905	101,879	93,038	100,511	98,188
Oil/Gas Natural Resources	2,565,815	2,193,319	2,062,585	1,699,052	1,343,270
Other	1,143,542	1,280,770	1,328,299	1,335,560	1,389,637
Assessed value of properties ⁽¹⁾	\$ 15,066,440	\$ 14,554,204	\$ 14,313,566	\$ 13,768,657	\$ 13,637,263
Estimated actual taxable value ⁽²⁾	\$ 109,203,469	\$ 105,782,558	\$ 104,724,999	\$ 101,069,535	\$ 101,069,535
	13.8%	13.8%	13.7%	13.6%	13.5%

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

⁽¹⁾ The counties assess residential property at approximately 7.96 percent of actual value and all other properties at 29 percent. Estimated actual taxable value was calculated by dividing assessed value by those percentages. Tax exempt properties are included in each property classification. Apparent differences between these amounts and those shown on Largest Corporate Taxpayers by Assessed Valuation on page 71 are due to averaging in the above assessed valuation calculations.

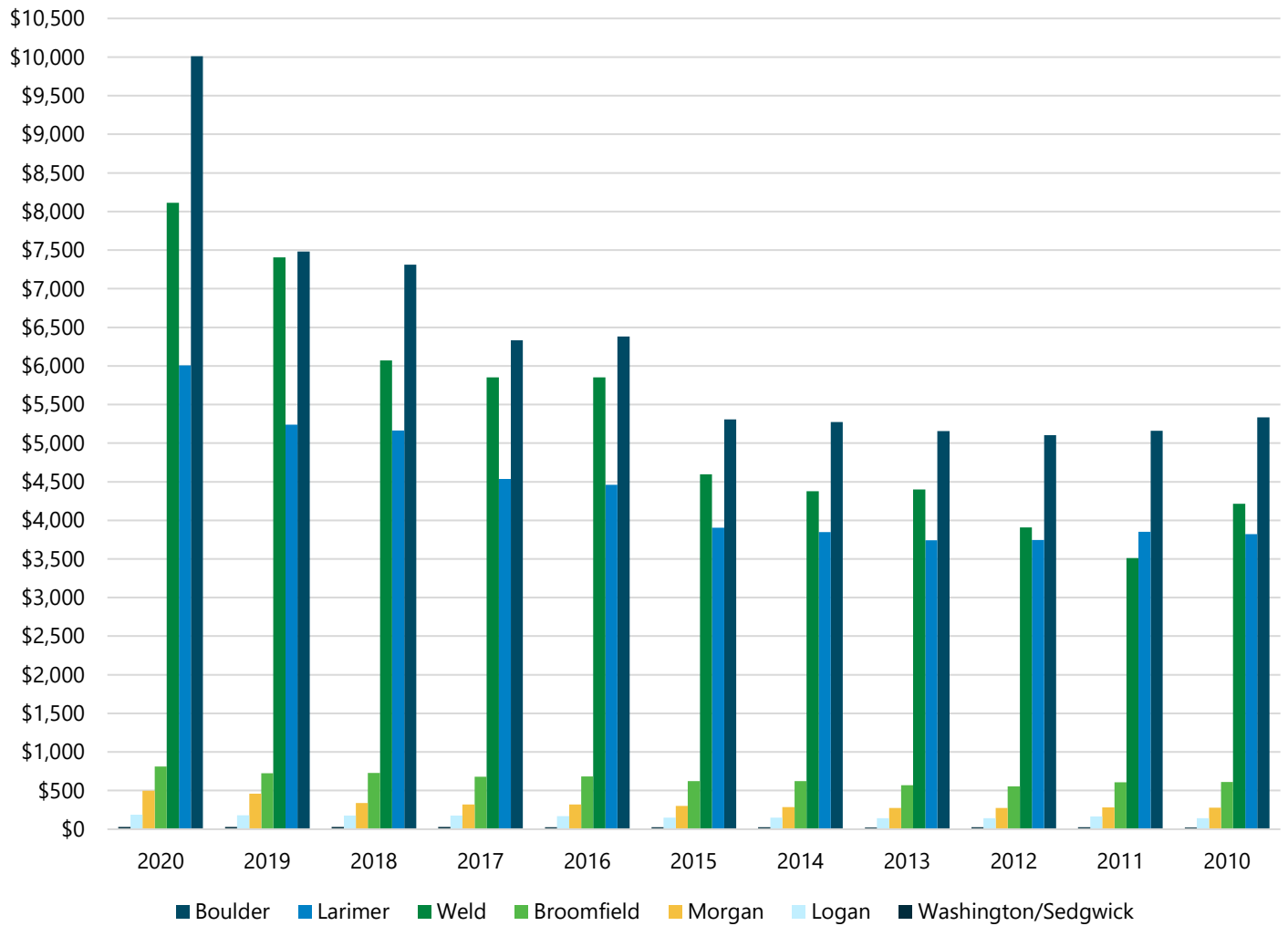
⁽²⁾ Tax rate at a maximum of 1.00 millage.

Property Tax Collections by County (2011-2020)

District Enterprise Fund

Years ended September 30

Unaudited



Largest Corporate Taxpayers by Taxable Assessed Valuation (2011 and 2020)

District Enterprise Fund

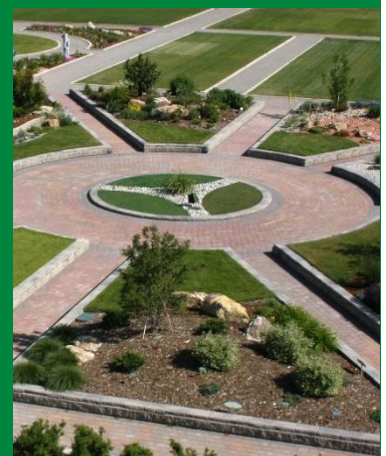
Years ended September 30

Unaudited (thousands)

Taxpayer	Rank	2020 ⁽¹⁾		Rank	2011 ⁽²⁾	
		Taxable Assessed Valuation	Percent		Taxable Assessed Valuation	Percent
Extraction Oil & Gas	1	\$ 738,740,160	2.9%	-	-	-
Kerr-McGee Oil & Gas Onshore LP	2	701,940,300	2.7%	2	\$ 479,821,620	3.5%
PDC Energy, Inc.	3	622,299,690	2.4%	4	134,327,390	1.0%
Noble Energy, Inc.	4	334,535,940	1.3%	-	-	0.0%
Crestone Peak Resources	5	285,958,740	1.1%	-	-	0.0%
DCP Lucerne 2 Plant, LLC	6	247,246,320	1.0%	-	-	0.0%
Great Western Oil & Gas Co LLC	7	242,318,980	0.9%	-	-	0.0%
Extraction Oil and Gas	8	194,486,329	0.8%	-	-	0.0%
Xcel Energy (Public Service Company of Colorado)	9	321,746,781	0.1%	3	297,293,020	2.2%
Kerr McGee Gathering LLC	10	139,229,400	0.5%	-	-	0.0%
Noble Energy	-	-	-	1	748,733,020	5.5%
Encana Oil & Gas (USA), Inc.	-	-	-	5	127,499,520	0.9%
Anheuser-Busch, Inc.	-	-	-	6	88,460,790	0.6%
Quest Corp	-	-	-	7	78,434,800	0.6%
Colorado Interstate Gas Co	-	-	-	8	69,008,400	0.5%
Rocky Mountain Energy Center	-	-	-	9	66,745,500	0.5%
DCP Midstream LP	-	-	-	10	56,909,550	0.4%
Taxable assessed value of ten largest taxpayers		3,828,502,640	15.0%		2,147,233,610	15.7%
Taxable assessed value of other taxpayers		21,901,229,360	85.0%		11,490,029,390	84.3%
Taxable assessed value of all taxpayers		\$25,729,732,000	100.0%		\$13,637,263,000	100.0%

