

2016

Northern Water



Northern Colorado Water Conservancy District
Comprehensive Annual Financial Report
Year ended September 30, 2016



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By Justin L. Smith at 3:32 pm, Mar 16, 2017

Comprehensive Annual Financial Report

Year ended September 30, 2016

Northern Colorado Water Conservancy District

Berthoud, Colorado



Prepared by: Financial Services Department



Northern Water headquarters in Berthoud, Colorado

Northern Water mission:

"Provide water resources management, project operations, and conservation services for project beneficiaries."

Comprehensive Annual Financial Report

September 30, 2016

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Hansen Supply Canal



Horsetooth Reservoir



February 22, 2017

To the Board of Directors of Northern Water

The comprehensive annual financial report of the Northern Colorado Water Conservancy District (Northern Water) as of and for the year ended September 30, 2016, is submitted herewith.

Northern Water 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 and the evaluation of costs and benefits requires estimates and judgments by management.

CliftonLarsonAllen LLP, a certified public accounting and consulting firm, has issued unmodified "clean" opinions on the Northern Water financial statements for the year ended September 30, 2016. The independent auditors' report is located on page 1.

Management's Discussion and Analysis, located on pages 4 - 9 of this report, provides a narrative introduction, overview and analysis of the basic financial statements. Management's Discussion and Analysis complements this letter of transmittal and it should be read in conjunction with this letter.

Northern Water adopts a final budget for the next fiscal year by the end of the current fiscal year. This annual budget serves as a foundation for Northern Water's financial planning and control. Appropriations are established to record the current year's fiscal requirements. Portions of these appropriations are set aside as purchase orders and/or contracts are awarded. No commitment is authorized, nor any expenditure incurred, until it is determined that adequate appropriation balances exist for that purpose. To facilitate this determination, Northern Water's accounting records are delineated by function and activity.

Profile of Northern Water

Northern Water was organized in 1937 to partner with the U.S. Bureau of Reclamation (Reclamation) to construct, operate and maintain the Colorado-Big Thompson (C-BT) Project. The C-BT Project captures runoff from the headwaters of the Colorado River on the West Slope of the Rocky Mountains and conveys it to the East Slope via the 13.1-mile Alva B. Adams Tunnel under the Continental Divide. C-BT Project water supplements native water supplies, helping to irrigate approximately 640,000 acres of farm and ranch land and providing supplemental water supplies for 33 cities and towns, 27 rural domestic water districts and several industrial users in 8 Northern Colorado counties. The C-BT

Project became fully operational in 1957 and today delivers on average more than 212,000 acre-feet of water annually.

In addition to operating and maintaining certain features of the C-BT Project, Northern Water engages in other activities to fulfill its mission and define its values and principles of:

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

Some of Northern Water's activities include monitoring weather data, conducting water quality studies and tracking and forecasting streamflows. Northern Water provides water resource and conservation information to the public through water festivals, water users' meetings, its website and its Conservation Gardens to promote water conservation awareness.

Northern Water collects water assessments from water allotment contract holders. In addition, in accordance with its Repayment Contract with Reclamation, Northern Water collects a voter-approved 1.00 mill levy voter-approved property tax on real property located within its boundaries. These taxes are assessed by the individual counties and submitted to Northern Water.

Northern Water Projects

In the 1990s, the 110-mile Southern Water Supply Project (SWSP) pipeline was constructed to convey C-BT Project and Windy Gap Project water supplies. (The Windy Gap Project was developed by the Municipal Subdistrict, Northern Colorado Water Conservancy District [Subdistrict], a special-purpose government established pursuant to the Water Conservancy Act.) SWSP was followed by the Pleasant Valley Pipeline (PVP) project that increases water reliability and flexibility for project participants on the East Slope. Both of these projects are operated and maintained by Northern Water for the benefit of project participants who fully funded the pipelines' construction and continue to fully fund their operations.

Northern Integrated Supply Project

In 2003, the Northern Integrated Supply Project (NISP) Water Activity Enterprise was established to develop a proposed water storage and distribution system that will supply water to 15 participants located in Northern Water boundaries. NISP will add 40,000 acre-feet of new annual water supplies and more than 200,000 acre-feet of storage capacity with the construction of Glade and Galetton reservoirs, two pump stations and a network of related conveyance pipelines.

In 2015, the U.S. Army Corps of Engineers released a Supplemental Draft Environmental Impact Statement for the NISP project. Since then, the Corps has been addressing public comments and is expected to

release a final Environmental Impact Statement in late 2017, followed by a Record of Decision in 2018. In connection with the project, NISP participants have proposed a refined conveyance concept to enhance the Poudre River's aquatic habitat through Fort Collins by releasing more than 14,000 acre-feet of water per year into the river upstream of the city, then recapturing the flows downstream for final conveyance to the participants.

NISP participants are responsible for funding the entire project, which is expected to cost approximately \$850 million.

Southern Water Supply Project II

SWSP is developing an addition to its original pipeline system. SWSP II is a 20-mile pipeline project that will supply C-BT Project and Windy Gap Project water from Carter Lake to the City of Boulder, Left Hand Water District and Longs Peak Water District. The three project participants are paying 100 percent of the estimated \$42 million project cost. Design and right-of-way acquisition activities are underway. Construction is expected to begin in 2018 with the system operational in 2019.

Granby Hydropower Plant

The Northern Water Hydropower (Hydropower) Water Activity Enterprise was established in 2011 to construct and operate small hydropower facilities. Hydropower operates the Robert V. Trout Hydropower Plant (Trout Hydropower) at Carter Lake and the Granby Hydropower plant at Lake Granby. Granby Hydropower became operational in 2016. The two hydropower plants combined generate approximately 12 million kwh of power annually, which is sold to local power delivery systems. Revenue from power sales provides all operating and debt service requirements of the hydropower plants.

Local Economy

Northern Water is located in Northern Colorado, which has one of the state's largest concentration of economic activity. The region provides numerous opportunities due to its broad mix of industries. Growth in the professional and business services, high-tech, finance and health care sectors continue to fuel the construction, real estate, retail and recreation sectors. Several universities are located within Northern Water boundaries, including Colorado State University, the University of Colorado Boulder, and the University of Northern Colorado, as well as several community colleges.

The Colorado Economic Outlook, published in December 2016 by the Colorado Office of State Planning and Budgeting, indicates that economic activity in Colorado improved in 2016 compared to 2015. Expansion is expected to continue at a moderate pace in 2017.

An increase in new business formation, the source of most new jobs, is contributing to Colorado's economic growth. The Boulder metropolitan area experienced the highest job growth in 2016 at 3.5 percent while the average for the state was 2.2 percent; it is expected to increase to 2.4 percent in 2017. The increase in personal income in Colorado is expected to be 5.4 percent in 2017, well below the 8.1 percent increase in 2014 but higher than the 4.0 percent increase in 2016. Per-capita income increased 2.3 percent to \$52,060 in 2016 and is expected to continue to grow at the same rate in 2017.

Demand for workers, especially along the northern Front Range, remains among the highest in the country. Unemployment in Colorado

averaged 3.4 percent in 2016, down from 3.9 percent in 2015, with a slight increase to 3.6 percent expected in 2017. Tight labor market conditions may constrain economic growth for the state.

The state's home values continue to show upward pressure, particularly along the Front Range due to low inventory of homes for sale and strong demand from the state's growing population. In 2016, Colorado's population increased 1.7 percent, more than double the national average. The state's total population, presently at 5.5 million, is expected to reach 5.7 million by 2018. The Denver-Boulder-Greeley CPI grew 2.7 percent in 2016 reflecting the increase in housing costs and is expected to remain at 2.7 percent in 2017 compared to 2.2 percent nationwide.

The 2015 drop in spending and income in Colorado from the downturn in the oil and gas industry has stabilized and is no longer weighing on growth. While certain areas were particularly impacted by the oil and gas sector, in general, Colorado's mix of diverse industries has helped the state rebound much better than other leading oil and gas producing states.

Water Assessments

Northern Water District (District) Enterprise annually updates its Cost of Service Rate model, the purpose of which is to determine rate adjustments that may be needed to meet current and projected operating and capital cost requirements as well as to maintain adequate reserves. Based on the model's recommendations, Northern Water has increased its open-rate assessments for 2016 and 2017. In addition, the Board has passed a forward guidance resolution to implement increases in rates for fiscal years 2018 and 2019.

Open-rate water assessments per acre-foot unit:

Year	Irrigation	Municipal/ Industrial
Water assessment rates		
2016	\$17.60	\$35.90
2017	\$24.90	\$42.20
Forward guidance		
2018	\$25.70 - \$26.60	\$43.50 - \$45.10
2019	\$26.40 - \$28.30	\$44.80 - \$48.00

Water Year

The 2016 water year began with C-BT Project reservoir storage at capacity, average snow pack accumulations and spring moisture consistent with monthly averages. However, in June much drier and warmer weather conditions ensued, which continued for the rest of the year. While Lake Granby spilled for the third consecutive year, the total C-BT Project water forgone was only 18,600 acre-feet, approximately 10 percent of the prior year's spill. The Board's 2016 quota allocation was 70 percent, reflecting the adequate East Slope basin water supplies. Northern Water was able to offer 15,000 acre-feet of water through its Regional Pool program, a seasonal lease program to make allocated but not delivered C-BT Project water available to water users in Northern Water boundaries. C-BT Project water deliveries were approximately 210,000 acre-feet in 2016, slightly below the long-term average. Municipal/Industrial deliveries were approximately equal to deliveries to agricultural water users.

Water Quality

Water quality has become increasingly important to Northern Water as the use and ownership of C-BT Project water shifts from agricultural irrigation to municipal needs. Northern Water provides water quality monitoring and studies through its water quality staff supplemented by a team of field service personnel. The Water Quality Department has been instrumental in providing support for NISP and the Subdistrict's Windy Gap Firming Project.

C-BT Headwaters Partnership

C-BT Project water supplies are dependent upon snowmelt from Northern Colorado high elevation watersheds. Forest health and wildfires within these watersheds can have dramatic effects on the quality of watershed runoff and the ability of C-BT Project water supplies to meet municipal, industrial and agricultural water uses. To address these issues, Northern Water has partnered with federal and state organizations to create the C-BT Headwaters Partnership to work towards proactively restoring forest and watershed health and to preplan post-wildfire response to protect C-BT Project infrastructure and water supplies.

Water Management System

Phase I of Northern Water's Water Management System went "live" in 2016. This comprehensive system monitors and reports water storage and deliveries across all existing Northern Water and Subdistrict enterprises and anticipates the needs of future projects. The Water Management System provides integration between water allotment contract administration and the water allocation and delivery that is authorized by those contracts. It is anticipated further enhancements will be implemented over the next two years.

Financial Policies

In 2016 Northern Water implemented Government Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, which enhances disclosures of cash and investments reported at fair value. Other 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 and the GASB statement implementation are further detailed in Notes 1 and 3 to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Northern Water for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2015. 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 comprehensive annual financial 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, 2016, continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis would not have been possible without the efficient and dedicated services of Northern Water staff. In particular we would like to recognize the efforts of the following individuals:

Zach Allen	Mary Krakow
Scott Bartling	Katie Melander
Jerry Gibbens	Bernice Rupp
Veronica Gomez	Greg Silkensen
Colleen Krabbenhoft	

In closing, we would like to recognize the leadership of the Board of Directors of Northern Water for its unflinching support for maintaining the highest standards of professionalism in the management of Northern Water finances.

Sincerely,

/s/ Judy L. Skram

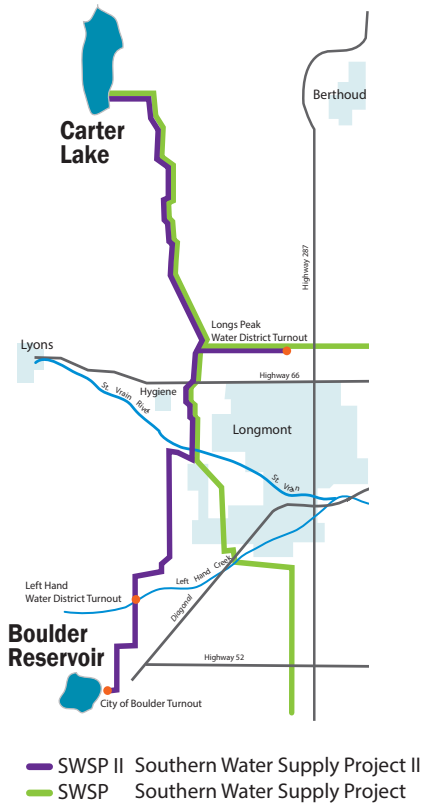
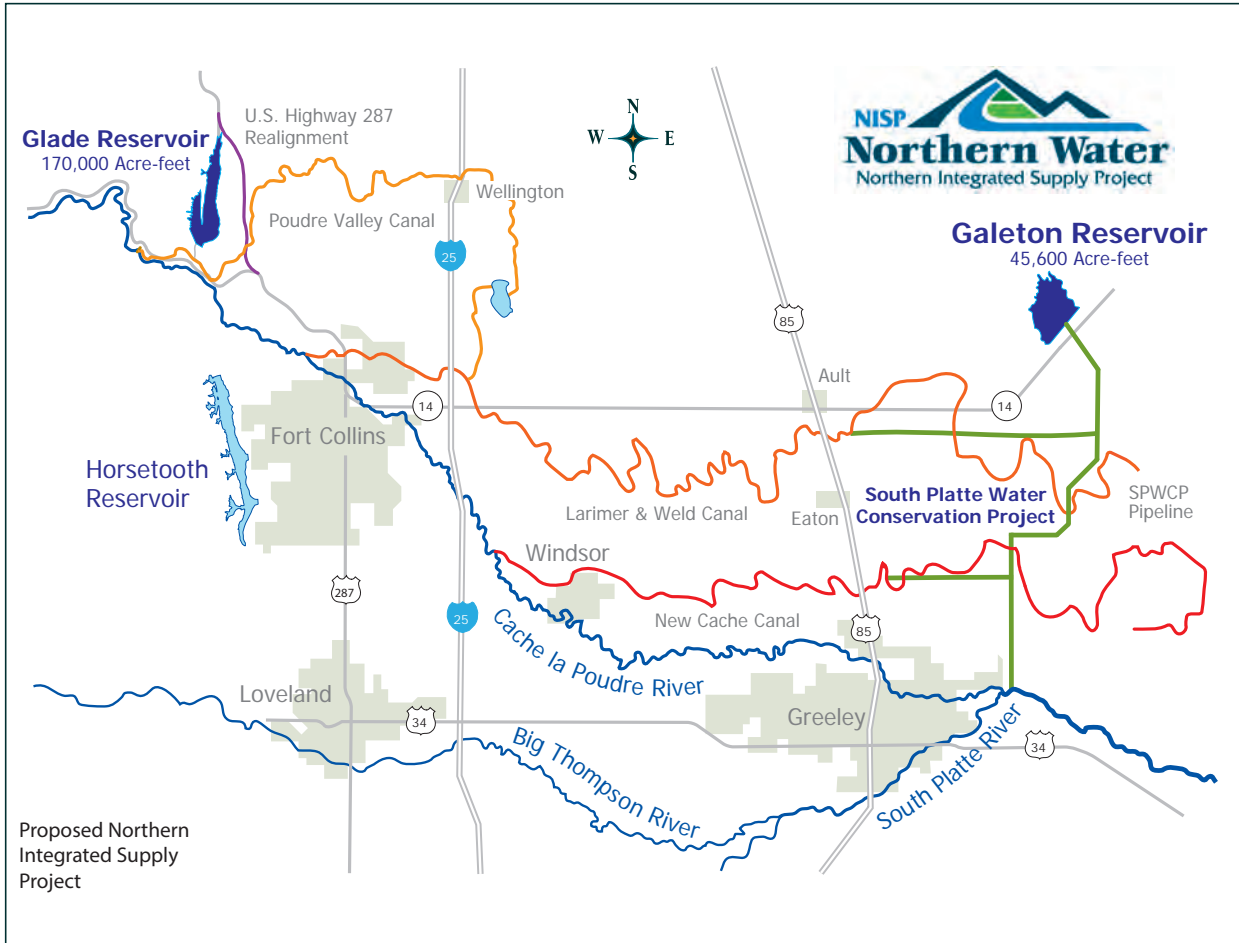
Judy L. Skram, CPA
Senior Accountant
Financial Services Department