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

⁽²⁾ Data from the Northern Water 2011 CAFR. 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 (2011-2020)

District and Hydropower Enterprise Funds

Years ended September 30

Unaudited

	2020	2019	2018	2017	2016
District Enterprise Fund					
Certificates of Participation	\$ -	\$ 2,420,000	\$ 3,570,000	\$ 4,670,000	\$ 5,740,000
Unamortized premium	-	191,487	284,682	376,219	466,126
Certificates of Participation	-	2,611,487	3,854,682	5,046,219	6,206,126
Contracts Payable to Reclamation					
Horsetooth Safety of Dams	3,053,230	3,193,045	3,325,258	3,450,282	3,568,509
Pole Hill Canal	-	94,740	186,388	275,042	360,802
District Enterprise Fund	3,053,230	5,899,272	7,366,328	8,771,543	10,135,437
Hydropower					
Colorado Water Resources and Power Development Authority	1,293,507	1,388,058	1,480,756	1,571,637	1,660,736
Colorado Water Conservation Board	4,613,462	4,747,792	4,879,488	5,008,601	5,135,183
Hydropower	5,906,969	6,135,850	6,360,244	6,580,238	6,795,919
Outstanding debt	\$ 8,960,199	\$ 12,035,122	\$ 13,726,572	\$ 15,351,781	\$ 16,931,356
District Enterprise Fund Outstandint Debt					
Per capita ⁽¹⁾	\$ 3	6	7	9	11
Percentage of personal income ⁽²⁾	-	.01	.01	.02	.02
District Enterprise Fund Contacts Payable to Reclamation					
Per capita ⁽³⁾	\$ 3	3	4	4	4
Percentage of estimated actual value of taxable properties ⁽⁴⁾	-	-	-	-	-

⁽¹⁾ Computed by dividing total District Enterprise Fund debt by estimated population in Northern Water boundaries as shown on page 104..

⁽²⁾ Computed by dividing total District Enterprise Fund debt by total personal income as shown on page 104.

⁽³⁾ Computed by dividing District Enterprise Fund debt payable to Reclamation by estimated population in Northern Water boundaries as shown on page 104.

⁽⁴⁾ Computed by dividing District Enterprise Fund debt payable to Reclamation by Estimated Actual Taxable Value as shown on page 97.

Statistics of Outstanding Debt by Type (2011-2020) (continued)

District and Hydropower Enterprise Funds

Years ended September 30

Unaudited

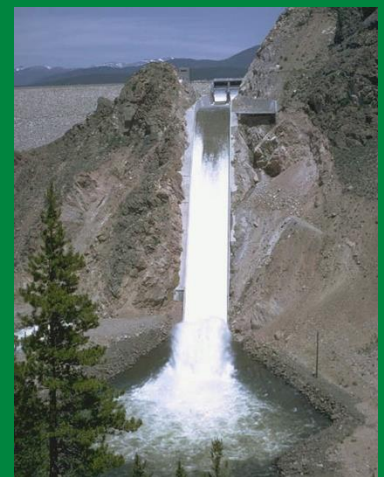
	2015	2014	2013	2012	2011
District Enterprise Fund					
Certificates of Participation	\$ 6,780,000	\$ 7,790,000	\$ 8,770,000	\$ 13,380,000	\$ 14,275,000
Unamortized premium	554,433	641,169	753,450	86,074	93,520
Certificates of Participation	7,334,433	8,431,169	9,523,450	13,466,074	14,368,520
Contracts Payable to Reclamation					
Horsetooth Safety of Dams	3,680,307	3,786,026	3,885,997	3,980,532	4,069,927
Pole Hill Canal	443,762	524,014	601,646	676,744	749,389
District Enterprise Fund	11,458,502	12,741,209	14,011,093	18,123,350	19,187,836
Hydropower					
Colorado Water Resources and Power Development Authority	1,748,088	1,833,727	1,917,687	2,000,000	1,082,825
Colorado Water Conservation Board	2,033,958	-	-	-	-
Hydropower	3,782,046	1,833,727	1,917,687	2,000,000	1,082,825
Outstanding debt	\$ 15,240,548	\$ 14,574,936	\$ 15,928,780	\$ 20,123,350	\$ 20,270,661
District Enterprise Fund Outstandint Debt					
Per capita ⁽¹⁾	13	15	16	21	23
Percentage of personal income ⁽²⁾	.03	.04	.04	.06	.06
District Enterprise Fund Contacts Payable to Reclamation					
Per capita ⁽³⁾	5	5	5	5	6
Percentage of estimated actual value of taxable properties ⁽⁴⁾	-	-	-	-	-

⁽¹⁾ Computed by dividing total District Enterprise Fund debt by estimated population in Northern Water boundaries as shown on page 104.

⁽²⁾ Computed by dividing total District Enterprise Fund debt by total personal income as shown on page 104.

⁽³⁾ Computed by dividing District Enterprise Fund debt payable to Reclamation by estimated population in Northern Water boundaries as shown on page 104.

⁽⁴⁾ Computed by dividing District Enterprise Fund debt payable to Reclamation by Estimated Actual Taxable Value as shown on page 97.



DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Northern Water Population and Economic Statistics (2011-2020)⁽¹⁾

Years ended September 30

Unaudited

	2020	2019	2018	2017	2016
Population in Northern Water					
Boundaries⁽²⁾	1,020,792	1,000,013	982,678	959,455	922,233
Per Capita Personal Income⁽³⁾					
Boulder County ⁽⁴⁾	\$ 69,239	\$ 69,239	66,415	63,707	60,220
Larimer County ⁽⁵⁾	56,846	56,846	53,497	52,059	50,410
Weld County	46,172	44,080	42,701	42,787	27,047
Personal Income (000s)⁽³⁾					
Boulder County ⁽⁴⁾	21,939,604	21,939,604	20,528,122	19,232,516	18,369,741
Larimer County	20,288,281	19,925,546	18,401,684	19,623,585	16,778,464
Weld County	14,700,000	12,500,000	11,200,000	10,600,000	10,740,000
Unemployment Rate⁽³⁾					
Boulder County ⁽⁴⁾	2.7%	2.7%	2.6%	2.2%	2.9%
Larimer County	2.1	2.7	2.3	2.8	3.4
Weld County	3.0	2.7	3.4	3.8	3.8

⁽¹⁾ Detailed information presented for Boulder, Larimer and Weld Counties. The population in these counties represents more than 90 percent of the total estimated population within Northern water 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 CAFR's unless otherwise noted.

⁽⁴⁾ Data taken from Boulder County's 2018 CAFR. The 2019 CAFR was not available at the time this report was prepared.