/s/ John B. Budde

John B. Budde, CPA
Manager
Financial Services Department

/s/ Donald C. Carlson

Donald C. Carlson, P.E.
Treasurer,
Northern Colorado Water Conservancy District



Southern Water Supply Project construction in the 1990's

Board of Directors⁽¹⁾

Mike Applegate, President and Board Chairman

Engineer

Director since September 28, 1991

Term expires September 28, 2019

Larimer County

Committees: 1,2,3,4,5,6

Kenton Brunner, Vice President and Board Vice-Chairman

Retired Farmer/Cattle Feeder

Director since March 14, 1994

Term expires September 28, 2018

Weld County

Committees: 2,5,6

Sue Ellen Harrison

Attorney

Director since September 28, 2009

Term expires September 28, 2018

Boulder County

Committees: 3,4,6

Les Williams

Retired Businessman

Director since September 28, 1989

Term expires September 28, 2017

Boulder County

Committees: 1,5,6

Dennis Yanchunas

Retired Securities Broker

Director since August 20, 2010

Term expires September 28, 2020

Boulder County

Committees: 1,2,5,6

Bill Emslie

Retired Electrical Engineer and Farmer

Director since September 28, 2005

Term expires September 28, 2017

Larimer County

Committees: 2,3,5,6

Bill Fischer

Attorney

Director since September 28, 2016

Term expires September 28, 2020

Larimer County

Committees: 3,4,6

Don Magnuson

*Retired Ditch Company General Manager and
Agricultural Enterprises*

Director since September 28, 2004

Term expires September 28, 2020

Weld County

Committees: 1,3,4,6

Dale Trowbridge

Ditch Company General Manager

Director since August 15, 2014

Term expires September 28, 2019

Weld County

Committees: 1,2,3,4,5,6

John Rusch

Water Resource Consultant

Director since May 20, 2002

Term expires September 28, 2017

Morgan/Washington Counties

Committees: 4,6

Brad Stromberger

Farmer

Director since September 28, 2010

Term expires September 28, 2018

Logan County

Committees: 3,4,6

Rob McClary

Farmer

Director since September 28, 2011

Term expires September 28, 2019

Sedgwick County

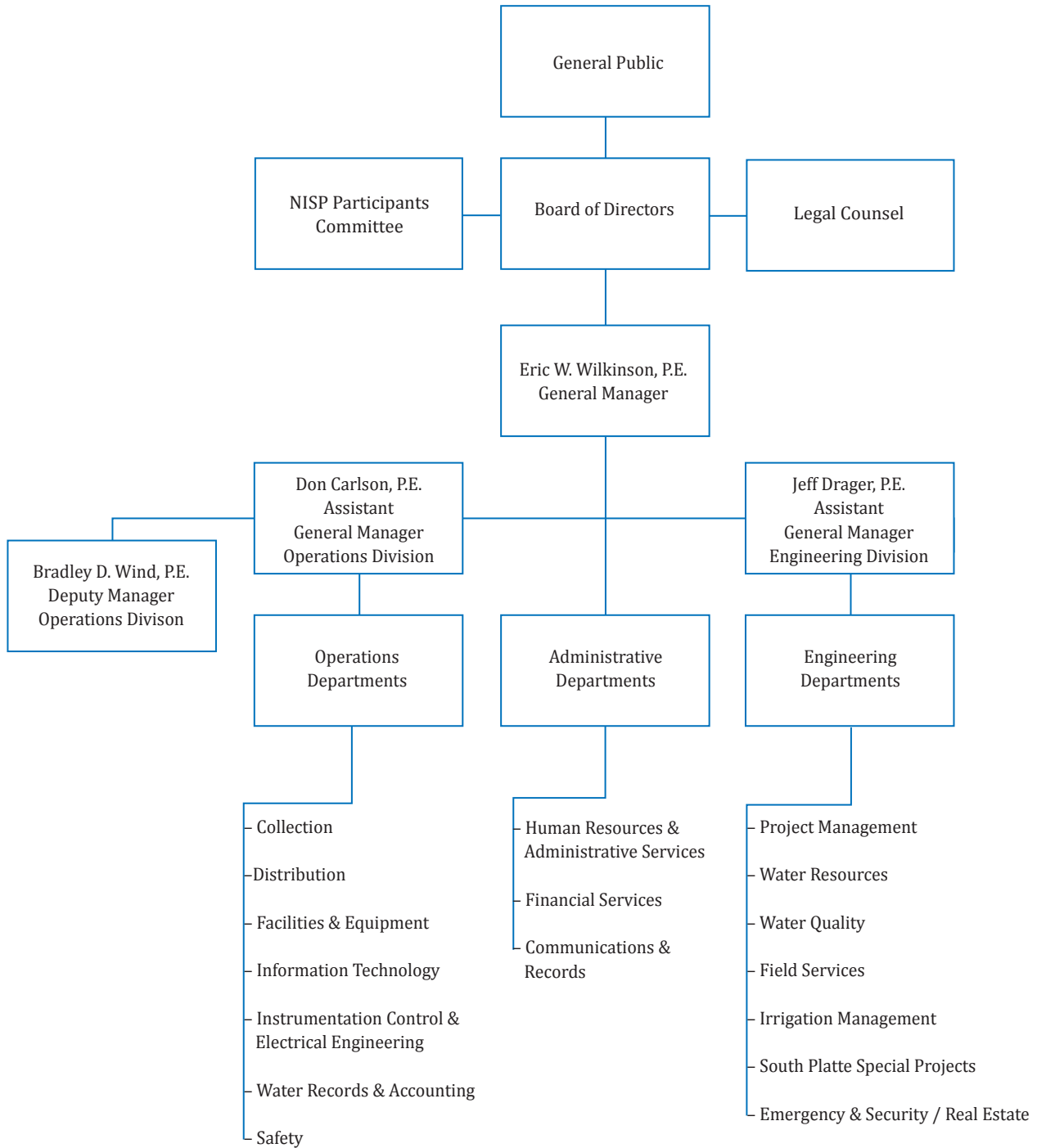
Committees: 2,6

Committees

1 Audit, 2 Finance, 3 Legislative, 4 Legal, 5 Employee Benefits & Retirement, 6 Planning

⁽¹⁾ Effective October 1, 2016.

Organizational Chart and Management





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, 2015

Executive Director/CEO





CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Northern Colorado Water Conservancy District
Berthoud, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the Northern Colorado Water Conservancy District, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' 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 auditors' 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 the business-type activities, each major fund and the aggregate remaining fund information of the Northern Colorado Water Conservancy District as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, and schedule of employer contributions on pages 4-9, 34 and 35 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit for the year ended September 30, 2016 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Colorado Water Conservancy District's basic financial statements. The budgetary schedules listed in the table of contents for the year ended September 30, 2016, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements for the year ended September 30, 2016. 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 budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended September 30, 2016.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Northern Colorado Water Conservancy District as of and for the year ended September 30, 2015, and have issued our report thereon dated February 23, 2016, which contained unmodified opinions on the respective financial statements of the business-type activities, each major fund and the aggregate remaining fund information.

Board of Directors
Northern Colorado Water Conservancy District

The budgetary schedules for the year ended September 30, 2015, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounts and other records used to prepare the 2015 financial statements. The budgetary schedules have been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounts and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2015.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
February 22, 2017

Management's Discussion and Analysis

This Management's Discussion and Analysis presents a narrative overview of the financial activities of the Northern Colorado Water Conservancy District (Northern Water) for the fiscal year ended September 30, 2016. It should be considered in conjunction with the additional information furnished in the Transmittal Letter (page i.)

OVERVIEW OF THE FINANCIAL STATEMENTS

The Northern Water basic 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. This report also contains required supplementary information, supplementary information and statistical information in addition to the basic financial statements. The Management's Discussion and Analysis includes prior year data to enable the reader to make comparisons.

The enterprise fund financial statements include the following:

Statement of Net Position - reports Northern Water's current and noncurrent financial resources, capital 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 (pages 10 - 11.)

Statement of Revenues, Expenses and Changes in Net Position - reports Northern Water's operating and nonoperating revenues by major sources, operating and nonoperating expenses and capital contributions. The statement presents how Northern Water's net position has changed during the fiscal year (page 13.)

Statement of Cash Flows - reports Northern Water's cash flows from operating, noncapital financing, capital and capital-related financing, and investing activities (pages 14 - 15.)

Statements of Fiduciary Net Position and Changes in Fiduciary Net Position - report the net position held in trust for the benefit of participants in the Pension Plan and the increase in its net position for the year (pages 16 - 17). 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 (pages 34 - 35.)

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 (pages 18 - 32.)

HIGHLIGHTS

- The Granby Hydropower facility became operational in 2016, contributing to Hydropower's energy revenue for the current year of just under \$1 million for both Trout Hydropower and Granby Hydropower combined. The Granby Hydropower plant was funded by a \$5.1 million loan from the Colorado Water Conservation Board.
- Water assessments rates increased for 2016 and 2017 and a forward guidance resolution was approved for future rate increases in fiscal years 2018 and 2019.
- Property and specific ownership tax revenues increased \$3 million in 2016, reflecting the regular reappraisal of property taxes and increases in real estate prices. The District has maintained the same 1.00 millage rate since 1957.
- Phase I of Northern Water's internally developed Water Management System came online. The System enhances the ability of Northern Water to comprehensively monitor and report on all water storage and deliveries across Northern Water related enterprises.
- NISP continues its permitting and environmental compliance efforts, responding to public comment from the 2015 Supplemental Draft Environmental Impact Statement. A final Environmental Impact Statement is expected in late 2017 followed by a Record of Decision in 2018. Preliminary design of Glade Reservoir is underway. The project is expected to cost approximately \$850 million.
- SWSP II continues with design and right-of-way acquisition activities. Construction is expected to begin in 2018 with the pipeline operational in 2019.
- Northern Water implemented GASB Statement No. 72 Fair Value Measurement and Application in 2016. The new standard provided guidance on fair market valuation and expanded disclosures for cash and investment holdings.

FINANCIAL ANALYSIS

STATEMENT OF NET POSITION⁽¹⁾

(condensed)

September 30,

	<i>\$000's</i>		Increase (Decrease) in Net Position	Percentage Change
	2016	2015		
Assets				
Current assets				
Cash, cash equivalents and investments	\$ 57,404	\$ 47,186	\$ 10,218	21.6%
Other current assets	6,296	10,169	(3,873)	(38.1)
Noncurrent restricted cash equivalents	2,523	2,517	6	0.2
Interfund loan receivable	3,903	4,108	(205)	(5.0)
Capital assets, net of accumulated depreciation	194,806	190,200	4,606	2.4
Assets	<u>264,932</u>	<u>254,180</u>	<u>10,752</u>	4.2
Deferred Outflows of Resources Related to Pension Plan	<u>5,713</u>	<u>2,922</u>	<u>2,791</u>	95.5
Liabilities				
Current liabilities	4,979	8,556	3,577	41.8
Long-term debt, net of current maturities	15,568	13,918	(1,650)	(11.9)
Interfund loan payable, net of current maturity	3,903	4,108	205	5.0
Net pension liability	8,155	4,811	(3,344)	(69.5)
Liabilities	<u>32,605</u>	<u>31,393</u>	<u>(1,212)</u>	(3.9)
Deferred Inflows of Resources	<u>53</u>	<u>68</u>	<u>15</u>	22.0
Net Position	<u>\$ 237,987</u>	<u>\$ 225,641</u>	<u>\$ 12,346</u>	5.5

Northern Water assets consist primarily of its net investment in capital assets and cash and investment funds for the various enterprise funds. Assets increased \$10.7 million in 2016 primarily due to higher District water assessments and property taxes. Capital assets increased due to current year additions. See further discussion under Capital Assets. These higher balances were offset by a decrease in other current assets, primarily receivables and balances due from other funds. District receivables at year end were lower, affected by less carriage charges due from the Subdistrict. The decrease in balances due from other funds was affected by balances due from Hydropower relating to construction payables.

Liability balances are substantially represented by District and Hydropower debt obligations and District net pension liability. Liabilities increased \$1.2 million in 2016 reflecting increased Hydropower debt for the completion of the Granby Hydropower facility, and an increase in net pension liability offset by decreased trade payables due to the timing of capital expenditures. Net pension liability, as well as deferred outflows of resources, increased reflecting the difference between actual and actuarially-expected assumptions.

REVENUES

Assessments for Northern Water are from District water allotment contract holders of the 310,000 acre-foot units of C-BT Project water and from operating project participants (SWSP and PVP.) District water assessments are based on units held and are independent of actual water deliveries. The 2016 municipal and industrial water assessment open rates increased 17 percent from \$30.50 per acre-foot unit in 2015 to \$35.90 in 2016. Irrigation water assessment open rates increased 61 percent from \$10.90 per acre-foot unit in 2015 to \$17.60 in 2016. The rate structure increases were the result of the updated Cost of Service Rate Model.

The decrease in other operating revenues primarily reflected decreased carriage charges to the Subdistrict for use of the C-BT Project conveyance and storage system. Carriage charges are calculated, in part, on total water flows through the Adams Tunnel. In 2016, Adams Tunnel volume increased over 100 percent from its volume in 2015 which, due to plentiful water conditions, was the lowest in C-BT Project history.

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

Management's Discussion and Analysis

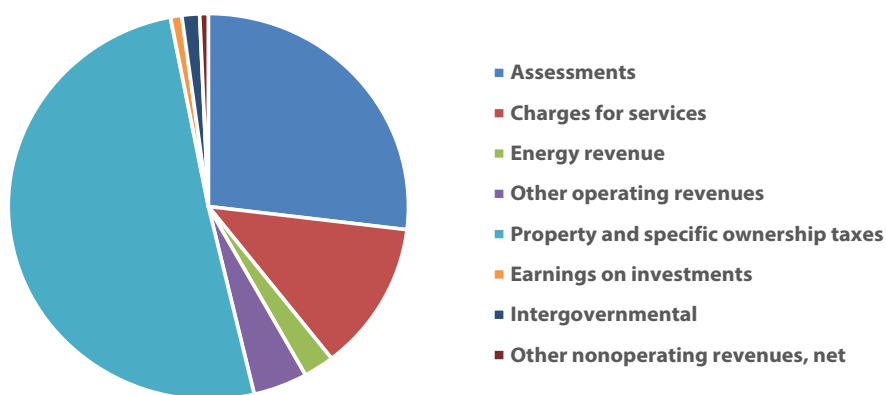
The District's nonoperating property and specific ownership taxes consist primarily of the 1.00 mill levy voter-approved property tax. The District has maintained the same millage rate since 1957. Property taxes increased primarily from Boulder, Larimer and Weld Counties reflecting economic conditions in those locations. Intergovernmental revenues decreased in 2016. In prior years, Northern Water acted as a fiscal administrator of the Colorado Water Conservation Board Flood Recovery Grant whereby financial assistance was made available to qualified water providers and users impacted by the 2013 flood in the South Platte River Basin. Intergovernmental revenue from the grant program amounted to almost \$1 million in 2015. The program was completed in 2016.

REVENUES⁽¹⁾

Years ended September 30,

	<i>\$000's</i>		Increase (Decrease)	Percentage Change
	2016	2015		
Operating revenues				
Assessments	\$ 10,114	\$ 8,111	\$ 2,003	24.7%
Charges for services	4,702	4,541	161	3.5
Energy revenue	937	607	330	54.4
Other operating revenues	1,644	2,592	(948)	(36.6)
Operating revenues	<u>17,397</u>	<u>15,851</u>	<u>1,546</u>	9.7
Nonoperating revenues				
Property and specific ownership taxes	19,027	15,997	3,030	18.9
Interest income and earnings on investments	344	313	31	9.9
Intergovernmental	537	1,398	(861)	(61.6)
Other nonoperating revenues, net	262	488	(226)	(46.3)
Nonoperating revenues	<u>20,170</u>	<u>18,196</u>	<u>1,974</u>	10.8
Revenues	<u>\$ 37,567</u>	<u>\$ 34,047</u>	<u>\$ 3,520</u>	10.3

2016 Revenues

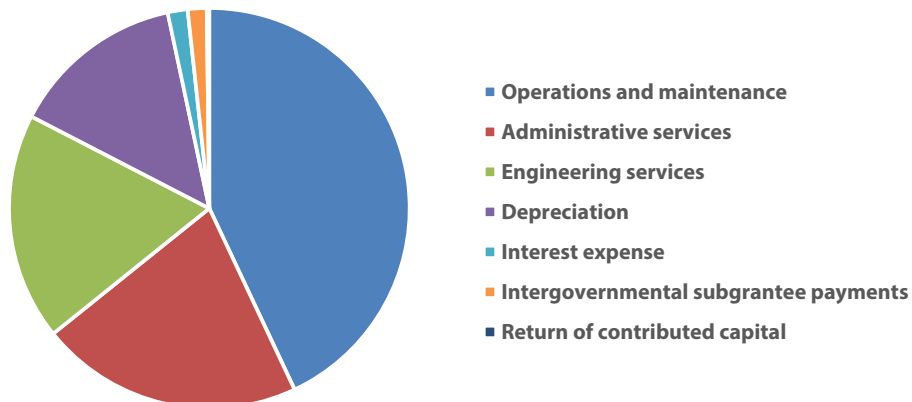


⁽¹⁾ Balances reflect all Northern Water enterprise funds combined.

EXPENSES⁽¹⁾

Years ended September 30,

	<i>\$000's</i>		Increase (Decrease)	Percentage Change
	2016	2015		
Operating expenses				
Operations and maintenance	\$ 12,737	\$ 12,787	(\$ 50)	(0.4%)
Administrative services	6,289	4,934	1,355	27.5
Engineering services	5,436	5,498	(62)	(1.1)
Depreciation	4,169	4,102	67	1.6
Operating expenses	<u>28,631</u>	<u>27,321</u>	<u>1,310</u>	4.8
Nonoperating expenses				
Interest expense	476	522	(46)	(8.8)
Intergovernmental subgrantee payments	454	1,191	(737)	(61.9)
Return of contributed capital	60	-	60	-
Nonoperating expenses	<u>990</u>	<u>1,713</u>	<u>(723)</u>	(42.2)
Expenses	<u>\$ 29,621</u>	<u>\$ 29,034</u>	<u>\$ 587</u>	2.0

2016 Operating and Nonoperating Expenses

Management's Discussion and Analysis

NET POSITION⁽¹⁾

Years ended September 30,

	<i>\$000's</i>			Percentage Change
	2016	2015	Increase	
Changes in net position				
Income before contributions	\$ 7,946	\$ 5,013	\$ 2,933	58.5%
Capital contributions	4,400	3,542	858	24.2
Increases in net position	12,346	8,555	3,791	44.3
Net position, beginning of year	225,641	217,086	8,555	3.9
Net position, end of year	\$ 237,987	\$ 225,641	\$ 12,346	5.5
Net position				
Net investment in capital assets	\$ 177,863	\$ 174,959		
Restricted net position	4,079	3,498		
Unrestricted net position	56,045	47,184		
Net position	\$ 237,987	\$ 225,641	\$ 12,346	5.5%

Net position increased for the District, NISP and Hydropower, while decreasing for SWSP and PVP.

CAPITAL ASSETS, NET⁽¹⁾

September 30,

	<i>\$000's</i>			Percentage Change
	2016	2015	Increase	
Land, easements and water rights	\$ 88,163	\$ 88,165		
Construction in progress	24,997	23,322		
Water pipelines and equipment	56,334	58,736		
Hydropower plants	10,811	5,758		
Operations equipment	337	372		
Buildings and improvements	9,475	9,531		
Computer and office equipment	4,689	4,316		
Capital assets, net of depreciation	\$ 194,806	\$ 190,200	\$ 4,606	2.4%

The 2016 increase in capital assets included numerous projects across the enterprise funds. The more significant of those were the completion of the Granby Hydropower facility, continued investment in the SWSP II and NISP projects, the District's participation in the rebuilding of a power transmission line and switchyard and the internal development of the Water Management System, software to monitor and report on water storage and deliveries across Northern Water and Subdistrict enterprises.

See additional information relating to capital assets at Note 9 to the financial statements.

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

DEBT ADMINISTRATION⁽¹⁾

September 30,

	<u>\$000's</u>		<u>Increase</u>	<u>Percentage</u>
	<u>2016</u>	<u>2015</u>	<u>(Decrease)</u>	<u>Change</u>
Certificates of Participation, Series 2012	\$ 6,206	\$ 7,334	\$	
Horsetooth Safety of Dams	3,568	3,680		
Pole Hill Canal	361	444		
Colorado Water Resources and Power Development Authority	1,661	1,748		
Colorado Water Conservation Board	5,135	2,034		
	<u>16,931</u>	<u>15,240</u>		
Long-term debt outstanding	16,931	15,240		
Less current maturities of long-term debt	(1,363)	(1,322)		
	<u>\$ 15,568</u>	<u>\$ 13,918</u>	<u>\$ 1,650</u>	11.8%
Long-term debt, net of current maturities				
Interfund loan receivable/payable	\$ 4,108	\$ 4,309		
Less current maturities of interfund loan receivable/payable	(205)	(201)		
	<u>\$ 3,903</u>	<u>\$ 4,108</u>	<u>(\$ 205)</u>	(5.0)
Interfund loan receivable/payable, net of current maturities				

The increase in long-term debt reflects new debt from the Colorado Water Conservation Board to finance the new Granby Hydropower facility offset by regularly scheduled principal payments on the other debt outstanding.

See additional information relating to long-term debt and the interfund loan receivable/payable at Note 12.

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.

Statement of Net Position
Proprietary Funds

September 30, 2016

Business-type Activity Enterprise Funds

	District	Southern Water Supply Project	Pleasant Valley Pipeline	Northern Integrated Supply Project	Northern Water Hydropower	Total
ASSETS						
Current assets						
Cash and cash equivalents						
Unrestricted	\$ 36,573,654	\$ 2,060,749	\$ 99,218	\$ 1,018,766	\$ 630,405	\$ 40,382,792
Restricted	2,230,890	-	-	-	-	2,230,890
Investments, unrestricted	14,790,332	-	-	-	-	14,790,332
Receivables	4,541,693	-	-	100,000	198,077	4,839,770
Due from other funds	478,169	-	-	-	-	478,169
Advances	398,052	-	-	-	9,835	407,887
Other current assets	365,362	-	-	-	-	365,362
Current maturity of interfund loan receivable	205,276	-	-	-	-	205,276
Current assets	59,583,428	2,060,749	99,218	1,118,766	838,317	63,700,478
Noncurrent assets						
Cash equivalents, restricted	2,094,154	-	-	-	428,436	2,522,590
Interfund loan receivable	3,902,730	-	-	-	-	3,902,730
Capital assets	118,758,429	77,405,714	30,666,535	20,139,477	11,489,074	258,459,229
Less accumulated depreciation	(19,593,527)	(34,461,533)	(8,919,661)	-	(678,352)	(63,653,073)
Capital assets, net of accumulated depreciation	99,164,902	42,944,181	21,746,874	20,139,477	10,810,722	194,806,156
Noncurrent assets	105,161,786	42,944,181	21,746,874	20,139,477	11,239,158	201,231,476
Assets	\$ 164,745,214	\$ 45,004,930	\$ 21,846,092	\$ 21,258,243	\$ 12,077,475	\$ 264,931,954
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources related to Pension Plan	\$ 5,713,219	\$ -	\$ -	\$ -	\$ -	\$ 5,713,219

See accompanying Notes to Financial Statements.

Business-type Activity Enterprise Funds

	District	Southern Water Supply Project	Pleasant Valley Pipeline	Northern Integrated Supply Project	Northern Water Hydropower	Total
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	\$ 1,761,368	\$ -	\$ -	\$ 41,639	\$ -	\$ 1,803,007
Due to other funds	-	120,921	621	256,926	99,701	478,169
Interest payable	214,775	-	-	-	54,118	268,893
Compensated absences	860,109	-	-	-	-	860,109
Current maturities of long-term debt	1,273,987	-	-	-	89,099	1,363,086
Current maturity of interfund loan payable	-	-	-	-	205,276	205,276
Current liabilities	4,110,239	120,921	621	298,565	448,194	4,978,540
Noncurrent liabilities						
Long-term debt, net of current maturities	8,861,450	-	-	-	6,706,820	15,568,270
Interfund loan payable, net of current maturity	-	-	-	-	3,902,730	3,902,730
Net pension liability	8,155,477	-	-	-	-	8,155,477
Noncurrent liabilities	17,016,927	-	-	-	10,609,550	27,626,477
Liabilities	\$ 21,127,166	\$ 120,921	\$ 621	\$ 298,565	\$ 11,057,744	\$ 32,605,017
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources	\$ 52,833	\$ -	\$ -	\$ -	\$ -	\$ 52,833
NET POSITION						
Net investment in capital assets	\$ 89,017,757	\$ 42,944,181	\$ 21,746,874	\$ 20,139,477	\$ 4,014,803	\$ 177,863,092
Restricted net position						
Major repairs	1,993,343	-	-	-	-	1,993,343
Capital projects	-	1,139,496	-	820,201	-	1,959,697
Debt service	-	-	-	-	126,010	126,010
Unrestricted net position (deficit)	58,267,334	800,332	98,597	-	(3,121,082)	56,045,181
Net position	\$ 149,278,434	\$ 44,884,009	\$ 21,845,471	\$ 20,959,678	\$ 1,019,731	\$ 237,987,323



Granby Pump Canal

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

Year ended September 30, 2016

Business-type Activity Enterprise Funds

	District	Southern Water Supply Project	Pleasant Valley Pipeline	Northern Integrated Supply Project	Northern Water Hydropower	Total
Operating revenues						
Assessments	\$ 9,020,452	\$ 1,065,001	\$ 28,271	\$ -	\$ -	\$ 10,113,724
Charges for services	4,701,786	-	-	-	-	4,701,786
Energy revenue	-	-	-	-	936,746	936,746
Other operating revenues	1,644,774	-	-	-	-	1,644,774
Operating revenues	15,367,012	1,065,001	28,271	-	936,746	17,397,030
Operating expenses						
Operations and maintenance	11,491,527	897,627	35,371	-	311,675	12,736,200
Administrative services	6,255,575	22,553	2,868	-	8,014	6,289,010
Engineering services	5,407,009	22,134	191	-	6,657	5,435,991
Depreciation	1,611,487	1,657,307	743,305	-	156,974	4,169,073
Operating expenses	24,765,598	2,599,621	781,735	-	483,320	28,630,274
Operating income (loss)	(9,398,586)	(1,534,620)	(753,464)	-	453,426	(11,233,244)
Nonoperating revenues (expenses)						
Property and specific ownership taxes	19,027,007	-	-	-	-	19,027,007
Interest income and earnings on investments	338,057	3,081	196	-	2,762	344,096
Interest expense	(357,234)	-	-	-	(118,486)	(475,720)
Intergovernmental grants	427,555	33,516	-	-	75,706	536,777
Intergovernmental subgrantee payments	(454,589)	-	-	-	-	(454,589)
Return of contributed capital	-	(59,672)	-	-	-	(59,672)
Other nonoperating revenues	262,128	-	-	-	-	262,128
Nonoperating revenues (expenses), net	19,242,924	(23,075)	196	-	(40,018)	19,180,027
Income (loss) before contributions	9,844,338	(1,557,695)	(753,268)	-	413,408	7,946,783
Capital contributions	-	800,000	-	3,600,000	-	4,400,000
Changes in net position	9,844,338	(757,695)	(753,268)	3,600,000	413,408	12,346,783
Net position, beginning of year	139,434,096	45,641,704	22,598,739	17,359,678	606,323	225,640,540
Net position, end of year	\$ 149,278,434	\$ 44,884,009	\$ 21,845,471	\$ 20,959,678	\$ 1,019,731	\$ 237,987,323

See accompanying Notes to Financial Statements.

Statement of Cash Flows
Proprietary Funds

Year ended September 30, 2016

Business-type Activity Enterprise Funds

	District	Southern Water Supply Project	Pleasant Valley Pipeline	Northern Integrated Supply Project	Northern Water Hydropower	Total
Cash flows from operating activities						
Receipts from customers	\$ 17,477,414	\$ 1,065,001	\$ 28,271	\$ -	\$ 897,434	\$ 19,468,120
Payments to suppliers	(9,642,813)	(385,976)	(19,898)	-	(158,960)	(10,207,647)
Payments to employees	(14,265,426)	(487,244)	(20,839)	-	(110,225)	(14,883,734)
Other receipts	178,722	53,346	-	-	75,706	307,774
Net cash provided by (used in) operating activities	(6,252,103)	245,127	(12,466)	-	703,955	(5,315,487)
Cash flows from noncapital financing activities						
Property and specific ownership tax receipts	18,925,256	-	-	-	-	18,925,256
Intergovernmental grants	1,054,799	-	-	-	-	1,054,799
Intergovernmental subgrantee payments	(454,589)	-	-	-	-	(454,589)
Net cash provided by noncapital financing activities	19,525,466	-	-	-	-	19,525,466
Cash flows from capital and related financing activities						
Capital contributions	-	800,000	-	3,500,000	-	4,300,000
Return of capital	-	(59,672)	-	-	-	(59,672)
Acquisition and construction of capital assets	(2,556,069)	(439,350)	-	(3,659,880)	(3,085,059)	(9,740,358)
Proceeds from capital debt	-	-	-	-	3,047,509	3,047,509
Principal paid on capital debt	(1,234,758)	-	-	-	(288,603)	(1,523,361)
Interest paid on capital debt	(464,795)	-	-	-	(208,946)	(673,741)
Principal receipts from interfund loan	201,252	-	-	-	-	201,252
Interest receipts from interfund loan	86,185	-	-	-	-	86,185
Proceeds from sale of capital assets	118,207	-	-	-	-	118,207
Net cash provided by (used) in capital and related financing activities	(3,849,978)	300,978	-	(159,880)	(535,099)	(4,243,979)
Cash flows from investing activities						
Investment purchases	(17,849,077)	-	-	-	-	(17,849,077)
Investment sales	17,631,301	-	-	-	-	17,631,301
Proceeds from earnings on investments	293,921	3,081	196	-	2,762	299,960
Net cash provided by investing activities	76,145	3,081	196	-	2,762	82,184
Net increase (decrease) in cash and cash equivalents	9,499,530	549,186	(12,270)	(159,880)	171,618	10,048,184
Cash and cash equivalents, beginning of year	31,399,168	1,511,563	111,488	1,178,646	887,223	35,088,088
Cash and cash equivalents, end of year	\$ 40,898,698	\$ 2,060,749	\$ 99,218	\$ 1,018,766	\$ 1,058,841	\$ 45,136,272

See accompanying Notes to Financial Statements.

	Business-type Activity Enterprise Funds					Total
	District	Southern Water Supply Project	Pleasant Valley Pipeline	Northern Integrated Supply Project	Northern Water Hydropower	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	(\$ 9,398,586)	(\$ 1,534,620)	(\$ 753,464)	\$ -	\$ 453,426	(\$ 11,233,244)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	1,611,487	1,657,307	743,305	-	156,974	4,169,073
Nonoperating revenues	178,722	53,346	-	-	75,706	307,774
(Increase) decrease in current assets						
Receivables	1,636,791	-	-	-	(39,310)	1,597,481
Due from other funds	1,025,011	-	-	-	-	1,025,011
Advances	663,413	-	-	-	12,353	675,766
Other current assets	100,537	-	-	-	-	100,537
Increase (decrease) in current liabilities						
Accounts payable and accrued liabilities	(2,613,681)	-	-	-	-	(2,613,681)
Due to other funds	-	69,094	(2,307)	-	44,806	111,593
Compensated absences	1,718	-	-	-	-	1,718
Increase in Pension Plan-related items						
Net pension liability	3,344,139	-	-	-	-	3,344,139
Deferred outflows of resources	(2,790,539)	-	-	-	-	(2,790,539)
Deferred inflows of resources	(11,115)	-	-	-	-	(11,115)
Adjustments	3,146,483	1,779,747	740,998	-	250,529	5,917,757
Net cash provided by (used in) operating activities	(\$ 6,252,103)	\$ 245,127	(\$ 12,466)	\$ -	\$ 703,955	(\$ 5,315,487)
Non-cash activities						
Change in value of investments	(\$ 42,463)	\$ -	\$ -	\$ -	\$ -	(\$ 42,463)

Statement of Fiduciary Net Position Fiduciary Fund Pension Trust Fund

September 30, 2016

	Northern Water Group Pension Plan
Assets	
Cash and cash equivalents	\$ 1,404,066
Investments	
Domestic equities	9,547,125
Mutual funds	
Fixed income	12,482,323
International equities	3,693,318
Liquid low correlated hedge	3,395,109
Commodities	1,709,408
Emerging markets equities	1,701,772
	<u>32,529,055</u>
Due from Northern Water	<u>679</u>
Assets	33,933,800
Liabilities	<u>-</u>
Net position held in trust for participants	<u>\$ 33,933,800</u>

See accompanying Notes to Financial Statements.

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

Year ended September 30, 2016

	Northern Water Group Pension Plan
Additions	
Employer contributions	<u>\$ 1,721,211</u>
Investment earnings	
Net appreciation in fair value of investments	1,319,311
Interest and dividends	<u>932,541</u>
Investment earnings	2,251,852
Investment expenses	<u>(88,264)</u>
Investment earnings, net of expenses	<u>2,163,588</u>
Additions to Plan assets	3,884,799
Deductions	
Benefits	<u>(1,926,337)</u>
Increase in net position	1,958,462
Net position, beginning of year	<u>31,975,338</u>
Net position, end of year	<u>\$ 33,933,800</u>

See accompanying Notes to Financial Statements.

Notes to Financial Statements

September 30, 2016

1 Summary of Significant Accounting Policies

Financial Reporting Entity

Northern Water is a quasi-municipal entity and political subdivision of the State of Colorado organized September 20, 1937. Northern Water is governed by a 12-member Board of Directors (Board), 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 that 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. The Certificates of Participation are payable solely from Northern Water's facilities lease payments. The Building Corporation has a September 30 year end.

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 Fund. The Building Corporation is a legally separate entity but is, in substance, part of the District's operations. Separate financial statements for the Building Corporation are not issued.

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 (Pension Plan), a defined benefit retirement plan, is presented as a fiduciary fund pension trust fund.

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 with the exception of NISP met this criteria at September 30, 2016. Northern Water management has elected to report the financial statements of NISP as a major fund due to its potential significance in future years.

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 enterprises and fiduciary fund of Northern Water:

- The Northern Water District (District) Enterprise Fund accounts for the activities of the District including maintenance and operations of the C-BT Project, engineering programs and administrative support services.
- Southern Water Supply Project (SWSP) Water Activity Enterprise Fund accounts for the activities of the Southern Water Supply Project pipeline system and the Southern Water Supply Project II pipeline, which is in the design and right-of-way acquisition stages.
- The Pleasant Valley Pipeline (PVP) Water Activity Enterprise Fund accounts for the activities of the Pleasant Valley Pipeline.
- The Northern Integrated Supply Project (NISP) Water Activity Enterprise Fund accounts for the activities of the Northern Integrated Supply Project. The project is in the permitting and initial design stages.
- The Northern Water Hydropower (Hydropower) Water Activity Enterprise Fund accounts for the activities of the Trout Hydropower and the Granby Hydropower facilities, which became operational in 2012 and 2016, respectively.
- The Pension Plan Trust Fund accounts for the activities of the Pension Plan. As a fiduciary fund pension trust fund, the Pension Plan Fund reports net position held in trust for Pension Plan participants and, therefore, is not available to support Northern Water operations. The reporting focus of the Pension Plan Fund 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 15, the financial statements of the Pension Plan Fund 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, administration and engineering costs associated with providing untreated water, services and energy, and depreciation on capital assets. All revenues and expenses not meeting this definition, 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, Cash Equivalents and Investments, Unrestricted and Restricted**

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Certain of these balances are classified as restricted on the Statement of Net Position because their use is limited by either Board direction, contractual obligations or debt covenants. Balances restricted by contract or debt covenants are held in separate bank accounts by a bank trust department acting as trustee for Northern Water (Note 8.)

All 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 hierarchy established by generally accepted accounting principles. 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; investment 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 a policy for its proprietary funds that establishes the investment scope and incorporates the investment objectives of Northern Water. The investment policy allows for the following investments:

- U.S. Treasury Obligations guaranteed by the U.S. Government.
- Federal Agency 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.
- Corporate Bonds issued by a corporation or bank organized and operated 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 authorized under Colorado state statute.