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

Northern Water Population and Economic Statistics (2011-2020) (continued)⁽¹⁾

Years ended September 30

Unaudited

	2015	2014	2013	2012	2011
Population in Northern Water Boundaries⁽²⁾	893,145	878,100	859,913	858,565	842,494
Per Capita Personal Income⁽³⁾					
Boulder County	\$ 58,552	\$ 56,940	\$ 51,893	\$ 53,352	\$ 50,095
Larimer County	48,730	46,610	45,775	44,179	38,546
Weld County	31,657	29,986	25,233	27,186	28,503
Personal Income (000s)⁽³⁾					
Boulder County	17,042,764	16,417,561	15,535,659	15,758,416	14,786,545
Larimer County	15,772,585	14,722,188	14,214,099	13,475,788	11,580,259
Weld County	8,350,000	8,350,000	7,760,000	6,930,000	7,070,000
Unemployment Rate⁽³⁾					
Boulder County	3.7%	4.4%	5.4%	6.1%	6.7%
Larimer County	4.3	5.8	6.6	7.1	7.6
Weld County	3.9	6.7	8.7	9.1	9.8

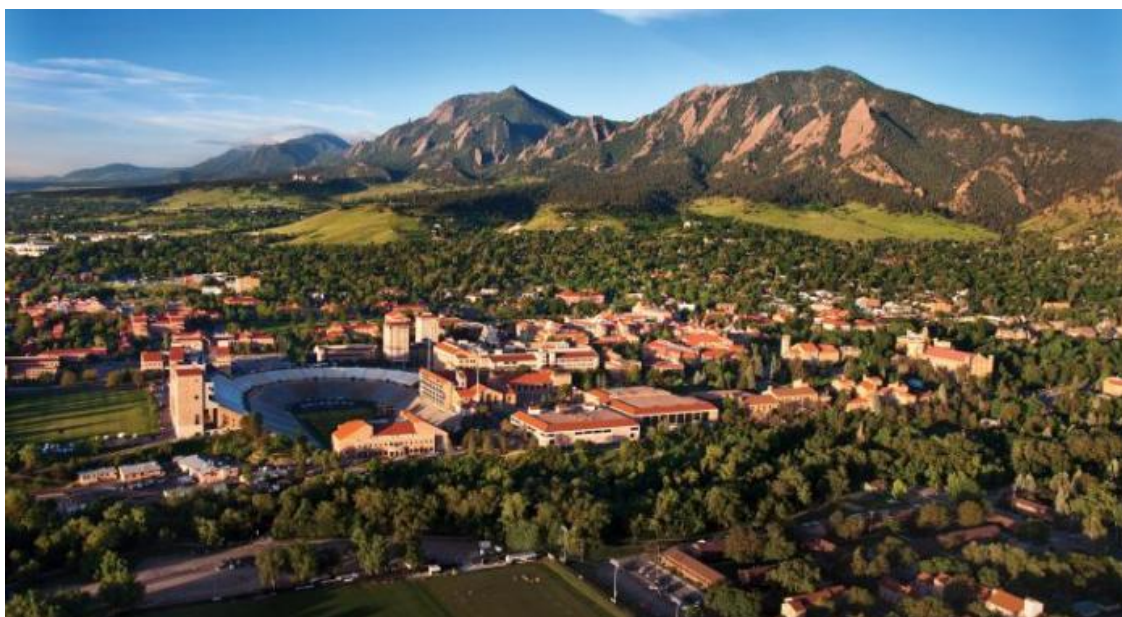
⁽¹⁾ Detailed information presented for Boulder, Larimer and Weld Counties. The population in these counties represents more than 90 percent of the total estimated population within Northern water boundaries.

⁽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 CAFR's unless otherwise noted.

Largest Employers by Principal Municipalities Served by Northern Water (2011 and 2020)⁽¹⁾

Years ended September 30,
Unaudited



Boulder, City of⁽²⁾

Employers	2020			2011		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
University of Colorado at Boulder	1	6,463	3.41%	1	7,260	4.77%
St. Vrain Valley School District ⁽³⁾	2	4,661	2.46	5	3,238	2.13
Boulder Valley School District	3	4,000	2.11	2	4,000	2.63
Boulder County	4	2,008	1.06	8	1,808	1.19
Ball Corporation	5	1,600	0.84	6	3,100	2.04
IBM Corporation	6	1,400	0.74	3	3,400	2.23
Boulder, City of	7	1,351	0.71	-	-	-
Seagate Technology, LLC	8	1,300	0.68	-	-	-
Google Boulder	9	1,200	0.63	-	-	-
National Center for Atmospheric Research	10	1,187	0.63	-	-	-
Oracle Corporation	-	-	-	4	3,300	2.17
Level 3 Communications	-	-	-	7	2,068	1.36
Covidien	-	-	-	9	1,697	1.12
Boulder Community Hospital	-	-	-	10	1,674	1.10
Top ten principal employers		25,170	13.73%		31,545	20.74%

⁽¹⁾ Data taken or calculated from the cities' most recent CAFRs unless otherwise indicated.

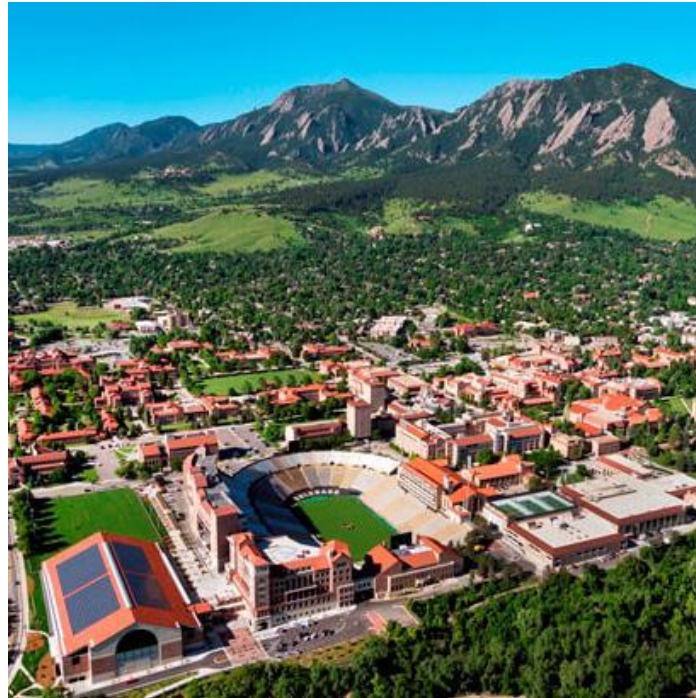
⁽²⁾ This list is the 10 largest employers in Boulder County. Employment information specific to the City of Boulder is not available for the years presented.