- Money Market Funds registered under the Investment Company Act of 1940 and authorized under Colorado state statute.

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.

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 Fund provides certain administrative, operations and maintenance 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 Fund and operating expenses by the enterprise funds receiving the services.

Advances

In accordance with the District's contract with Reclamation, the District makes estimated advance payments to Reclamation for its share of operations and maintenance costs as described in more detail below under C-BT Project Operations and Maintenance Costs. In addition, the District advances to Reclamation an amount equal to three months estimated operating costs for C-BT Project multipurpose features maintained and operated by Reclamation.

Other Current Assets

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

Capital Assets

Capital assets of Northern Water include infrastructure assets such as water pipelines and the hydropower plants, water rights, buildings and improvements, computer, office and operations equipment and construction in progress. Contracts between Reclamation and Northern Water give Northern Water perpetual rights to use water made available by the C-BT Project. These rights have an indefinite useful life and are not depreciated or amortized.

All amounts incurred for the construction or acquisition of infrastructure assets, including labor and legal costs, are capitalized. Any applicable interest expense incurred during the construction phase is included as part of the capitalized value of the asset constructed. Capital assets, other than infrastructure assets, are defined by Northern Water as assets with an initial individual cost of more than \$5,000. As Northern Water completes construction or acquires capital assets, including infrastructure assets, they are capitalized and reported at historical cost. This reported value excludes normal maintenance and repairs, which are amounts incurred in relation to capital assets that do not

Notes to Financial Statements

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

Deferred Outflows of Resources

Deferred outflows of resources reflect Pension Plan related balances including Northern Water's contributions to the Pension Plan subsequent to the January 1, 2016, measurement date of the Pension Plan (Note 15.)

Accrued Liabilities

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

Compensated Absences

Northern Water accrues accumulated annual and compensatory leave benefits when earned by an employee and reflects the unused 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.

Long-term Debt

Long-term debt is reported including the applicable unamortized bond premiums associated with the Northern Water Certificates of Participation. Amortization is calculated over the life of the bonds using the effective interest method and recorded as an adjustment to interest expense.

Deferred Inflows of Resources

Deferred inflows of resources include a deferred gain from refunding the Certificates of Participation and deferred inflows relating to the Pension Plan (Note 13.)

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 and Maintenance Costs

Water distribution and power generation features of the C-BT Project

are each considered to be single purpose features, whereas project features that serve or benefit both power generation and water supply are considered to be multipurpose. Operations and maintenance costs for single purpose water distribution features are the sole responsibility of Northern Water; costs associated with single purpose power generation features are the sole responsibility of Reclamation. Since 1986, Northern Water has had the majority of the responsibility for the operations and maintenance of multipurpose project features. Reclamation reimburses Northern Water 50 percent of the operations and maintenance costs incurred by Northern Water for multipurpose features. Similarly, Northern Water reimburses Reclamation 50 percent of the operations and maintenance costs incurred by Reclamation on those multipurpose project features not maintained by Northern Water. 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 and maintenance, 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 lien on property 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 and Intergovernmental Subgrantee Payments

In 2016, Northern Water, as fiscal agent, administered the completion of the Colorado Water Conservation Board (CWCB) Flood Recovery Grant, designed to provide financial assistance to subgrantees who had infrastructure damage resulting from the 2013 flooding. Similarly Northern Water acted as fiscal agent of the Colorado Department of Natural Resources Wildlife Risk Reduction Grant Program. Funds received from the government agencies and paid to subgrantees are reflected as intergovernmental grants and intergovernmental subgrantee payments, respectively.

An incentive payment based on energy production from the Trout Hydropower facility received from the U.S. Department of Energy was reflected as Hydropower intergovernmental grant income.

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 Water Activity Enterprise, Northern Integrated Supply Project Water Activity Enterprise and the Northern Water Hydropower Water Activity Enterprise have been established as “water activity enterprises” in accordance with Colorado statutes and, as “enterprises,” are excluded from the application of these constitutional restrictions. Northern Water believes that the District is in compliance with these limitations.

Budgetary Information

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

- Annual principal debt repayments are budgeted as nonoperating expense uses.
- Proceeds from long-term debt are budgeted as nonoperating revenue sources.
- Depreciation is not budgeted.
- Capital expenditures are treated as nonoperating expense uses.
- Interfund loan payments are budgeted by the District and Hydropower as nonoperating revenue sources and expense uses, respectively.
- Actuarially-determined pension expense is not budgeted.

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

- On or before June 1 of each fiscal year, all Department Managers submit working budgets to Budget Officers.
- Budget Officers submit an overall proposed budget to the Board prior to the August Planning and Action session.

4 Cash, Cash Equivalents and Investments

As of September 30, 2016, Northern Water had the following cash, cash equivalents and investments:

Investment Type	Current Assets		Noncurrent Assets		Cash, Cash Equivalents and Investments
	Cash and Cash Equivalents		Investments, Unrestricted	Cash Equivalents, Restricted	
	Unrestricted	Restricted			
Deposits	\$ 30,704,711	\$ 2,178,872	\$ -	\$ -	\$ 32,883,583
Money Market Funds	9,678,081	52,018	-	2,522,590	12,252,689
Federal Agency Securities	-	-	9,083,940	-	9,083,940
Corporate Notes	-	-	3,307,552	-	3,307,552
Commercial Paper	-	-	967,445	-	967,445
U.S. Government Securities	-	-	1,015,590	-	1,015,590
Municipal Obligations	-	-	415,805	-	415,805
Total	\$ 40,382,792	\$ 2,230,890	\$ 14,790,332	\$ 2,522,590	\$ 59,926,604

- The Board holds a public hearing during the August Planning and Action session, and the budget is legally enacted through passage of resolutions by the Board.

The level of control (level at which expenses may not exceed appropriations) is maintained at the department, capital outlay and debt service levels. 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.

In 2016, the Board approved a contingent appropriation for NISP amounting to \$400,000 for unanticipated expenditures.

3 GASB Statement Implementation

In 2016, Northern Water adopted GASB Statement No. 72 Fair Value Measurement and Application. The Statement addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining and applying those measurements to investments for financial reporting purposes. The Statement also requires disclosures related to fair value measurement techniques used and the categorization of investments by valuation inputs (level of fair value hierarchy.) This financial report has been prepared in accordance with GASB Statement No. 72. The implementation of the Statement had no effect on the net position of Northern Water.

Notes to Financial Statements

Cash, cash equivalents and investment balances at September 30, 2016 were as follows:

Investment Type	Fair Value	Level 1	Level 2
Federal Agency Securities	\$ 9,083,940	\$ -	\$ 9,083,940
Corporate Notes	3,307,552	-	3,307,552
Commercial Paper	967,445	-	967,445
U.S. Government Securities	1,015,590	1,015,590	-
Municipal Obligations	415,805	-	415,805
Investments by fair value level	14,790,332	\$ 1,015,590	\$ 13,774,742
Deposits	32,883,583		
Money Market Funds (measured at amortized cost)	12,252,689		
Cash, cash equivalents and investments	\$ 59,926,604		

There is no significant difference between the valuation of Money Market Funds at amortized cost and fair value. 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	Rating Restrictions	Maturity Restrictions
U.S. Treasury Obligations	100%	100%	N/A	5 years
Federal Agency Instrumentality Securities	85%	35%	AA ⁽¹⁾	5 years
Time Certificates of Deposit	5%	1%	N/A	1 year
Corporate Bonds	35%	5%	AA- ⁽¹⁾	3 years
Municipal Bonds of a Colorado Issuer	25%	5%	A ⁽¹⁾	5 years
Municipal Bonds of a Non-Colorado Issuer	25%	5%	AA ⁽¹⁾	5 years
Municipal Bonds, School District Certificates of Participation	25%	5%	A ⁽¹⁾	5 years
Municipal Bonds, Pre-Refunded	40%	5%	AA- ⁽¹⁾	5 years
Commercial Paper	25%	5%	A-1 ⁽¹⁾	270 days
Bankers Acceptances	20%	5%	A-1 ⁽¹⁾	180 days
Repurchase Agreements	50%	10%	A-1	180 days
Local Government Investment Pools	100%	50%	AAAm	N/A
Money Market Funds	100%	50%	AAAm	N/A

The Northern Water portfolio is limited to an aggregate exposure of 50 percent for the following investment types: Time Certificates of Deposit, Corporate Bonds, Municipal Bonds, Commercial Paper and Bankers Acceptances. The aggregate exposure to municipal bonds may not exceed 25 percent of the portfolio and no more than 5 percent of the portfolio may be invested with a single issuer.

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

As of September 30, 2016, Northern Water had cash, cash equivalents and investments with the following maturities:

Investment Type	Investment Maturities				Cash, Cash Equivalents and Investments
	Less than 1 year	1 - 2 years	2 - 3 years	3 - 4 years	
Deposits	\$ 32,883,583	\$ -	\$ -	\$ -	\$ 32,883,583
Money Market Funds	12,252,689	-	-	-	12,252,689
Federal Agency Securities	-	2,456,043	6,301,175	326,722	9,083,940
Corporate Notes	100,134	2,398,974	808,444	-	3,307,552
Commercial Paper	967,445	-	-	-	967,445
U.S. Government Securities	-	1,015,590	-	-	1,015,590
Municipal Obligations	115,520	300,285	-	-	415,805
Total	\$ 46,319,371	\$ 6,170,892	\$ 7,109,619	\$ 326,722	\$ 59,926,604

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.

As of September 30, 2016, Northern Water had cash equivalents and investments with the following Standard and Poor's ratings:

Investment Type	Investment Ratings						Cash, Cash Equivalents and Investments
	A-1	AA-	AA	AA+	AAA	AAAm	
Money Market Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,252,689	\$ 12,252,689
Federal Agency Securities	-	-	-	9,083,940	-	-	9,083,940
Corporate Notes	-	1,735,956	630,063	695,291	246,242	-	3,307,552
Commercial Paper	967,445	-	-	-	-	-	967,445
U.S. Government Securities	-	-	-	1,015,590	-	-	1,015,590
Municipal Obligations	-	415,805	-	-	-	-	415,805
Rated funds	\$ 967,445	\$ 2,151,761	\$ 630,063	\$ 10,794,821	\$ 246,242	\$ 12,252,689	27,043,021
Non-rated deposits							<u>32,883,583</u>
Total							<u>\$ 59,926,604</u>

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.

Notes to Financial Statements

5 Receivables

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

	<u>2016</u>
Municipal Subdistrict	\$ 1,377,564
Charges for services	1,352,886
Water assessments	1,337,841
Other	<u>771,479</u>
Receivables	<u>\$ 4,839,770</u>

6 Due To/From Other Funds

Amounts due to/from the various Northern Water enterprise and fiduciary funds to the District Fund outstanding at September 30 were as follows:

	<u>2016</u>
Due to District Fund	
Southern Water Supply Project	\$ 120,921
Pleasant Valley Pipeline	621
Northern Integrated Supply Project	256,926
Hydropower	<u>99,701</u>
Due to District Fund	<u>\$ 478,169</u>

7 Other Current Assets

Other current assets at September 30 included the following:

	<u>2016</u>
Prepaid expenses	\$ 285,302
Inventory	<u>80,060</u>
Other current assets	<u>\$ 365,362</u>

8 Cash and Cash Equivalents, Restricted

Restricted cash and cash equivalents as shown on the accompanying financial statements were reserve balances as of September 30 detailed as follows:

	<u>2016</u>
Current cash and cash equivalents, restricted	
District	
Certificates of Participation, Base Rental	\$ 52,017
Medical Reserve	<u>2,178,873</u>
Current cash and cash equivalents, restricted	<u>\$ 2,230,890</u>

Noncurrent cash equivalents, restricted

	<u>2016</u>
District	
Fund I Single Purpose (Reclamation)	\$ 641,878
Fund II Multipurpose (Reclamation)	883,830
Fund IV Contingency (Reclamation)	102,912
Emergency Reserve	364,724
Hydropower Facility Removal	100,810
Hydropower	
Colorado Water Resources and Power Development Authority Debt Service	126,010
Interfund Loan Payable Debt Service	<u>302,426</u>
Noncurrent cash equivalents, restricted	<u>\$ 2,522,590</u>

District

Certificates of Participation, Base Rental - Financing for the current principal and interest payments due on the outstanding Certificates of Participation.

Medical Reserve - Reserve for future medical claims.

Fund I Single Purpose (Reclamation) - Reserve 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) - Reserve 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) - Reserve for contingent items with a funding requirement of \$100,000.

Emergency Reserve - Reserve for declared emergencies.

Hydropower Facility Removal - Reserve against any future removal costs of the Trout Hydropower facility.

Colorado Water Resources and Power Development Authority (Power Authority) Debt Service - Reserve for the payment of one year's debt service requirement.

Interfund Loan Payable Debt Service - Reserve for the payment of one year's debt service requirement on the interfund loan payable to Northern Water.

Reserve balances have been classified as current and noncurrent consistent with the anticipated uses of the reserve balances.

Notes to Financial Statements

9 Capital Assets

Capital asset activity for the Northern Water enterprise funds for the year ended September 30, 2016, was as follows:

	2015	Additions	Retirements/ Other	2016
District				
Non-depreciable capital assets				
Land, easements and water rights	\$ 81,997,293	\$ -	(\$ 978)	\$ 81,996,315
Construction in progress	2,031,625	1,651,831	(1,015,256)	2,668,200
Depreciable capital assets				
Buildings and improvements	18,654,537	685,896	-	19,340,433
Operations equipment	5,440,607	164,999	(234,957)	5,370,649
Computer and office equipment	8,555,986	1,068,599	(241,753)	9,382,832
Capital assets	<u>116,680,048</u>	<u>3,571,325</u>	<u>(1,492,944)</u>	<u>118,758,429</u>
Less accumulated depreciation				
Buildings and improvements	(9,123,419)	(741,753)	-	(9,865,172)
Operations equipment	(5,094,729)	(173,308)	234,493	(5,033,544)
Computer and office equipment	(4,240,138)	(696,426)	241,753	(4,694,811)
Accumulated depreciation	<u>(18,458,286)</u>	<u>(1,611,487)</u>	<u>476,246</u>	<u>(19,593,527)</u>
District capital assets, net	<u>98,221,762</u>	<u>1,959,838</u>	<u>(1,016,698)</u>	<u>99,164,902</u>
Southern Water Supply Project				
Non-depreciable capital assets				
Construction in progress ⁽¹⁾	1,750,024	439,350	-	2,189,374
Land and easements	5,232,983	-	-	5,232,983
Depreciable capital assets				
Water pipeline and equipment ⁽¹⁾	70,003,210	-	(19,853)	69,983,357
Capital assets	<u>76,986,217</u>	<u>439,350</u>	<u>(19,853)</u>	<u>77,405,714</u>
Less accumulated depreciation				
Water pipeline and equipment	(32,824,079)	(1,657,307)	19,853	(34,461,533)
Southern Water Supply Project capital assets, net	<u>44,162,138</u>	<u>(1,217,957)</u>	<u>-</u>	<u>42,944,181</u>
Pleasant Valley Pipeline				
Non-depreciable capital assets				
Land and easements	934,330	-	-	934,330
Depreciable capital assets				
Water pipeline and equipment	29,732,205	-	-	29,732,205
Capital assets	<u>30,666,535</u>	<u>-</u>	<u>-</u>	<u>30,666,535</u>
Less accumulated depreciation				
Water pipeline and equipment	(8,176,356)	(743,305)	-	(8,919,661)
Pleasant Valley Pipeline capital assets, net	<u>22,490,179</u>	<u>(743,305)</u>	<u>-</u>	<u>21,746,874</u>
Northern Integrated Supply Project				
Non-depreciable capital asset				
Construction in progress	16,737,711	3,401,766	-	20,139,477
Hydropower				
Non-depreciable capital asset				
Construction in progress	2,830,289	2,379,840	(5,210,129)	-
Depreciable capital assets				
Hydropower plants	6,278,945	5,210,129	-	11,489,074
Capital assets	<u>9,109,234</u>	<u>7,589,969</u>	<u>(5,210,129)</u>	<u>11,489,074</u>
Less accumulated depreciation				
Hydropower plants	(521,378)	(156,974)	-	(678,352)
Hydropower capital assets, net	<u>8,587,856</u>	<u>7,432,995</u>	<u>(5,210,129)</u>	<u>10,810,722</u>
Capital assets, net	<u>\$ 190,199,646</u>	<u>\$ 10,833,337</u>	<u>(\$ 6,226,827)</u>	<u>\$ 194,806,156</u>

⁽¹⁾ 2015 balances restated for \$27,922 reclassification between construction in progress and operating equipment.

Interest expense of \$131,232, including loan fees, was capitalized on the Granby Hydropower construction.

10 Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at September 30 consisted primarily of trade payables.

IBNR activity for the years ended September 30 was as follows:

	2016	2015
Claims incurred	\$ 1,094,083	\$ 1,428,868
Claims paid	(1,094,083)	(1,428,868)
Adjustment to IBNR estimate	(50,060)	(56,973)
IBNR, beginning of year	196,216	253,189
	<u>\$ 146,156</u>	<u>\$ 196,216</u>
IBNR, end of year		

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

11 Compensated Absences

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

	2016	2015
Absences accrued	\$ 904,601	\$ 888,517
Absences taken	(902,882)	(874,775)
Compensated absences, beginning of year	858,390	844,648
	<u>\$ 860,109</u>	<u>\$ 858,390</u>
Compensated absences, end of year		

12 Long-term Debt and Interfund Loan Receivable/Payable

District

Certificates of Participation, Series 2012

The Certificates of Participation, Series 2012 with an original amount of \$9,855,000 refunded the Certificates of Participation, Series 2002, originally issued by the Building Corporation to finance construction of the Northern Water headquarters facilities. The Certificates are an obligation of the Building Corporation and do not constitute a general obligation or other indebtedness of Northern Water. Underlying the Certificates is an annually renewable lease, subject to annual appropriation, between Northern Water and the Building Corporation. The Certificates are subject to federal arbitrage regulations and maintain an AA- rating from Standard and Poor's.