⁽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 (2011 and 2020) (continued)⁽¹⁾

Years ended September 30

Unaudited



Fort Collins, City of

Employers	2020			2011		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Colorado State University	1	7,600	7.4%	1	6,755	7.8%
UC Health Poudre Valley Hospital	2	5,400	5.3	3	2,832	3.3
Poudre R-1 School District	3	4,400	4.3	2	3,929	4.5
Fort Collins, City of	4	2,200	2.1	5	1,795	2.1
Larimer County	5	2,000	2	4	1,975	2.3
Woodward, Inc.	6	1,400	1.4	8	994	1.1
Broadcom (Avago)	7	1,200	1.2	9	656	0.8
U.S. Department of Agriculture	8	1,000	1	-	-	-
Otter Products, LLC.	9	900	0.9	-	-	-
Dillon Companies, Inc. (King Soopers)	10	850	0.8	-	-	-
Hewlett Packard	-	-	-	6	1,524	1.8
Center Partners	-	-	-	7	1,081	1.2
Anheuser-Busch	-	-	-	10	609	0.7
Top ten principal employers		26,950	26.3%		22,150	25.4%

⁽¹⁾ Data taken or calculated from the cities' most recent CAFRs unless otherwise indicated.

Largest Employers by Principal Municipalities Served by Northern Water (2011 and 2020) (continued)⁽¹⁾

Years ended September 30

Unaudited



Broomfield, City and County of⁽²⁾

Employers	2020			2011		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Noodles & Company	1	2,916	30.7%	1	2,016	7.3%
CenturyLink (formerly Level 3 Communicati	2	2,360	24.8	2	1,900	6.8
Vail Resorts, Inc.	3	850	9.0	-	-	-
Sandoz, Inc.	4	661	7.0	3	787	2.8
Mountain News	5	600	6.3	5	581	2.1
Nordstrom	6	500	5.3	12	200	0.7
Omni Interlocken Resort	7	425	4.5	-	-	-
MWH Constructors	8	400	4.2	8	385	1.4
Vail Resorts, Inc.	9	400	4.2	9	300	1.1
Brocade Communication Systems, Inc.	10	385	4.1	-	-	-
Staples/Corporate Express						
Top ten principal employers		1,610	17		685	2.5
Total Employment		41,000				

⁽¹⁾ Data taken or calculated from the cities' most recent CAFRs 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 (2011 and 2020) (continued)⁽¹⁾

Years ended September 30

Unaudited



Longmont, City of

Employers	2020			2011		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
St Vrain Valley School District ⁽²⁾	1	3,543	6.45%	1	4,876	10.40%
Longmont, City of	2	1,625	2.96	4	814	1.70
Seagate Technology	3	1,430	2.60	3	1,160	2.50
Intrado	4	755	1.37	5	807	1.70
Longmont United Hospital	5	671	1.22	2	1,282	2.70
UC Health Longs Peak Hospital	6	540	0.98	-	-	-
McLane Western	7	460	0.84	7	566	1.20
Circle Graphics, Inc.	8	400	0.73	9	443	0.90
Crocs	9	345	0.63	-	-	-
Federal Aviation Administration	10	343	0.62	-	-	-
Amgen	-	-	-	6	771	1.60
DigitalGlobe	-	-	-	8	562	1.20
Butterball, LLC (Longmont Foods)	-	-	-	10	425	0.90
Top ten principal employers		10,112	18.40%		11,706	24.90%

⁽¹⁾ Data taken or calculated from the cities' most recent CAFRs unless otherwise indicated.

⁽⁴⁾ 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 (2011 and 2020) (continued)⁽¹⁾

Years ended September 30

Unaudited



Greeley, City of

Employers	2020			2011		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
JBS Swift & Company	1	4,590	9.17%	1	4,192	5.38%
Banner Health Care (formerly Northern Colorado Medical Center)	2	3,560	7.11	2	2,889	3.71
Greeley/Evans School District Six	3	2,200	4.39	3	2,189	2.81
University of Northern Colorado	4	1,900	3.79	-	-	-
Weld County	5	1,615	3.23	5	1,383	1.78
State Farm Insurance Companies	6	1,200	2.40	6	1,350	1.73
Greeley, City of	7	900	1.80	7	1,130	1.45
TTEC (formerly TeleTech Services)	8	620	1.24	-	-	-
Noble Energy	9	500	1.00	-	-	-
Leprino Foods	10	450	0.90	-	-	-
U.S. Government	-	-	-	4	1,400	1.80
Wal-Mart Supercenter	-	-	-	8	1,015	1.30
Aims Community College	-	-	-	9	874	1.12
StarTek, Inc.	-	-	-	10	702	0.90
Top ten principal employers		17,535	35.02%		17,124	21.98%
Total Employed Greeley Labor Force		50,070			77,900	

⁽¹⁾ Data taken or calculated from the cities' most recent CAFRs unless otherwise indicated.

Largest Employers by Principal Municipalities Served by Northern Water (2011 and 2020) (continued)⁽¹⁾

Years ended September 30

Unaudited



Loveland, City of

Employers	2020			2011 ⁽²⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Thompson School District R2-J	1	3,615	6.96%	1	2,616	8.30%
Medical Center of the Rockies	2	1,621	3.12	2	953	3.02
Wal-Mart Distribution Center	3	1,226	2.36	4	851	2.70
Loveland, City of	4	841	1.62	7	639	2.03
Hach Company	5	800	1.54	6	741	2.35
McKee Medical Center	6	577	1.11	3	940	2.98
Nutrein/Crop Production Services	7	525	1.01	-	-	-
LPR Construction	8	500	0.96	-	-	-
Good Samaritan Society - Loveland	9	235	0.45	-	-	-
The Eye Laser Center of Northern Colorado	10	200	0.38	-	-	-
Pinnacle Agriculture Holdings LLC	10	200	0.38	-	-	-
Wal-Mart Supercenter	-	-	-	5	785	2.49
U.S. Engineering	-	-	-	8	466	1.48
Agilent Technologies	-	-	-	9	384	1.22
Hewlett-Packard	-	-	-	10	349	1.11
Top ten principal employers		10,340	19.90%		8,724	27.67%
Total City Employment		51,957			31,532	

⁽¹⁾ Data taken or calculated from the cities' most recent CAFRs unless otherwise indicated.

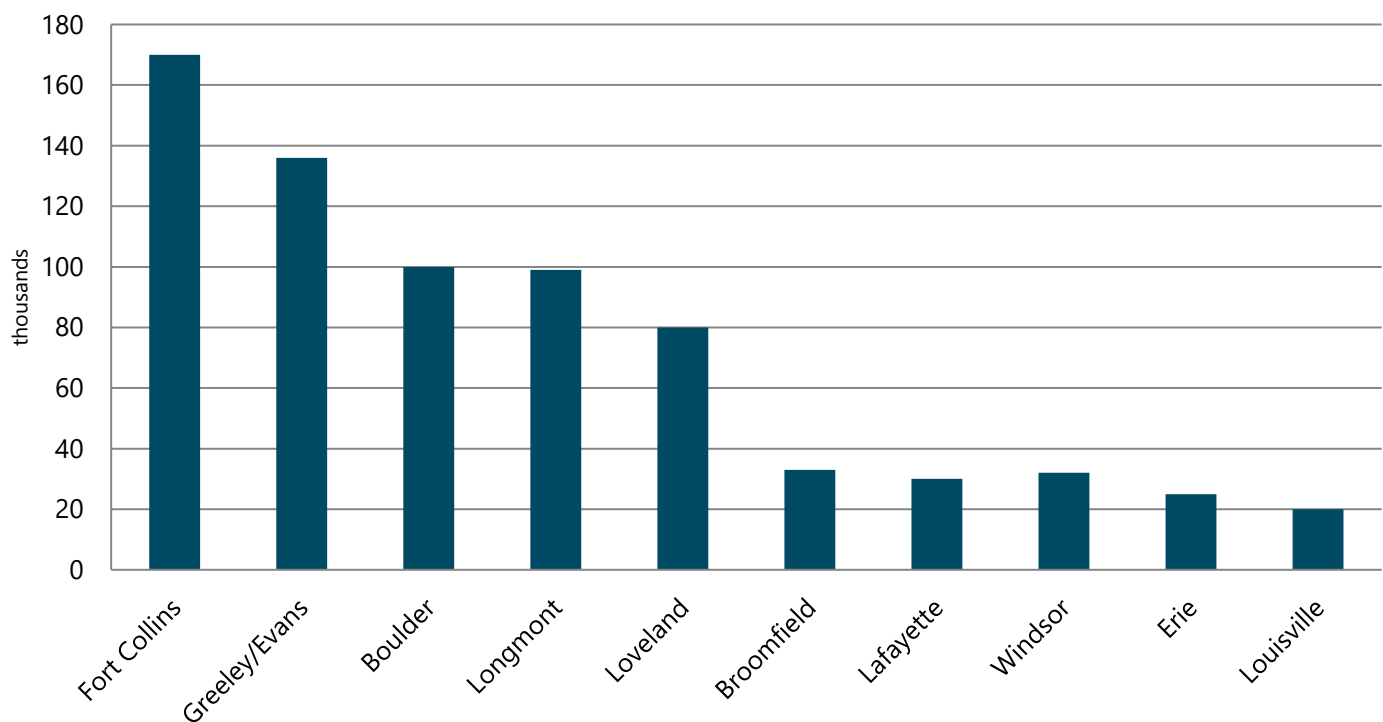
⁽²⁾ Numbers prior to 2016 reflect full employment. 2016 forward reflect full time equivalents (FTEs).

Population of Ten Largest Municipalities in Northern Water Boundaries (2011 and 2020)

Years ended September 30

Unaudited

Municipalities ⁽¹⁾	2020		2011 ⁽³⁾	
	Population ⁽²⁾	Percentage	Population	Percentage
Fort Collins, City of	169,874	16.64%	144,417	17.14%
Greeley/Evans, Cities of	136,438	13.37	111,921	13.28
Boulder, City of	100,460	9.84	97,948	11.63
Longmont, City of	98,979	9.70	86,431	10.26
Loveland, City of	79,738	7.81	67,083	7.96
Broomfield, City and County of	33,256	3.26	56,135	6.66
Windsor, Town of	31,842	3.12	18,799	2.23
Lafayette, City of	29,528	2.89	24,541	2.91
Erie, Town of	24,570	2.41	18,215	2.16
Louisville, City of	20,281	1.99	18,401	2.18
Population of ten largest municipalities in Northern Water boundaries	724,966	71.02	643,891	76.43
Other municipalities and unincorporated areas	295,826	28.98	198,603	23.57
Estimated population within Northern Water boundaries	1,020,792	100%	842,494	100%



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

⁽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 2011 CAFR.



OPERATING INFORMATION

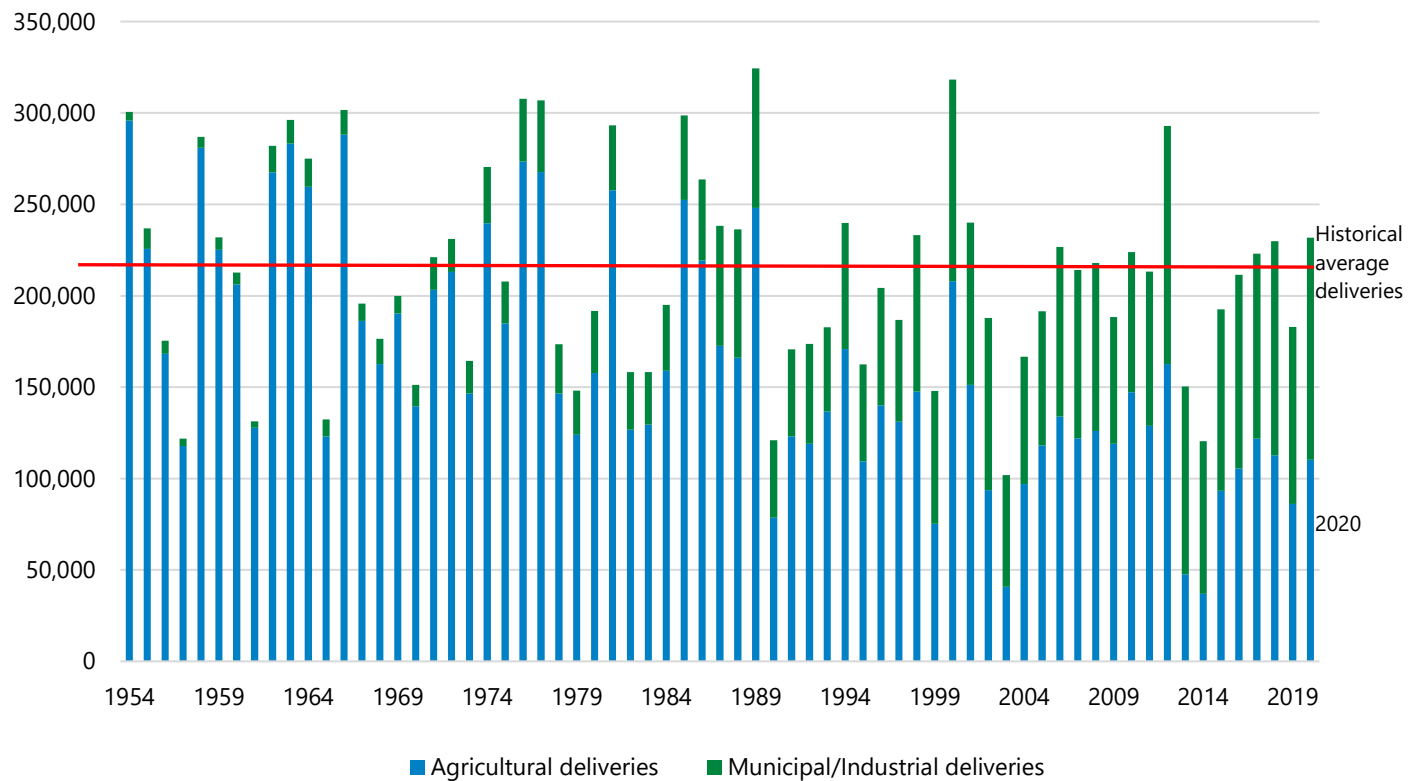
These schedules contain information about Northern Water's operations and resources to help the reader understand how Northern Water's financial information relates to the services it provides and the activities it performs.