Annual principal repayments on the Series 2012 Certificates are due July 1 through the year 2021. Interest is payable in semi-annual installments on January 1 and July 1 at 3.0 to 4.0 percent. Amortization of the related bond premium amounted to \$88,307 for the year ended September 30, 2016, and was credited against interest expense.

Horsetooth Safety of Dams

Northern Water was 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 \$323,415, including interest at 5.75 percent, are to be paid on December 31 through 2033.

Pole Hill Canal

Northern Water was obligated under its contract with Reclamation to pay 50 percent of the costs of the Reclamation Pole Hill Canal project. This obligation, with an original loan amount of \$847,326, was partially funded by Reclamation under Supplement No. 8 of the Repayment Contract between Northern Water and Reclamation. Annual payments of \$97,937, including interest at 3.375 percent, are to be paid on January 1 through 2020.

Hydropower

Colorado Water Resources and Power Development Authority

Hydropower has a 20-year loan agreement with the Power Authority with an original loan amount of \$2 million that was used to partially finance construction of the Trout Hydropower facility. In accordance with the terms of the debt agreement, a reserve was established for debt service payments (Note 8.) Energy revenues generated from the Trout Hydropower facility are pledged as security for the loan. Annual payments of \$122,313, including interest at 2.0 percent, are to be paid annually on September 1 through 2032.

Interfund Loan Receivable/Payable

Hydropower capital financing for the Trout Hydropower facility not provided by the Power Authority as described above was provided by Northern Water in the form of a 20-year loan to Hydropower with an original loan amount of \$4.7 million. In accordance with the terms of the debt agreement, a reserve was established for debt service payments (Note 8.) Energy revenues generated from the Trout Hydropower facility are pledged as security for the loan. Annual payments of \$287,437, including interest at 2.0 percent, are to be paid annually on February 15 through 2033.

Colorado Water Conservation Board

Hydropower has a 30-year loan agreement with the Colorado Water Conservation Board (CWCB) for \$5,135,183 used to finance construction of the Granby Hydropower facility. In accordance with the terms of the debt agreement, Hydropower will establish a debt service reserve in the amount of one-tenth of its annual loan payment on the due date of its first loan payment, October 1, 2017, and an additional one-tenth annually thereafter for the first ten years of the loan, through 2026. Energy revenues generated from the Granby Hydropower facility are pledged as security for the loan. Annual payments of \$229,285, including interest at 2.0 percent, are to be paid annually on October 1 beginning 2017 through 2047.

Long-term debt, net pension liability and interfund loan receivable/
payable activity for the year ended September 30, 2016, was as follows:

	2015	Additions	Reductions	2016	Amounts Due Within One Year
District					
Certificates of Participation Series 2012	\$ 6,780,000	\$ -	(\$ 1,040,000)	\$ 5,740,000	\$ 1,070,000
Unamortized premium	554,433	-	(88,307)	466,126	-
Certificates of Participation	7,334,433	-	(1,128,307)	6,206,126	1,070,000
Contracts Payable to Reclamation					
Horsetooth Safety of Dams	3,680,307	-	(111,798)	3,568,509	118,227
Pole Hill Canal	443,762	-	(82,960)	360,802	85,760
Hydropower Revenue-type Financing					
Colorado Water Resources and Power Development Authority	1,748,088	-	(87,352)	1,660,736	89,099
Colorado Water Conservation Board	2,033,958	3,101,225	-	5,135,183	-
Long-term debt outstanding	15,240,548	3,101,225	(1,410,417)	16,931,356	\$ 1,363,086
Less: current maturities of long-term debt	(1,322,110)	(40,976)	-	(1,363,086)	
Long-term debt, net of current maturities	\$ 13,918,438	\$ 3,060,249	(\$ 1,410,417)	\$ 15,568,270	
Hydropower					
Interfund loan receivable/payable	\$ 4,309,258	\$ -	(\$ 201,252)	\$ 4,108,006	\$ 205,276
Less: current maturity of interfund loan receivable/payable	(201,251)	(4,025)	-	(205,276)	
Interfund loan receivable/payable, net of current maturities	\$ 4,108,007	(\$ 4,025)	(\$ 201,252)	\$ 3,902,730	
District					
Net pension liability	\$ 4,811,338	\$ 3,344,139	\$ -	\$ 8,155,477	

Notes to Financial Statements

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,	Certificates of Participation Series 2012		Contracts Payable to Reclamation ⁽¹⁾		Revenue-type Financing for Hydropower ⁽²⁾		Annual Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
2017	\$ 1,070,000	\$ 207,000	\$ 203,987	\$ 217,366	\$ 294,375	\$ 115,375	\$ 2,108,103
2018	1,100,000	174,900	213,679	207,674	426,846	212,191	2,335,290
2019	1,150,000	130,900	223,860	197,493	435,381	203,654	2,341,288
2020	1,190,000	84,900	234,555	186,798	444,089	194,946	2,335,288
2021	1,230,000	49,200	147,855	175,561	452,971	186,064	2,241,651
2022-2026	-	-	877,008	740,070	2,404,424	790,754	4,812,256
2027-2031	-	-	1,159,859	457,219	2,654,678	540,500	4,812,256
2032-2036	-	-	868,508	101,739	1,547,180	296,434	2,813,861
2037-2041	-	-	-	-	959,655	186,772	1,146,427
2042-2046	-	-	-	-	1,059,537	86,890	1,146,427
2047	-	-	-	-	224,789	4,496	229,285
Debt service	\$ 5,740,000	\$ 646,900	\$ 3,929,311	\$ 2,283,920	\$ 10,903,925	\$ 2,818,076	\$ 26,322,132

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
2017	\$ 1,568,362	\$ 539,741	\$ 2,108,103
2018	1,740,525	594,765	2,335,290
2019	1,809,241	532,047	2,341,288
2020	1,868,644	466,644	2,335,288
2021	1,830,826	410,825	2,241,651
2022-2026	3,281,432	1,530,824	4,812,256
2027-2031	3,814,537	997,719	4,812,256
2032-2036	2,415,688	398,173	2,813,861
2037-2041	959,655	186,772	1,146,427
2042-2046	1,059,537	86,890	1,146,427
2047	224,789	4,496	229,285
Debt service	\$ 20,573,236	\$ 5,748,896	\$ 26,322,132

⁽¹⁾ Includes Horsetooth Safety of Dams and Pole Hill Canal contracts payable.

⁽²⁾ Includes CWCB, Power Authority and the interfund loan payable.

13 Deferred Inflows of Resources

Northern Water recognized deferred inflows of resources at September 30 as follows:

	<u>2016</u>
Deferred inflow from Pension Plan economic/demographic gain	\$ 41,125
Deferred inflow from Certificates of Participation refunding	<u>11,708</u>
Deferred inflows of resources	<u>\$ 52,833</u>

14 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. At September 30, 2016, there were 56 Money Purchase Plan members. The members are neither permitted nor required to make contributions to the Plan. Plan administration fees are paid by Northern Water.

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

<u>Years of Service</u>	<u>Percentage of Employee's Compensation</u>
Less than 5	5%
5 - 10	6%
10 - 15	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, 2016, was \$241,530.

15 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, 2016. The Measurement Date, the date as of which the net pension liability was determined, was also January 1, 2016. The Pension Plan does not issue a stand-alone financial report.

Under the terms of the Pension Plan, at normal retirement age eligible employees may elect to receive monthly retirement benefits equal to two percent of their average monthly compensation multiplied by their years of credited service. Alternatively, employees may elect to receive an actuarially-determined lump sum benefit based on this same formula. 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, 2016, Pension Plan participants included 12 retirees receiving benefits, 60 active plan members and 4 former employees entitled to benefits but not yet eligible to receive them for a total of 76 participants.

Summary of Significant Accounting Policies

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

The 2016 Pension Plan disclosures reflect GASB Statement No. 82 in that "covered payroll" is defined as the payroll on which contributions to the Plan are based.

Pension Plan Contributions

Pension Plan contributions are approved and may be amended by the Board. Contributions are recognized when paid into the Pension Plan as defined by its investment policy. 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 the funds duly appropriated by the Board for the current fiscal year (and typically as defined by the Plan's actuarial report.) For the fiscal year ended September 30, 2016, employer contributions amounted to \$1,721,211 or 27.7 percent of covered employee payroll.

Investments

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

<u>Investments</u>	<u>Concentration</u>
Domestic equities	30%
Fixed income	39
International equities	11
Liquid low correlated hedge funds	10
Commodities	5
Emerging markets	<u>5</u>
Investments	<u>100%</u>

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to fair market valuation 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 September 30, 2016, the Pension Plan had the following fair value measurements including investments in liquid low correlated hedge funds excluded from the fair value hierarchy and measured at their NAV.

Investment Type	Fair Value	
	September 30, 2016	Level 1
Domestic equities	\$ 9,547,125	\$ 9,547,125
Fixed income	12,482,323	12,482,323
International equities	3,693,318	3,693,318
Liquid low correlated hedge funds	328,318	328,318
Commodities	1,709,408	1,709,408
Emerging markets	1,701,772	1,701,772
Investments by fair value level	29,462,264	\$ 29,462,264
Investments measured at net NAV		
Equity long/short hedge fund	1,587,441	
Multi-strategy hedge fund	1,479,350	
Investments	\$ 32,529,055	

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 equity strategy that involves the purchase of a long basket of securities and the sale of a short basket of securities. As of December 31, 2015, the date of the most recent audited financial statements of the fund, the fund's total net assets were \$379 million. Redemptions were permitted monthly with a 90 days' notice and quarterly with a 60 days' notice. There is no lock-up; however, there is a 2 percent fee that may be charged for redemptions within the first 12 months.

The multi-strategy hedge fund invests in approximately 20 independent funds that pursue multiple strategies to diversify risks and reduce volatility including relative value; market neutral and low net equity; event-driven; and distressed and credit securities. At April 30, 2016, the date of the funds' most recent audited financial statements, the next available redemption date ranged from June 30, 2016 - June 30, 2018 with liquidity, representing the available frequency of redemption without a redemption fee, ranging from monthly to semi-annually. Approximately 31 percent of the funds' net assets were invested in funds that do not have set redemption timeframes but are liquidating investments making distributions as underlying investments are sold. The timing of when these investments will be liquidated could not be estimated. At April 30, 2016, the fund had total net assets of \$2 billion and unfunded capital commitments to investment funds of \$90 million.

The long-term expected rate of return on Pension Plan investments was determined by adding expected inflation to expected long-term real returns and reflected expected volatility and correlation. The capital market assumptions are from the Northern Water actuaries' investment consulting practice as of December 31, 2014.

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Cash	3.0%	0.5%
Fixed income	29.0	1.7
Leveraged loans	8.0	3.0
Large cap U.S. equities	21.0	4.0
Small cap U.S. equities	4.0	4.4
Mid cap U.S. equities	4.0	4.2
Foreign developed equity	11.0	4.4
Emerging market equities	5.0	4.9
Commodities	5.0	2.2
Liquid low correlated hedge funds	10.0	2.2
Total	100.0%	

For the year ended December 31, 2015, the annual money-weighted rate of return was negative 1.3 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 flows 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. Weighted average maturities for the Pension Plan's fixed income mutual funds were as follows:

Fixed Income Mutual Fund	Fair Value September 30, 2016	Weighted Average Maturity
Eaton Vance Floating Rate	\$ 2,676,986	4.3 years
Metropolitan West	4,900,798	7.0 years
Schroder Fixed Income Fund	4,904,539	4.7 years

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 September 30, 2016, 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 September 30, 2016, no individual holdings of the Pension Plan exceeded 5 percent of Plan assets.

Actuarial Methods and Assumptions

Total pension liability was determined by an actuarial valuation as of January 1, 2016, using the following actuarial assumptions:

- **Inflation** - 2.75 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 3.75 percent

Notes to Financial Statements

- **Cost of Living Adjustments** - 1.50 percent
- **Mortality** - RP-2000 Healthy Mortality Table for annuitants and non-annuitants, projected to 2025 using Scale BB
- **Investment Rate of Return** - 6.25 percent
- **Valuation Timing** - Actuarially-determined contribution amount is calculated as of July 1 of the fiscal year in which the contributions are reported
- **Actuarial Cost Method** - Aggregate
- **Retirement Age** - Members are assumed to retire upon attainment of Normal Retirement Age.

	1 Percentage Point Decrease (5.25%)	Current Discount Rate (6.25%)	1 Percentage Point Increase (7.25%)
Total pension liability	\$ 43,386,595	\$ 40,878,466	\$ 38,673,103
Fiduciary net position	32,722,989	32,722,989	32,722,989
Net pension liability	\$ 10,663,606	\$ 8,155,477	\$ 5,950,114

Pension Expense

For the fiscal year ended September 30, 2016, Northern Water recognized pension expense of \$2,263,696.

In 2016, the Board elected to lower the expected investment rate of return from 6.5 percent to 6.25 percent.

Changes in Net Pension Liability

Net pension liability was determined by an actuarial valuation as of the January 1, 2016, measurement date, calculated based on a discount rate and long-term expected rate of return of 6.25 percent. Changes in the Northern Water net pension liability for the Plan year ended December 31, 2015, were as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances, December 31, 2014	\$ 38,291,035	\$ 33,479,697	\$ 4,811,338
Changes for the year:			
Service cost	767,076	-	767,076
Interest on total pension liability	2,479,704	-	2,479,704
Effect of economic/demographic gain	459,807	-	459,807
Effect of assumptions changes	727,550	-	727,550
Benefit payments	(1,846,706)	(1,846,706)	-
Employer contributions	-	1,511,622	(1,511,622)
Investment income, net of investment expenses	-	(421,624)	421,624
Net changes	2,587,431	(756,708)	3,344,139
Balances, December 31, 2015	\$ 40,878,466	\$ 32,722,989	\$ 8,155,477

Fiduciary net position as a percentage of total pension liability

80.0%

Covered payroll

\$ 6,212,513

Net pension liability as a percentage of covered payroll

131.3%

Sensitivity Analysis

The following presents the Northern Water net pension liability as of December 31, 2015, calculated using the discount rate of 6.25 percent, as well as what the Northern Water net pension liability would have been if it were calculated using a discount rate that was 1 percentage point lower (5.25 percent) or 1 percentage point higher (7.25 percent) than the current rate.

Pension Plan Deferred Inflows and Outflows of Resources

As of January 1, 2016, deferred inflows and outflows of resources relating to the Pension Plan were as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Economic/demographic gain	(\$ 41,125)	\$ 361,976
Changes in assumptions	-	1,337,832
Investment differences between projected and actual earnings	-	2,719,677
Employer contributions made subsequent to January 1, Measurement Date	-	1,293,734
Deferred inflows and outflows of resources	(\$ 41,125)	\$ 5,713,219

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred inflows and outflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year ending September 30,	Amounts Recognized in Pension Expense
2017	\$ 1,182,378
2018	1,182,378
2019	1,182,378
2020	831,226
Total	\$ 4,378,360

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

16 Intergovernmental Transactions

Northern Water provides certain administrative, operational and maintenance 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.) District Fund revenue from charges for services and other operating revenues on the accompanying financial statement included charges to the Subdistrict totalling \$1,645,940 for the year ended September 30, 2016, of which carriage costs amounted to \$723,879. Outstanding charges of \$888,761 were included in receivables at September 30, 2016.

17 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.

18 Commitments and Contingencies

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⁾
Required Supplementary Information
Fiduciary Fund Pension Trust Fund

Years ended January 1,

	<u>2016</u>	<u>2015</u>
Total Pension Liability		
Service cost	\$ 767,076	\$ 746,409
Interest on total pension liability	2,479,704	2,360,109
Effect of economic/demographic gain	459,807	(63,355)
Effect of assumptions changes	727,550	1,178,636
Benefit payments	(1,846,706)	(293,103)
Net increase in total pension liability	2,587,431	3,928,696
Total pension liability, beginning of year	38,291,035	34,362,339
Total pension liability, end of year	40,878,466	38,291,035
Fiduciary Net Position		
Employer contributions	1,511,622	631,338
Investment income, net of investment expenses	(421,624)	1,091,271
Benefit payments	(1,846,706)	(293,103)
Net change in fiduciary net position	(756,708)	1,429,506
Fiduciary net position, beginning of year	33,479,697	32,050,191
Fiduciary net position, end of year	32,722,989	33,479,697
Net pension liability, end of year	\$ 8,155,477	\$ 4,811,338
Fiduciary net position as a percentage of total pension liability	80.0%	87.4%
Covered payroll	\$ 6,212,513	\$ 6,306,166
Net pension liability as a percentage of covered payroll	131.3%	76.3%

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

Schedule of Employer Contributions⁽¹⁾

Required Supplementary Information

Fiduciary Fund Pension Trust Fund

Northern Water Fiscal Year Ended September 30	Actual Employer Contribution	Actuarially Determined Contribution	Contribution Over Actuarially Determined Contribution	Covered Payroll	Actual Employer Contribution as a Percentage of Covered Payroll
2006	\$ 972,890	\$ 873,776	\$ 99,114	\$ 5,717,215	17.0%
2007	943,057	895,262	47,795	5,787,836	16.3
2008	875,697	866,218	9,479	5,845,955	15.0
2009	1,313,095	792,968	520,127	5,986,239	21.9
2010	1,508,289	1,125,536	382,753	6,262,506	24.1
2011	1,524,233	1,442,084	82,149	6,368,205	23.9
2012	1,505,057	1,444,211	60,846	6,267,907	24.0
2013	1,624,350	1,438,257	186,093	6,173,816	26.3
2014	1,740,550	1,507,525	233,025	6,272,605	27.7
2015	1,457,540	1,376,863	80,677	6,254,401	23.3
2016	1,721,211	1,555,703	165,508	6,218,190	27.7

⁽¹⁾ The Pension Plan's Actuarially Determined Contribution is the normal cost under the aggregate normal cost method.