C-BT Project Water Deliveries (Historical and 2011-2020)

District Enterprise Fund

Years ended September 30

Unaudited



Year	Agricultural		Municipal/Industrial		Water Deliveries
	Deliveries	Percentage	Deliveries	Percentage	
2011	128,912	60.5%	84,265	39.5%	213,177
2012	162,554	55.5	130,361	44.5	292,915
2013	47,646	31.7	102,708	68.3	150,354
2014	36,991	30.7	83,512	69.3	120,503
2015	93,211	48.4	99,345	51.6	192,556
2016	105,576	49.9	105,854	50.1	211,428
2017	121,802	54.6	101,307	45.4	223,108
2018	112,785	49.1	116,984	50.9	229,770
2019	86,166	47.1	96,739	52.9	182,905
2020	110,225	47.6	121,530	52.40	231,755
Historical average from 1954	161,614	76.0%	50,956	24.0%	212,570

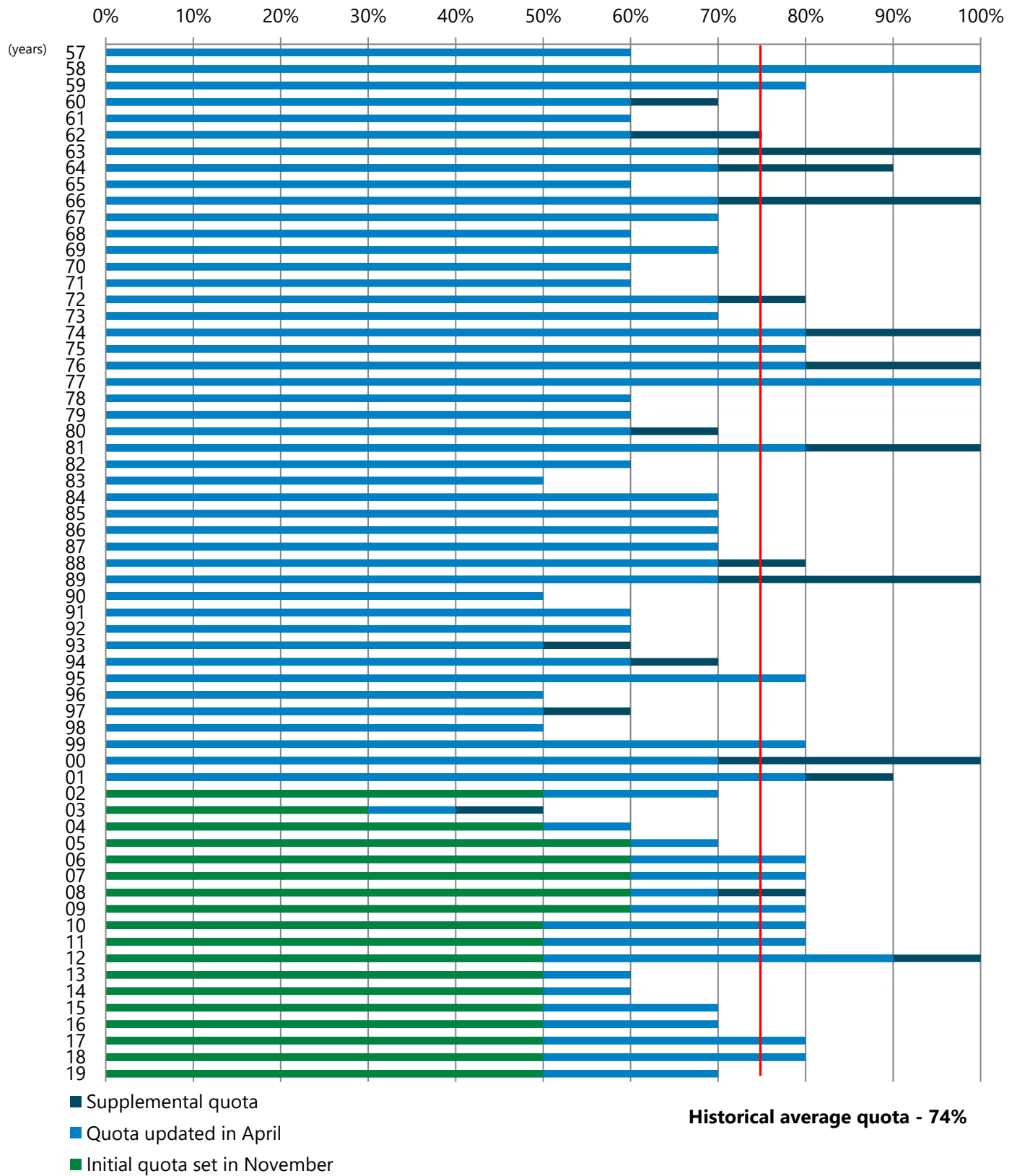
⁽¹⁾ Includes C-BT Project quota, carryover, non-charge, operations and Regional Pool water.

C-BT Project Water Delivery Quotas (Historical)

District Enterprise Fund

Years ended September 30

Unaudited



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

Capital Assets by Northern Water Enterprise Fund (2011-2020)

Years ended September 30

Unaudited

District Enterprise Fund	2020	2019	2018	2017	2016
Non-depreciable capital assets					
Land, perpetual easements and water rights	\$ 87,363,568	\$ 84,541,864	\$ 84,252,380	\$ 81,911,417	\$ 81,996,315
Construction in progress	2,094,548	1,917,520	522,555	2,701,458	2,668,200
Depreciable capital assets					
Buildings and improvements	23,271,621	22,030,730	19,796,460	19,428,994	19,340,433
Operations equipment	6,784,510	6,343,738	5,476,107	5,472,775	5,370,649
Computer and office equipment	10,264,276	9,358,085	9,698,287	10,055,588	9,382,832
Capital assets	\$ 129,778,523	\$ 124,191,937	\$ 119,745,789	\$ 119,570,232	\$ 118,758,429
Less accumulated depreciation					
Buildings and improvements	(13,013,770)	(12,152,680)	(11,380,960)	(10,622,714)	(9,865,172)
Operations equipment	(4,958,262)	(4,689,138)	(4,529,724)	(5,030,052)	(5,033,544)
Computer and office equipment	(6,580,705)	(5,776,443)	(5,419,017)	(5,113,699)	(4,694,811)
Accumulated depreciation	(24,552,737)	(22,618,261)	(21,329,701)	(20,766,465)	(19,593,527)
District Enterprise Fund capital assets, net	105,225,786	101,573,676	98,416,088	98,803,767	99,164,902
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	8,842,041	38,796,165	8,999,194	3,857,236	2,189,374
Depreciable capital assets					
Water pipeline and equipment	118,809,604	70,649,583	70,643,074	69,983,333	69,983,357
Capital assets	132,884,628	114,678,731	84,875,251	79,073,552	77,405,714
Less accumulated depreciation					
Water Pipeline and equipment	(41,628,039)	(39,452,542)	(37,777,246)	(36,117,443)	(34,461,533)
PVP capital assets, net	91,256,589	75,226,189	47,098,005	42,956,109	42,944,181
Pleasant Valley Pipeline Project					
Non-depreciable capital assets					
Land and Easements	934,330	934,330	934,330	934,330	934,330
Depreciable capital assets					
Water pipeline and equipment	29,764,565	29,732,205	29,732,205	29,732,205	29,732,205
Capital assets	30,698,895	30,666,535	30,666,535	30,666,535	30,666,535
Less accumulated depreciation					
Water Pipeline and equipment	(11,886,482)	(11,149,576)	(10,406,271)	(9,662,966)	(8,919,661)
PVP capital assets, net	18,812,413	19,516,959	20,260,264	21,003,569	21,746,874
Northern Integrated Supply Project					
Non-depreciable capital asset					
Construction in progress	49,617,922	39,381,817	30,883,491	24,134,570	20,139,477
Hydropower					
Non-depreciable capital asset					
Construction in progress	-	-	-	-	-
Depreciable capital assets					
Hydropower Plants	11,502,848	11,502,848	11,489,074	11,489,074	11,489,074
Capital assets	11,502,848	11,502,848	11,489,074	11,489,074	11,489,074
Less accumulated depreciation					
Hydropower plants and appurtenances	(1,827,259)	(1,540,032)	(1,252,804)	(965,578)	(678,352)
Hydropower capital assets, net	9,675,589	9,962,816	10,236,270	10,523,496	10,810,722
Capital assets, net	274,588,299	\$ 245,661,457	\$ 206,894,118	\$ 197,421,511	\$ 194,806,156