Hansen Feeder Canal

SUPPLEMENTARY INFORMATION

Schedule of Revenues and Expenses, Budget to Actual
District Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2016			Year ended
	Budget	Actual	Variance Positive (Negative)	September 30, 2015 Actual ⁽¹⁾
Operating revenue sources				
Water assessments	\$ 7,941,024	\$ 9,020,452	\$ 1,079,428	\$ 7,169,948
Charges for services	5,515,318	4,701,786	(813,532)	4,541,473
Other operating revenues	2,000,600	1,644,774	(355,826)	2,592,305
Operating revenue sources	15,456,942	15,367,012	(89,930)	14,303,726
Operating expense uses	26,078,183	21,711,507	4,366,676	22,087,187
Operating expense uses over revenue sources	(10,621,241)	(6,344,495)	4,276,746	(7,783,461)
Nonoperating revenue sources				
Property and specific ownership taxes	17,947,477	19,027,007	1,079,530	15,997,115
Earnings on investments	145,516	254,387	108,871	311,901
Intergovernmental grants	768,140	427,554	(340,586)	1,278,096
Other nonoperating revenues	2,432,715	262,128	(2,170,587)	487,930
Interfund loan receivable receipts	287,436	284,921	(2,515)	197,305
Nonoperating revenue sources	21,581,284	20,255,997	(1,325,287)	18,272,347
Nonoperating expense uses				
Debt service	1,699,553	1,684,832	14,721	1,593,819
Intergovernmental subgrantee payments	-	454,589	(454,589)	1,191,100
Capital purchases and projects	4,889,280	3,470,886	1,418,394	2,427,835
Nonoperating expense uses	6,588,833	5,610,307	978,526	5,212,754
Revenue sources over expense uses	\$ 4,371,210	8,301,195	\$ 3,929,985	5,276,132
Adjustments to reconcile budgetary basis to GAAP basis				
Interfund loan receivable principal receipts		(201,251)		(197,305)
Long-term debt principal payments and bond-related amortization		1,327,598		1,195,971
Capital outlay		2,556,068		2,427,835
Actuarially-determined pension plan expense		(542,485)		-
Other		14,700		-
Depreciation		(1,611,487)		(1,542,342)
Increases in net position		\$ 9,844,338		\$ 7,160,291

⁽¹⁾ Certain adjustments not separately identified in 2015.

Schedule of Revenues and Expenses, Budget to Actual
Southern Water Supply Project Water Activity Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2016			Year ended
	Budget	Actual	Variance Positive (Negative)	September 30, 2015 Actual
Operating revenue sources				
Assessments	\$ 1,183,158	\$ 1,065,001	(\$ 118,157)	\$ 869,240
Operating expense uses	1,183,158	902,344	280,814	861,806
Operating revenue sources over expense uses	-	162,657	162,657	7,434
Nonoperating revenue sources				
Earnings on investments	-	3,081	3,081	170
Intergovernmental grants	-	33,516	33,516	15,266
Capital contributions, net of return of capital of \$59,672	1,073,000	740,328	(332,672)	942,024
Nonoperating revenue sources	1,073,000	776,925	(296,075)	957,460
Nonoperating expense uses				
Capital purchases and projects	1,073,000	479,320	593,680	964,528
Revenue sources over expense uses	\$ -	460,262	\$ 460,262	366
Adjustments to reconcile budgetary basis to GAAP basis				
Capital purchases and projects		439,350		964,528
Depreciation		(1,657,307)		(1,659,454)
Decreases in net position		(\$ 757,695)		(\$ 694,560)

Schedule of Revenues and Expenses, Budget to Actual
Pleasant Valley Pipeline Water Activity Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2016			Year ended
	Budget	Actual	Variance Positive (Negative)	September 30, 2015 Actual
Operating revenue sources				
Assessments	\$ 104,821	\$ 28,271	(\$ 76,550)	\$ 71,679
Operating expense uses	104,821	38,430	66,391	38,335
Operating revenue sources over (under) expense uses	-	(10,159)	(10,159)	33,344
Nonoperating revenue sources				
Earnings on investments	-	196	196	13
Revenue sources over (under) expense uses	\$ -	(9,963)	(\$ 9,963)	33,357
Adjustment to reconcile budgetary basis to GAAP basis				
Depreciation		(743,305)		(743,305)
Decreases in net position		(\$ 753,268)		(\$ 709,948)

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

Non-GAAP Budgetary Basis

	Year ended September 30, 2016			Year ended
	Budget	Actual	Variance Positive (Negative)	September 30, 2015 Actual
Nonoperating revenue sources				
Capital contributions	\$ 3,500,000	\$ 3,600,000	\$ 100,000	\$ 2,600,000
Earnings on investments	60	-	(60)	-
Nonoperating revenue sources	3,500,060	3,600 000	99,940	2,600,000
Nonoperating expenditure uses				
Capital outlay	3,900,000	3,401,766	498,234	2,246,910
Nonoperating revenue sources over (under) expense uses	<u>(\$ 399,940)</u>	198,234	<u>\$ 598,174</u>	353,090
Adjustments to reconcile budgetary basis to GAAP basis				
Capital outlay		<u>3,401,766</u>		<u>2,246,910</u>
Increases in net position		<u>\$ 3,600,000</u>		<u>\$ 2,600,000</u>

Schedule of Revenues and Expenses, Budget to Actual
Northern Water Hydropower Water Activity Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2016			Year ended
	Budget	Actual	Variance Positive (Negative)	September 30, 2015 Actual
Operating revenue sources				
Energy revenue	\$ 799,545	\$ 936,746	\$ 137,201	\$ 606,827
Operating revenue sources	799,545	936,746	137,201	606,827
Operating expense uses	291,925	313,993	(22,068)	232,185
Operating revenue sources over expense uses	507,620	622,753	115,133	374,642
Nonoperating revenue sources				
Debt proceeds ⁽¹⁾	2,535,183	3,047,509	512,326	2,033,958
Earnings on investments	-	2,761	2,761	1,123
Intergovernmental grant	-	75,706	75,706	104,258
Nonoperating revenue sources	2,535,183	3,125,976	590,793	2,139,339
Nonoperating expense uses				
Debt service	409,751	407,089	2,662	407,141
Capital outlay	2,535,183	2,379,840	155,343	2,830,289
Nonoperating expense uses	2,944,934	2,786,929	158,005	3,237,430
Nonoperating revenue sources under expense uses	(409,751)	339,047	748,798	(1,098,091)
Revenue sources over (under) expense uses	\$ 97,869	961,800	\$ 863,931	(723,449)
Adjustments to reconcile budgetary basis to GAAP basis				
Debt proceeds ⁽¹⁾		(3,047,509)		(2,033,958)
Debt principal payments		288,603		282,944
Capital outlay		2,379,840		2,830,289
Depreciation		(156,974)		(156,973)
Other		(12,352)		-
Increases in net position		\$ 413,408		\$ 198,853

⁽¹⁾ 2015 balances restated for consistency.

Statistical Information

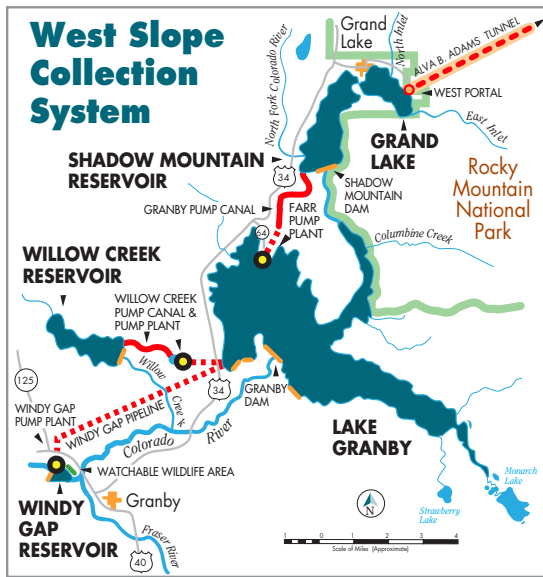
This part of Northern Water's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information and supplementary information says about Northern Water's overall financial health.

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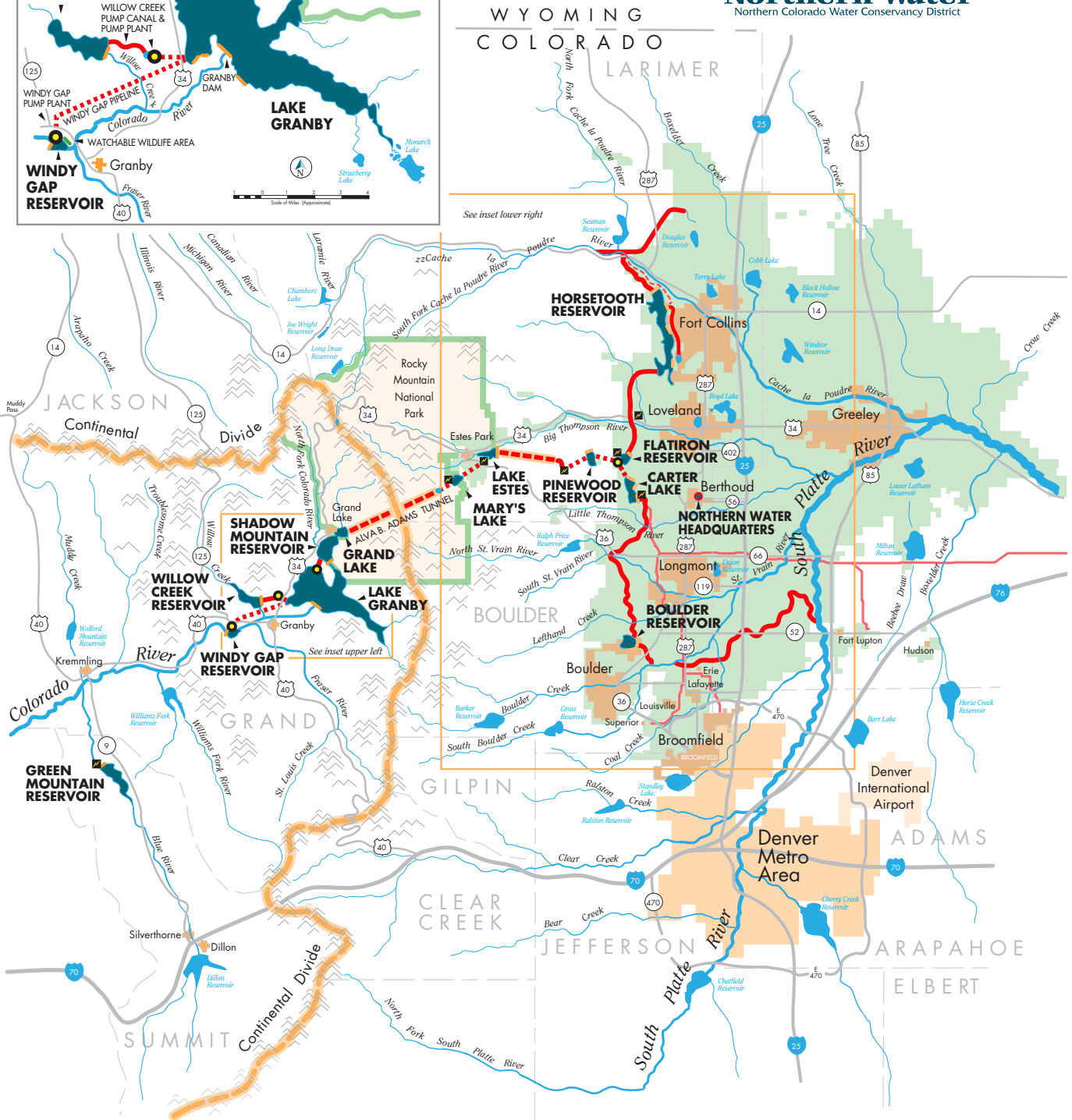
Sources: Unless otherwise noted, the statistical information is derived from the Comprehensive Annual Financial Reports (CAFRs), underlying accounting, allotment and operational information of Northern Water.

⁽¹⁾Since Northern Water is a regional water organization it does not present overlapping information for property tax rates and debt.



Northern Water

Colorado-Big Thompson Project Facilities and Northern Water Boundaries



Changes in Net Position⁽¹⁾

Years ended September 30,
Unaudited

	2016	%	2015	%	2014	%	2013	%
Revenues								
Operating revenues								
Assessments	\$ 10,113,724	27	\$ 8,110,867	24	\$ 7,875,949	23	\$ 7,343,449	18
Charges for services ⁽²⁾	4,701,786	12	4,541,473	13	4,658,426	14	5,133,403	13
Energy revenue ⁽³⁾	936,746	3	606,827	2	480,309	1	625,371	2
Other operating revenues	1,644,774	4	2,592,305	8	1,836,432	6	10,622,677	26
Operating revenues	17,397,030	46	15,851,472	47	14,851,116	44	23,724,900	59
Nonoperating revenues								
Property and specific ownership taxes	19,027,007	51	15,997,115	47	15,569,049	46	15,217,883	38
Earnings on investments	344,096	1	313,207	1	208,444	1	196,413	-
Intergovernmental grants	536,777	1	1,397,620	4	1,962,262	6	-	-
Other nonoperating revenues, net	262,128	1	487,930	1	1,028,181	3	235,503	1
Use of right of way ⁽⁴⁾	-	-	-	-	-	-	906,507	2
Gain (loss) on disposition of assets ⁽⁵⁾	-	-	-	-	-	-	-	-
Nonoperating revenues	20,170,008	54	18,195,872	53	18,767,936	56	16,556,306	41
Revenues	37,567,038	100	34,047,344	100	33,619,052	100	40,281,206	100
Expenses								
Operating expenses								
Operations and maintenance	12,736,200	34	12,787,288	38	13,358,066	40	13,533,921	33
Administrative services	6,289,010	17	4,934,313	14	6,238,623	18	5,485,132	14
Engineering services	5,435,991	14	5,497,912	16	5,090,341	15	4,645,297	11
Depreciation	4,169,073	11	4,102,074	12	4,149,642	12	3,841,086	10
Operating expenses	28,630,274	76	27,321,587	80	28,836,672	85	27,505,436	68
Nonoperating expenses								
Interest expense	475,720	2	522,045	2	566,912	2	783,119	2
Intergovernmental subgrantee payments	454,589	1	1,191,100	3	1,259,635	4	-	-
Participant gain on use of right of way ⁽⁴⁾	-	-	-	-	-	-	702,165	2
Refund of contributed capital ⁽⁴⁾	59,672	-	-	-	-	-	204,342	-
Nonoperating expenses	989,981	3	1,713,145	5	1,826,547	6	1,689,626	4
Expenses	29,620,255	79	29,034,732	85	30,663,219	91	29,195,062	72
Income (loss) before contributions	7,946,783	21	5,012,612	15	2,955,833	9	11,086,144	28
Capital contributions	4,400,000		3,542,024		1,890,000		1,799,304	
Changes in net position	\$ 12,346,783		\$ 8,554,636		\$ 4,845,833		\$ 12,885,448	

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

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

⁽³⁾ The Granby and Trout Hydropower facilities became operational in 2016 and 2012, respectively.

⁽⁴⁾ Balances in 2013 are the result of SWSP II pipeline right-of-way transactions.

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

	2012	%	2011	%	2010	%	2009	%	2008	%	2007	%
\$	6,739,612	23	\$ 6,336,897	22	\$ 6,142,790	21	\$ 6,279,168	22	\$ 5,986,712	21	\$ 5,753,556	20
	6,197,883	21	6,400,517	22	6,070,393	20	5,756,767	20	5,140,151	18	5,299,387	19
	484,632	1	-	-	-	-	-	-	-	-	-	-
	1,273,387	4	1,174,792	4	1,636,640	6	1,195,266	4	1,021,135	4	1,218,396	4
	<u>14,695,514</u>	<u>49</u>	<u>13,912,206</u>	<u>48</u>	<u>13,849,823</u>	<u>47</u>	<u>13,231,201</u>	<u>46</u>	<u>12,147,998</u>	<u>43</u>	<u>12,271,339</u>	<u>43</u>
	14,614,826	49	14,427,014	50	15,242,950	51	14,373,355	49	14,274,285	50	13,058,768	46
	91,339	-	150,191	1	203,801	1	1,073,183	4	1,563,837	5	2,524,693	9
	-	-	-	-	-	-	-	-	-	-	-	-
	285,265	2	281,631	1	315,364	1	335,733	1	423,683	2	521,241	2
	-	-	-	-	-	-	-	-	-	-	-	-
	35,879	-	34,053	-	(20)	-	28,922	-	132,619	-	63,522	-
	<u>15,027,309</u>	<u>51</u>	<u>14,892,889</u>	<u>52</u>	<u>15,762,095</u>	<u>53</u>	<u>15,811,193</u>	<u>54</u>	<u>16,394,424</u>	<u>57</u>	<u>16,168,224</u>	<u>57</u>
	<u>29,722,823</u>	<u>100</u>	<u>28,805,095</u>	<u>100</u>	<u>29,611,918</u>	<u>100</u>	<u>29,042,394</u>	<u>100</u>	<u>28,542,422</u>	<u>100</u>	<u>28,439,563</u>	<u>100</u>
	12,054,637	40	11,639,603	40	10,746,757	36	12,044,474	41	9,817,051	34	8,925,787	31
	9,216,199	32	9,315,195	32	8,721,734	29	7,992,889	28	7,505,789	26	6,986,884	24
	4,970,541	17	4,679,940	17	4,808,126	16	4,336,697	15	3,541,818	13	3,290,307	12
	3,997,207	13	4,019,615	14	3,983,907	14	3,989,476	14	4,040,028	14	4,232,257	15
	<u>30,238,584</u>	<u>102</u>	<u>29,654,353</u>	<u>103</u>	<u>28,260,524</u>	<u>95</u>	<u>28,363,536</u>	<u>98</u>	<u>24,904,686</u>	<u>87</u>	<u>23,435,235</u>	<u>82</u>
	980,401	3	1,019,611	4	1,045,104	4	1,025,320	3	877,568	3	910,338	3
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	<u>980,401</u>	<u>3</u>	<u>1,019,611</u>	<u>4</u>	<u>1,045,104</u>	<u>4</u>	<u>1,025,320</u>	<u>3</u>	<u>877,568</u>	<u>3</u>	<u>910,338</u>	<u>3</u>
	<u>31,218,985</u>	<u>105</u>	<u>30,673,964</u>	<u>107</u>	<u>29,305,628</u>	<u>99</u>	<u>29,388,856</u>	<u>101</u>	<u>25,782,254</u>	<u>90</u>	<u>24,345,573</u>	<u>85</u>
(1,496,162)	(5)	(1,868,869)	(7)	306,290	1	(346,462)	(1)	2,760,168	10	4,093,990	15
	1,003,100		1,500,000		1,630,000		1,501,385		855,515		671,335	
(\$	493,062)		(\$ 368,869)		\$ 1,936,290		\$ 1,154,923		\$ 3,615,683		\$ 4,765,325	

Net Position by Component⁽¹⁾

September 30,
Unaudited

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

⁽¹⁾ Balances reflect all Northern Water 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.

2012⁽³⁾	2011	2010	2009	2008	2007
\$ 167,267,534	\$ 154,229,495	\$ 150,796,408	\$ 151,016,881	\$ 151,103,054	\$ 146,407,440
-	-	-	-	-	-
1,987,672	1,987,256	1,985,832	1,978,579	1,924,968	1,902,080
949,872	1,148,136	907,677	585,293	375,873	794,628
32,173,405	45,506,658	49,550,497	47,723,371	46,745,306	47,429,370
\$ 202,378,483	\$ 202,871,545	\$ 203,240,414	\$ 201,304,124	\$ 200,149,201	\$ 196,533,518

Historical C-BT Project Joint Operations and Maintenance Costs

District Enterprise Fund

Years ended September 30,
Unaudited

Year	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

⁽¹⁾ Beginning 1986, the majority of the responsibilities for daily operations and maintenance of multipurpose projects was transferred from Reclamation to Northern Water. The amounts present Northern Water's share of C-BT Project operations and maintenance costs for joint works projects maintained by Reclamation.

⁽²⁾ Northern Water costs incurred on joint works related to the C-BT Project power distribution system.

⁽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.

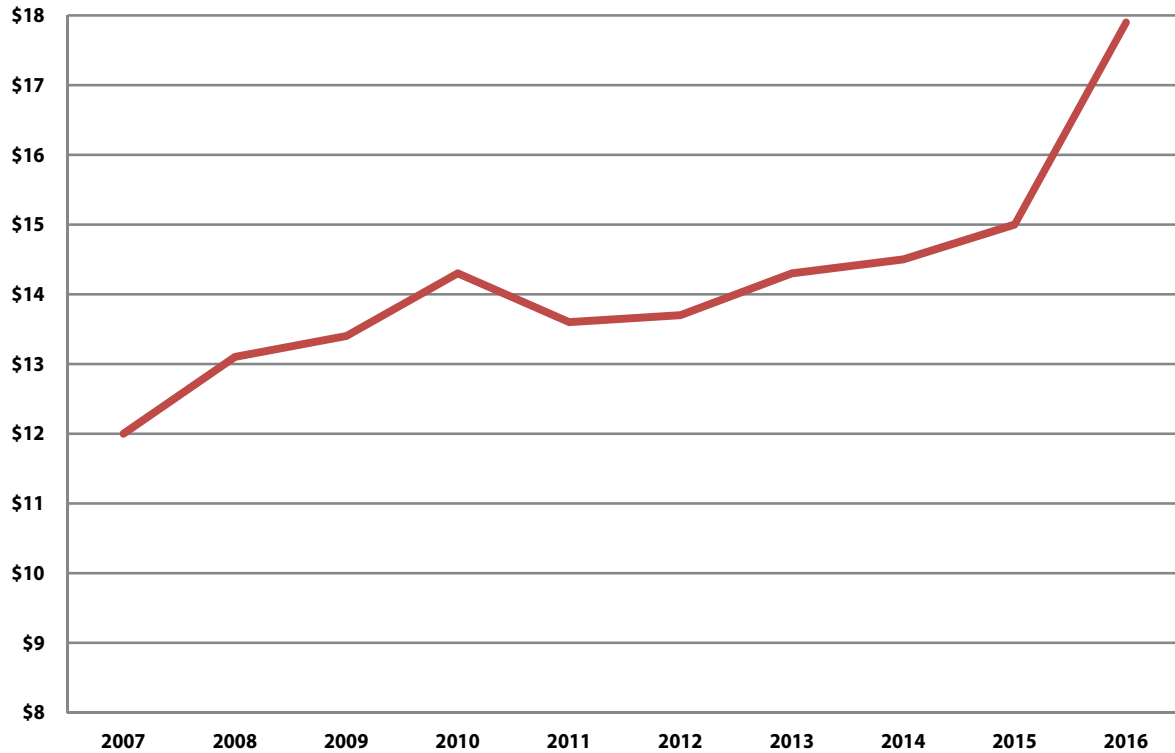
⁽⁵⁾ The Board adopted a September 30 year end; accordingly, the expenses reflect nine months.

Property Tax Levies and Collections
District Enterprise Fund

Years ended September 30,
 Unaudited

Property tax levies

(millions)



Year	Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years ⁽¹⁾	Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 12,052,640	\$ 11,924,663	98.9%	\$ 18,837	\$ 11,943,500	99.1%
2008	13,190,541	12,956,920	98.2%	11,812	12,968,732	98.3%
2009	13,432,999	13,098,300	97.5%	17,937	13,116,237	97.6%
2010	14,395,216	14,076,445	97.8%	39,951	14,116,396	98.1%
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%

⁽¹⁾ Does not include delinquent tax interest or tax refunds.

Assessed and Estimated Actual Value of Taxable Properties

District Enterprise Fund

Years ended September 30,
Unaudited (thousands)

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

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 55 are due to averaging in the above assessed valuation calculations.

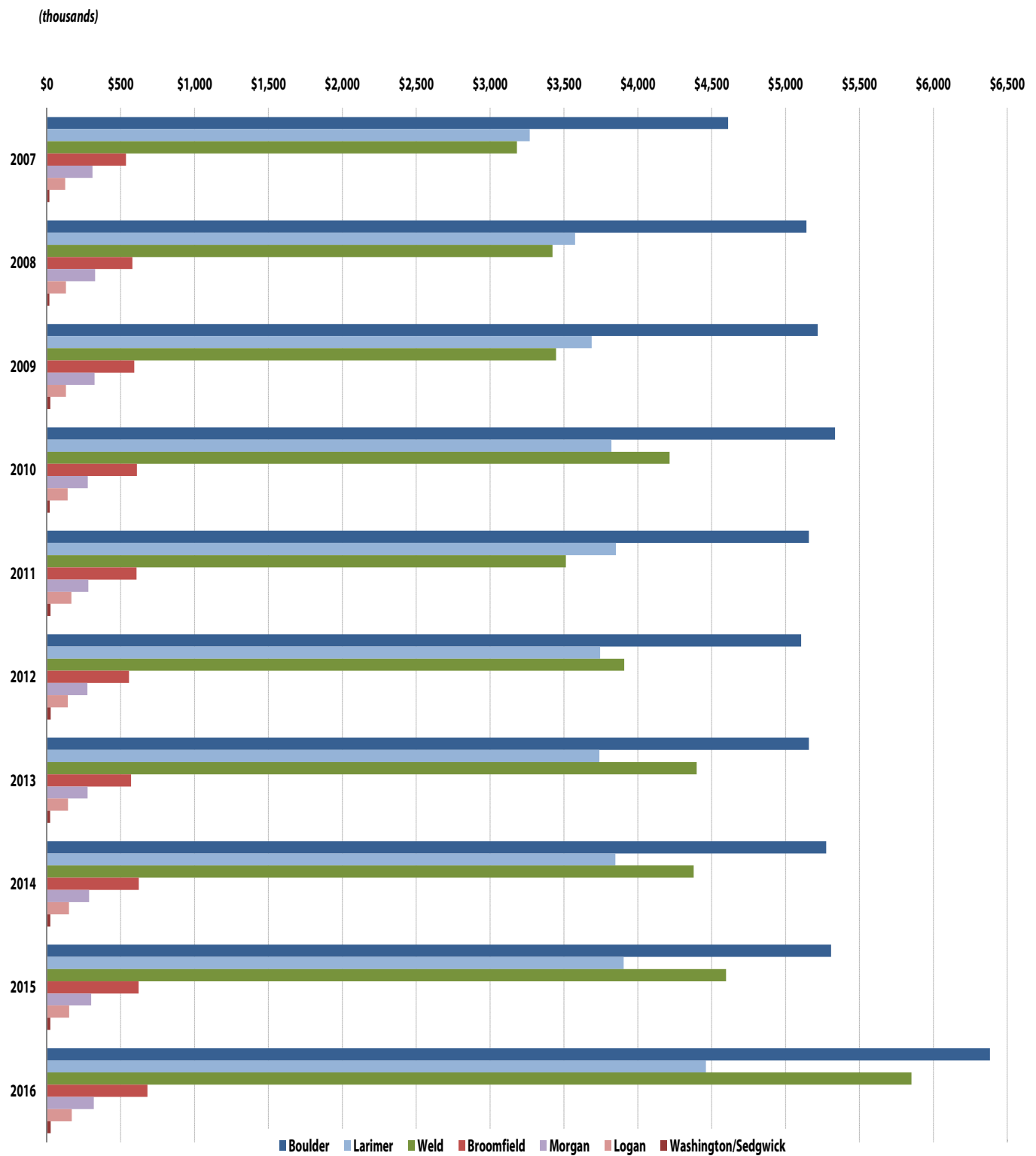
⁽²⁾ Tax rate at a maximum of 1.00 millage.

	2012	2011	2010	2009	2008	2007
\$	5,909,508	\$ 5,929,482	\$ 6,086,297	\$ 5,996,491	\$ 5,437,141	\$ 4,898,193
	3,952,981	4,052,995	3,980,277	3,746,463	2,730,442	2,422,581
	771,045	823,691	905,459	840,906	957,633	890,690
	100,511	98,188	89,250	96,718	369,335	392,916
	1,699,052	1,343,270	1,931,838	1,374,196	1,466,788	1,394,490
	1,335,560	1,389,637	1,402,095	1,378,225	2,229,202	2,053,770
\$	13,768,657	\$ 13,637,263	\$ 14,395,216	\$ 13,432,999	\$ 13,190,541	\$ 12,052,640
\$	101,340,564	\$ 101,069,535	\$ 105,112,464	\$ 100,975,932	\$ 95,041,653	\$ 86,205,595
	13.6%	13.5%	13.7%	13.3%	13.9%	14.0%

Property Tax Collections by County

District Enterprise Fund

Years ended September 30,
Unaudited (thousands)



Largest Corporate Taxpayers by Assessed Valuation

District Enterprise Fund

Years ended September 30,

Unaudited

Taxpayer	Rank	2016		Rank	2007	
		Taxable Assessed Valuation	Percent of Total Taxable Assessed Value		Taxable Assessed Valuation	Percent of Total Taxable Assessed Value
Kerr-McGee Oil & Gas Onshore LP	1	\$ 2,758,936,363	15.4%	1	\$ 563,270,950	4.7%
Noble Energy	2	2,115,829,960	11.8	-	-	-
Encana Oil & Gas (USA), Inc.	3	639,256,280	3.6	2	545,469,930	4.5
Bonanza Creek Energy, Inc.	4	432,940,970	2.4	5	168,944,360	1.4
Petroleum Development Corp.	5	432,068,270	2.4	6	105,223,960	0.9
Xcel Energy (Public Service Company of Colorado)	6	402,220,400	2.2	4	194,507,400	1.6
DCP Midstream, LP	7	202,790,600	1.2	-	-	-
Extraction Oil & Gas	8	186,796,300	1.0	3	398,688,580	3.3
Bill Barret Corporation	9	164,266,450	1.0	-	-	-
Whiting Oil & Gas	10	162,453,010	0.8	-	-	-
Anheuser Busch, Inc.	-	-	-	7	92,951,260	0.8
Rocky Mountain Energy Center	-	-	-	8	84,814,300	0.7
Petro-Canada Resources (USA), Inc.	-	-	-	9	74,504,610	0.6
Merit Energy	-	-	-	10	66,341,460	0.5
Taxable assessed value of ten largest taxpayers		7,497,558,603	41.8		2,294,716,810	19.0
Taxable assessed value of other taxpayers		10,451,846,397	58.2		9,757,923,190	81.0
Taxable assessed value of all taxpayers		\$ 17,949,405,000	100.0%		\$ 12,052,640,000	100.0%

Source: Data taken from the counties' 2015 CAFRs. Only a portion of the counties are within Northern Water boundaries.

Assessments, Charges for Services and Energy Revenue

Northern Water Enterprise Funds

Years ended September 30,

Unaudited

	2016	%	2015	%	2014	%	2013	%
Assessments								
District water assessments								
Class B, municipalities	\$ 4,371,754	43	\$ 3,529,939	43	\$ 3,181,025	40	\$ 2,950,799	40
Class D, irrigation	506,851	5	318,641	4	310,360	4	315,163	4
Carry-over	1,545,158	16	1,224,416	15	1,528,117	20	1,209,928	16
Class C, corporate contracts								
Domestic	1,795,448	18	1,442,564	18	1,308,281	17	1,240,943	18
Industrial	440,908	4	376,939	5	318,286	4	272,712	4
Irrigation	343,280	3	262,962	3	249,332	3	249,426	3
Multi-purpose ⁽¹⁾	17,053	-	14,487	-	19,797	-	-	-
District Fund water assessments	9,020,452	89	7,169,948	88	6,915,198	88	6,238,971	85
SWSP assessments	1,065,001	11	869,240	11	879,096	11	1,010,986	14
PVP assessments	28,271	-	71,679	1	81,655	1	93,492	1
Assessments	\$10,113,724	100	\$ 8,110,867	100	\$ 7,875,949	100	\$ 7,343,449	100
District Charges for Services⁽²⁾								
Reclamation	\$ 2,162,973	46	\$ 2,243,156	49	\$ 2,645,274	57	\$ 2,666,441	52
Labor, overhead and supplies	2,538,813	54	2,298,317	51	2,013,152	43	2,466,962	48
Charges for services	\$ 4,701,786	100	\$ 4,541,473	100	\$ 4,658,426	100	\$ 5,133,403	100
Energy Revenue								
Hydropower ⁽³⁾	\$ 936,746	100	\$ 606,827	100	\$ 480,309	100	\$ 625,371	100

⁽¹⁾ Not separately detailed in 2013.

⁽²⁾ Charges for services do not include charges for the Interdistrict Fund and, therefore, do not reflect charges for services as shown on Changes in Net Position (page 46) for certain years.

⁽³⁾ The Granby and Trout Hydropower facilities became operational in 2016 and 2012, respectively.