Capital Assets by Northern Water Enterprise Fund (2011-2020) (continued)

Years ended September 30

Unaudited

District Enterprise Fund	2015	2014	2013	2012	2011
Non-depreciable capital assets					
Land, perpetual easements and water rights	\$ 81,997,293	\$ 82,027,587	\$ 81,829,055	\$ 78,931,481	\$ 69,311,486
Construction in progress	2,031,625	283,363	54,526	3,140,242	1,547,231
Depreciable capital assets					
Buildings and improvements	18,654,537	18,594,598	18,732,858	18,732,858	18,721,544
Operations equipment	5,440,607	5,371,761	5,419,499	5,343,262	5,234,578
Computer and office equipment	8,555,986	8,172,229	804,084	305,562	342,125
Capital assets	\$ 116,680,048	\$ 114,449,538	\$ 114,076,783	\$ 109,203,469	\$ 98,236,093
Less accumulated depreciation					
Buildings and improvements	(9,123,419)	(8,396,388)	(7,790,187)	(6,977,380)	(6,122,579)
Operations equipment	(5,094,729)	(5,079,024)	(5,071,837)	(5,001,649)	(4,912,530)
Computer and office equipment	(4,240,138)	(3,605,688)	(2,973,089)	(2,707,585)	(3,027,395)
Accumulated depreciation	(18,458,286)	(17,081,100)	(15,835,113)	(14,686,614)	(14,062,504)
District Enterprise Fund capital assets, net	98,221,762	97,368,438	98,241,670	94,516,855	84,173,589
Southern Water Supply Project					
Non-depreciable capital assets					
Land, easements and water rights ⁽¹⁾	5,232,983	5,232,983	5,232,983	-	-
Construction in progress	1,750,024	1,607,625	1,113,518	850,649	811,089
Depreciable capital assets					
Water pipeline and equipment	70,003,210	69,526,213	69,499,494	74,732,477	74,742,404
Capital assets	76,986,217	76,366,821	75,845,995	75,583,126	75,553,493
Less accumulated depreciation					
Water Pipeline and equipment	(32,824,079)	(31,164,625)	(29,519,078)	(27,871,845)	(26,013,426)
PVP capital assets, net	44,162,138	45,202,196	46,326,917	47,711,281	49,540,067
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	29,739,846	29,732,205	29,732,205
Capital assets	30,666,535	30,666,535	30,674,176	30,666,535	30,666,535
Less accumulated depreciation					
Water Pipeline and equipment	(8,176,356)	(7,433,051)	(6,690,510)	(5,946,441)	(5,203,136)
PVP capital assets, net	22,490,179	23,233,484	23,983,666	24,720,094	25,463,399
Northern Integrated Supply Project					
Non-depreciable capital asset					
Construction in progress	16,737,711	14,490,801	12,733,803	11,326,978	10,159,460
Hydropower⁽²⁾					
Non-depreciable capital asset					
Construction in progress	2,830,289	-	-	-	2,255,182
Depreciable capital assets					
Hydropower Plants	6,278,945	6,278,945	6,278,945	6,219,195	-
Capital assets	9,109,234	6,278,945	6,278,945	6,219,195	2,255,182
Less accumulated depreciation					
Hydropower plants and appurtenances	(521,378)	(364,405)	(207,431)	(51,827)	-
Hydropower capital assets, net	8,587,856	5,914,540	6,071,514	6,167,368	2,255,182
Capital assets, net	\$ 190,199,646	\$ 186,209,459	\$ 187,357,570	\$ 184,442,576	\$ 171,591,697

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

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

Project Capacity Statistics by Northern Water Enterprise Fund

Year ended September 30, 2020

Unaudited

Northern Water

The C-BT Project consists of the following:

- 140 miles of water conveyance
- 12 storage reservoirs
- 6 hydro electric 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
Total		128.8

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 Plants	Capacity (cfs)	Rates Lift (feet)	Installed Capacity (hp)
Farr	600	186	18,000
Willow Creek	400	175	10,000
Flatiron	370	240	13,000
Total	1,370	604	41,000

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

⁽²⁾ Operated and maintained by Reclamation.

⁽³⁾ 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."

⁽⁴⁾ Natural lake.

Project Capacity Statistics by Northern Water Enterprise Fund (continued)

Year ended September 30, 2020

Unaudited



Carter Lake

Storage Reservoirs	Shoreline (miles)	Capacity (acre-feet)	
		Active	Total
West Slope			
Grand Lake	4.5	N/A	68,600
Green Mountain	19	146,779	154,645
Lake Granby	40	465,568	539,758
Willow Creek	7	3,329	10,553
Shadow Mountain	8	1,839	17,354
East Slope			
Mary's Lake	1	N/A	927
Lake Estes	4	N/A	3,068
Pinewood	3	N/A	2,181
Flatiron	2	N/A	760
Carter Lake	12	108,924	112,230
Boulder	4	11,970	13,270
Horsetooth	25	149,732	156,735
Total	129.5	888,141	1,080,081

Project Capacity Statistics by Northern Water Enterprise Fund (continued)

Southern Water Supply Project

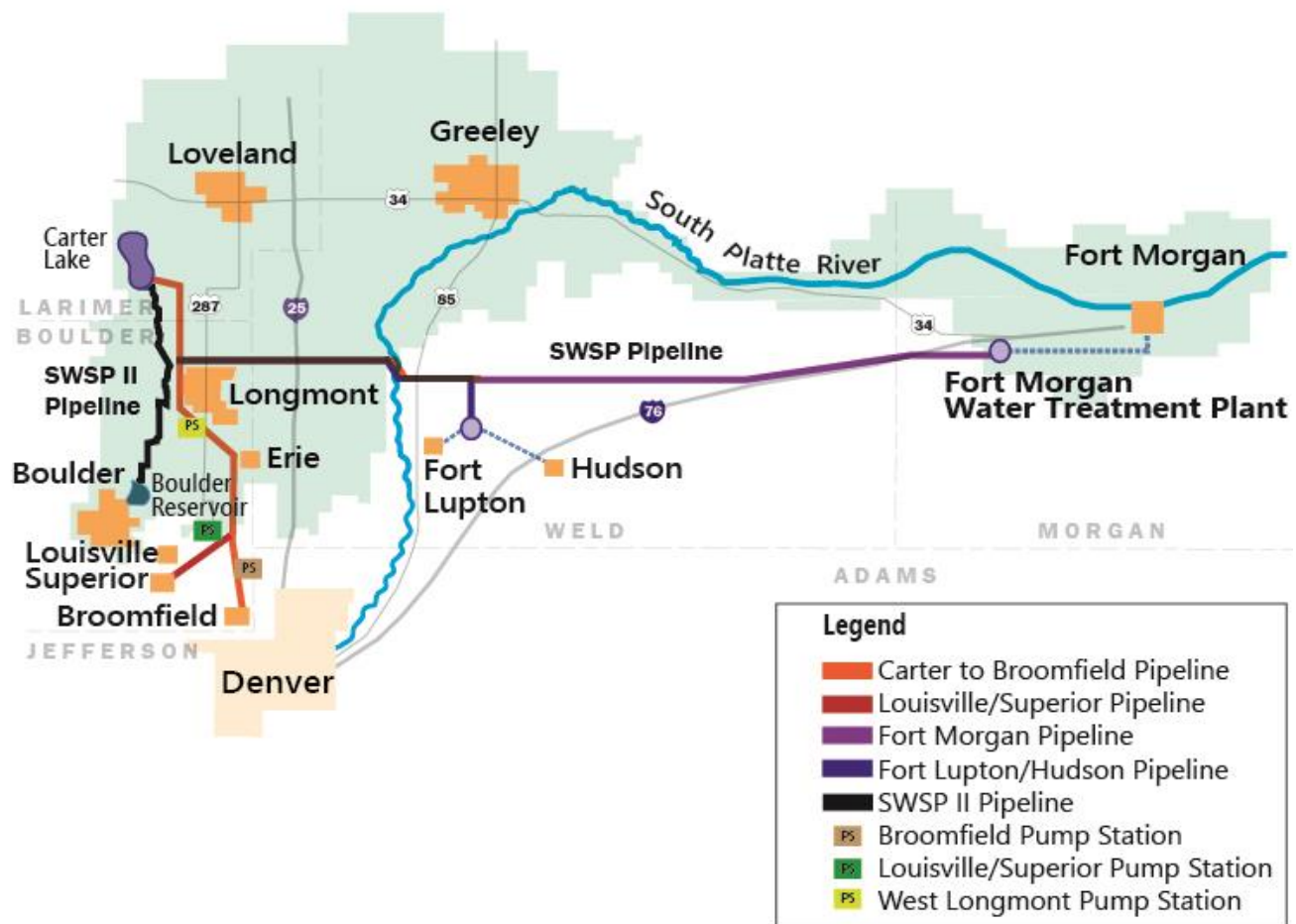
Year ended September 30, 2020

Unaudited

Water Conveyance	Capacity (cfs)	Length (miles)
Broomfield	93.1	34
Louisville/Superior	13.2	8
Fort Morgan	11	42
Fort Lupton/Hudson	9.6	29
SWSP II	50	20.6
Total	176.9	133.6

Pump Plants	Capacity (cfs)	Rates Lift (feet)	Installed Capacity (hp)
Broomfield	24	110	550
West Longmont	41	310	2,000
Louisville/Superior	9	340	600
Total	74	760	3,150

Pump Plant Under Construction	Capacity (cfs)	Rates Lift (feet)	Installed Capacity (hp)
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, 2020
Unaudited

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



Project Capacity Statistics by Northern Water Enterprise Fund (continued)

Hydropower

Year ended September 30, 2020

Unaudited

Hydropower Plants	Turbines	Power Generation (KWh)
Robert V. Trout	2 – 1300KW	7-10 million
Granby	2 – 600 KW	5 million
Total	4 – 1900KW	12-15 million



Granby Hydro



Robert V. Trout Hydro

Northern Water Employees by Division⁽¹⁾ (2011-2020)

Years ended September 30

Unaudited

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Management	6	6	5	4	4	5	5	5	5	5
Public Information Officer	1	1	1	-	-	-	-	-	-	-
Human Resources	2	2	2	-	-	-	-	-	-	-
Policy Advisors	2	2	4	-	-	-	-	-	-	-
Operations Division										
Collection Systems	9	15	14	15	15	17	18	18	19	19
Control Center	6	-	-	-	-	-	-	-	-	-
Distribution Systems	19	17	15	16	19	19	18	18	17	17
Facilities and Equipment	13	10	11	10	9	9	9	10	10	10
Capital Improvements	-	1	2	-	-	-	-	-	-	-
Instrumentation Control and Electrical Engineering	6	4	5	5	5	5	5	5	5	5
Safety Officer	1	1	1	1	1	1	-	-	-	-
Operations Division	54	48	48	47	49	51	50	51	51	51
Engineering Division										
Project Management	10	8	7	7	5	5	4	4	3	3
Water Resources	5	3	7	4	4	4	4	4	4	4
Water Rights	3	-	-	-	-	-	-	-	-	-
Real Estate/Emergency and Security	7	6	5	2	2	2	1	1	2	2
Engineering Division	25	17	19	13	11	11	9	9	9	9
Environmental Services Division										
Water Quality	8	6	6	5	4	3	3	3	3	3
Water Efficiency	4	4	4	-	-	-	-	-	-	-
Field Services	10	8	8	8	7	6	6	6	5	5
Environmental Planning	1	1	1	-	-	-	-	-	-	-
Environmental Data Management	1	-	-	-	-	-	-	-	-	-
Environmental Services Division	24	19	19	13	11	9	9	9	8	8
Administration Division										
Financial Services	7	8	6	6	6	6	6	6	5	5
Communications	6	6	4	7	6	7	8	8	9	9
Contracts	3	3	3	-	-	-	-	-	-	-
Cybersecurity & Governance	2	-	-	-	-	-	-	-	-	-
Information Technology	9	11	10	9	9	10	11	11	11	11
Water Scheduling	5	4	1	1	1	1	1	-	-	-
Records and Administrative Services	8	7	6	7	7	7	8	8	8	8
Administration Division	40	39	30	30	29	31	34	33	33	33
Full-time regular employees	154	134	128	107	104	107	107	107	106	106

⁽¹⁾ Statistics as of September 30, 2020.

GENERAL INFORMATION

Northern Water Organizational and Contact Information

Year ended September 30, 2020

Unaudited

Authority	Water Conservancy Act
Date of Formation	September 20, 1937
Governing Body	Northern Water is governed by a 12-member Board of Directors, which is appointed by the presiding district court judges of four of the five judicial districts located wholly or partially within Northern Water boundaries.
Organization	Northern Water is a public body political and corporate, a quasi-municipal entity and a political subdivision of the State of Colorado.
Purpose	Northern Water was organized to acquire water; to obtain rights-of-way for certain water works; to provide construction for water facilities; to incur contractual or bond indebtedness; to administer, operate and maintain physical works; to conserve, control, allocate and distribute water supplies; and to derive the revenues needed to accomplish its purposes.
Offices	Northern Water 220 Water Avenue Berthoud, Colorado 80513 800-369-7246 Fax: 877-851-0018 www.northernwater.org
Independent Auditors	Plante & Moran, PLLC 8181 E. Tufts Avenue, Suite 600 Denver, Colorado 80237 303-740-9400
General Counsel	Trout Raley Montaño Freeman Sinor Thompson, P.C. 1120 Lincoln Street, Suite 1600 Denver, Colorado 80203-2141 303-861-1963
Bond Counsel	Butler Snow, LLP 1700 Broadway, 41 st Floor New York, New York 10019 646-606-2996