	2012	%	2011	%	2010	%	2009	%	2008	%	2007	%
\$	2,805,799	42	\$ 2,676,564	42	\$ 2,652,230	44	\$ 2,650,888	42	\$ 2,438,459	41	\$ 2,461,371	43
	301,179	4	306,431	5	312,300	5	307,135	5	355,611	6	312,017	5
	968,104	14	744,912	12	869,130	14	925,975	15	883,964	15	749,410	13
	1,165,155	17	1,136,715	18	1,156,327	19	1,126,025	18	1,084,925	18	1,003,254	18
	262,864	4	258,328	4	258,328	4	250,701	4	259,445	4	254,526	4
	245,675	4	251,139	4	237,551	4	235,235	4	250,451	4	248,214	4
	18,028	-	17,717	-	17,717	-	17,194	-	16,686	-	16,120	-
	5,766,804	85	5,391,806	85	5,503,583	90	5,513,153	88	5,289,541	88	5,044,912	87
	906,910	13	867,291	14	609,676	10	720,408	11	632,641	11	568,139	10
	65,898	2	77,800	1	29,531	-	45,607	1	64,530	1	140,505	3
\$	6,739,612	100	\$ 6,336,897	100	\$ 6,142,790	100	\$ 6,279,168	100	\$ 5,986,712	100	\$ 5,753,556	100
\$	2,803,614	49	\$ 3,079,495	52	\$ 2,302,935	42	\$ 2,319,168	44	\$ 1,918,853	40	\$ 1,477,278	33
	2,962,499	51	2,878,260	48	3,231,119	58	2,925,971	56	2,845,164	60	3,016,584	67
\$	5,766,113	100	\$ 5,957,755	100	\$ 5,534,054	100	\$ 5,245,139	100	\$ 4,764,017	100	\$ 4,493,862	100
\$	484,632	100	\$ -		\$ -		\$ -		\$ -		\$ -	

Largest Water Allotment Contract Holders by Acre-Foot Units
District Enterprise

September 30, 2016
 Unaudited

Entity	Acre-Foot Units	Percentage of Total Acre-Foot Units
North Poudre Irrigation Company	40,000	12.9%
Greeley, City of	22,565	7.3
Boulder, City of	21,264	6.9
Fort Collins, City of	18,855	6.1
Broomfield, City and County of	13,583	4.1
Longmont, City of	12,713	4.1
Loveland, City of	12,178	3.9
Fort Collins-Loveland Water District	12,490	3.9
Xcel Energy (Public Service Company of Colorado)	10,007	3.2
Little Thompson Water District	9,907	3.2
Ten largest allottees by acre-foot units	173,562	55.6
Other allottees	136,438	44.4
Acre-foot units	310,000	100.0%

**Largest Water Allotment Contract Holders by Assessment
Northern Water Enterprise Funds**

Years ended September 30,
Unaudited

Entity	2016			2007 ⁽¹⁾		
	Rank	Assessment	Percentage of Total Assessments	Rank	Assessment	Percentage of Total Assessments
District Annual Water Assessments						
Broomfield, City and County of	1	\$ 568,578	5.6%	4	\$ 231,681	4.0%
Fort Collins, City of	2	474,539	4.7	1	342,982	6.0
Fort Collins-Loveland Water District	3	448,391	4.4	7	221,958	3.8
Xcel Energy (Public Service Company of Colorado)	4	359,251	3.5	3	257,731	4.5
Little Thompson Water District	5	355,661	3.5	8	221,548	3.8
Boulder, City of	6	344,429	3.4	5	224,693	3.9
Greeley, City of	7	311,329	3.1	2	313,466	5.5
Longmont, City of	8	303,215	3.0	6	224,094	3.9
Loveland, City of	9	273,036	2.7	9	193,273	3.4
Erie, Town of	10	255,482	2.6	-	-	-
Left Hand Water District	-	-	-	10	175,286	3.0
District annual water assessments for ten largest allottees		3,693,911	36.5		2,406,712	41.8
Other allottees		5,326,541	52.7		2,638,200	45.9
Water assessments for District Fund water allotment contract holders ⁽²⁾		9,020,452	89.2		5,044,912	87.7
SWSP assessments		1,065,001	10.5		568,139	9.9
PVP assessments		28,271	0.3		140,505	2.4
Assessment revenue		\$ 10,113,724	100.0%		\$ 5,753,556	100.0%

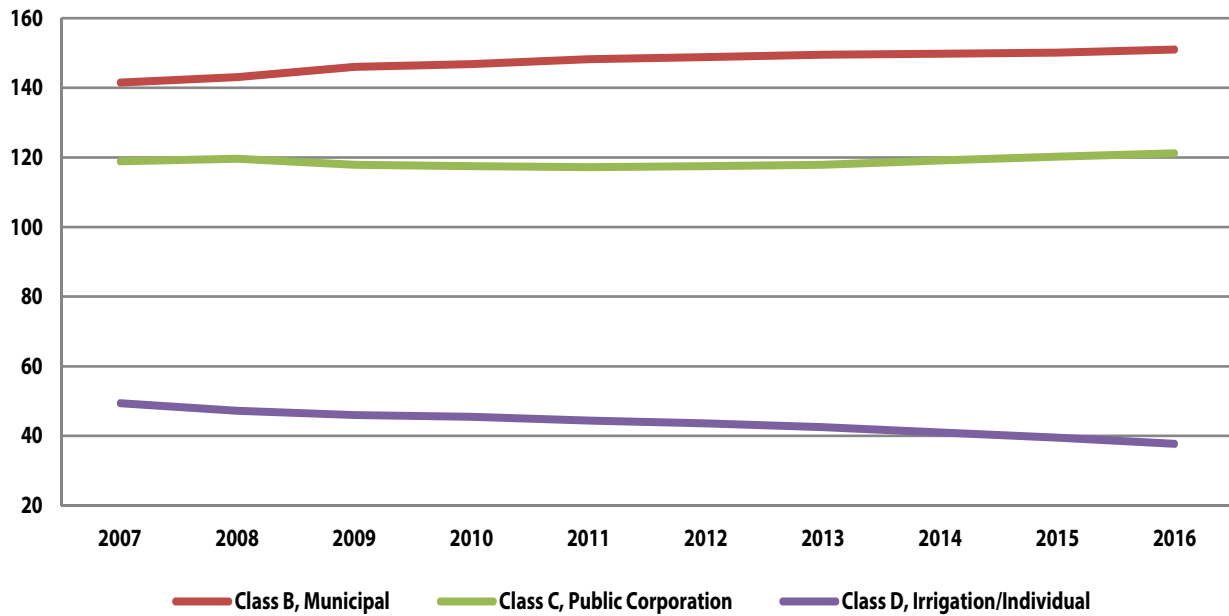
⁽¹⁾ 2007 amounts included carryover assessments.

⁽²⁾ The 2016 balance of \$9,020,452 reflects all District allottee assessments, including carryover, whereas amounts shown above for the individual allotment contract holders includes only the annual water assessment charge.

Ownership by Water Allotment Contract Class District Enterprise

September 30,
Unaudited

(thousands of acre-foot units)



Year	Class B Municipal	Class C ⁽¹⁾ Public Corporation	Class D ⁽²⁾ Irrigation/ Individual	Acre-Foot Units
2007	141,597	118,919	49,484	310,000
2008	143,177	119,607	47,216	310,000
2009	146,023	117,969	46,008	310,000
2010	146,828	117,595	45,577	310,000
2011	148,241	117,265	44,494	310,000
2012	148,839	117,557	43,604	310,000
2013	149,568	117,919	42,513	310,000
2014	149,879	119,121	41,000	310,000
2015	150,161	120,295	39,544	310,000
2016	151,063	121,202	37,735	310,000
	48.7%	39.1%	12.2%	

⁽¹⁾ Class C water allotment contracts for 2016 include 56,615 irrigation units and 64,142 domestic and industrial units.

⁽²⁾ Includes inactive units.

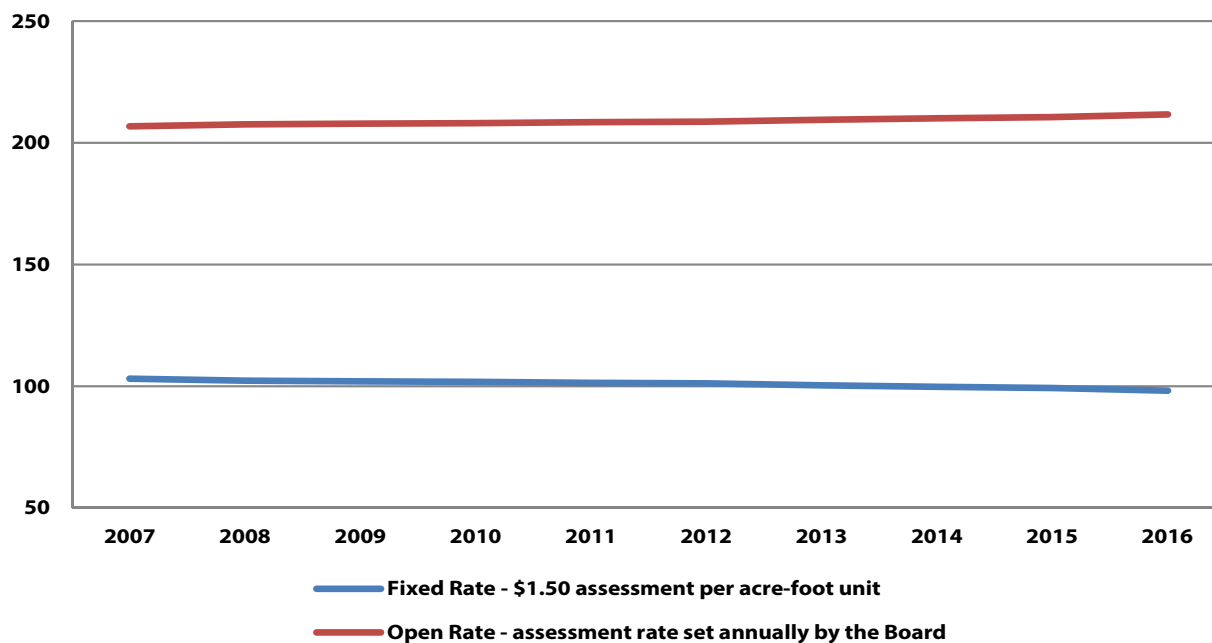
Open and Fixed-Rate Water Allotment Contracts

District Enterprise

September 30,

Unaudited

(thousands of acre-foot units)

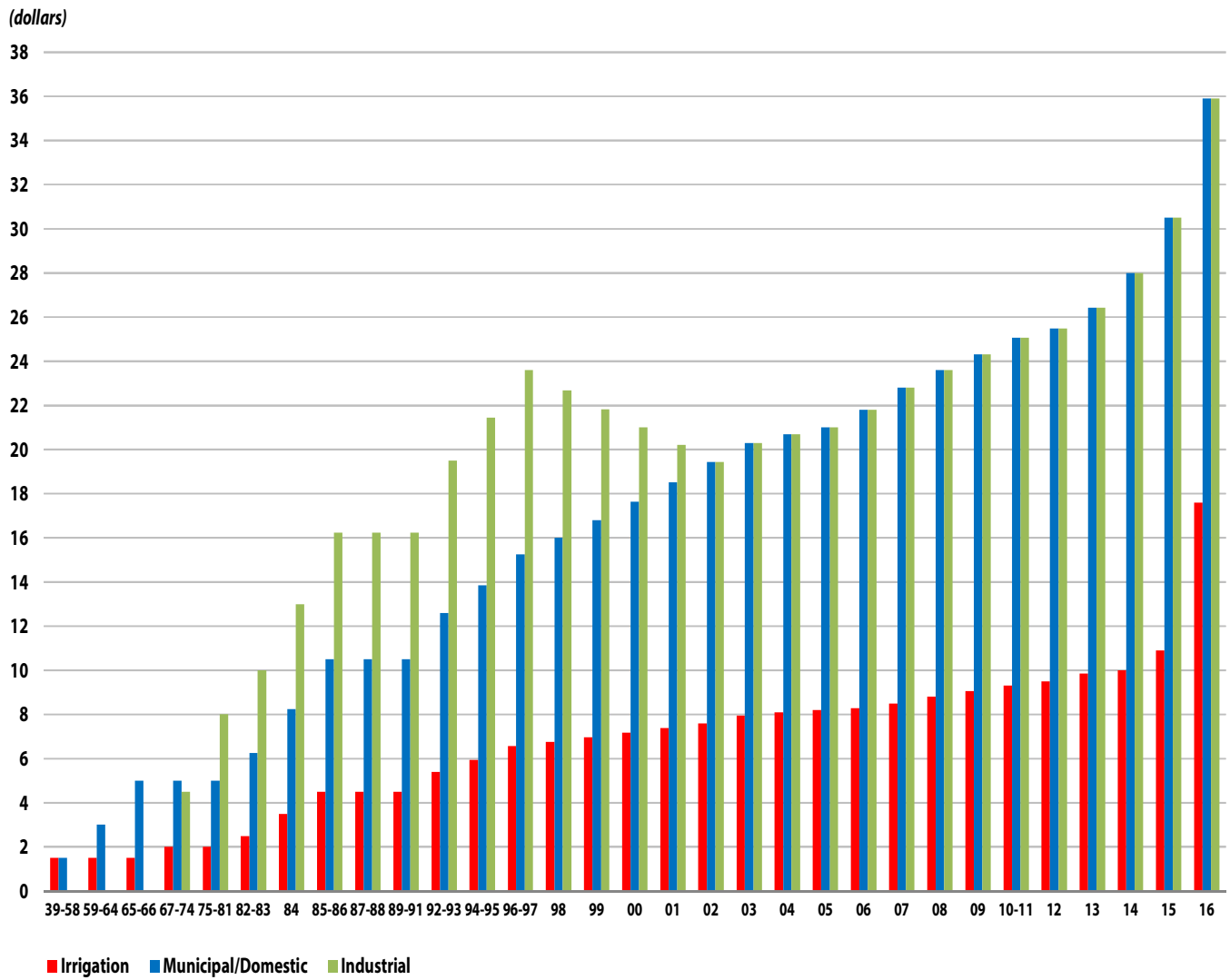


Year	Acre-Foot Units		Acre-Foot Units
	Fixed Rate	Open Rate	
2007	103,154	206,846	310,000
2008	102,389	207,611	310,000
2009	102,070	207,930	310,000
2010	101,810	208,190	310,000
2011	101,497	208,503	310,000
2012	101,286	208,714	310,000
2013	100,406	209,594	310,000
2014	99,862	210,138	310,000
2015	99,311	210,689	310,000
2016	98,263	211,737	310,000
	31.7%	68.3%	

Historical Open-Rate Water Assessment Charges⁽¹⁾

District Enterprise

September 30,
Unaudited

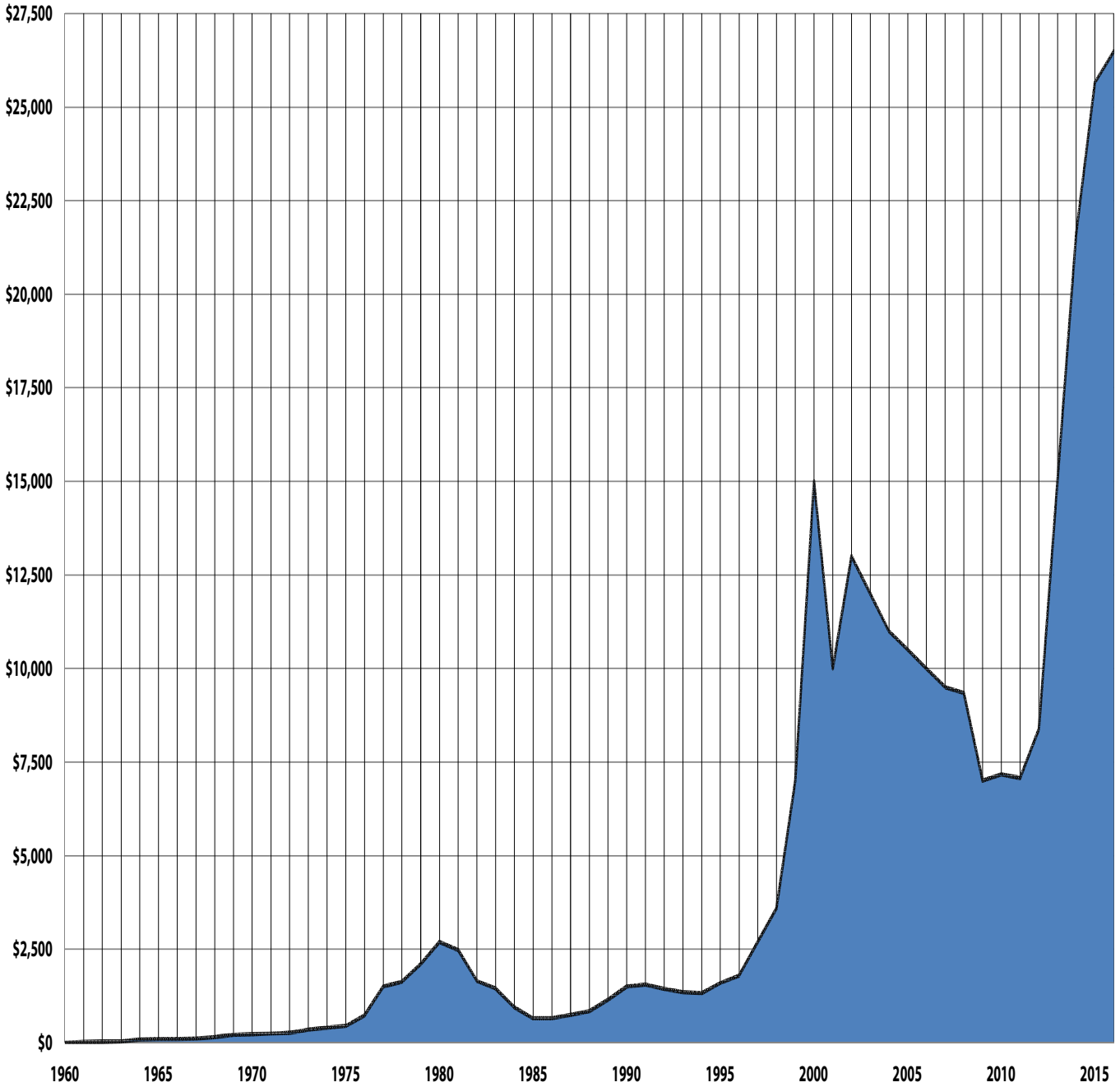


⁽¹⁾ The District Enterprise Fund collects annual assessments on each acre-foot unit. Assessments on fixed-rate contracts are \$1.50 per unit. When a unit is transferred, sold or altered, the contract is changed from the original fixed rate to an open-rate assessment. Open-rate assessments are determined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

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

District Enterprise

Years ended September 30,
Unaudited



⁽¹⁾ District 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 water has fluctuated on the open market through the years. Actual transaction prices may vary.

Statistics of Outstanding Debt by Type
Northern Water Enterprise Funds

September 30,
 Unaudited

	2016	2015	2014	2013
District				
Certificates of Participation ⁽¹⁾	\$ 5,740,000	\$ 6,780,000	\$ 7,790,000	\$ 8,770,000
Unamortized premium ⁽²⁾	<u>466,126</u>	<u>554,433</u>	<u>641,169</u>	<u>753,450</u>
Certificates of Participation	6,206,126	7,334,433	8,431,169	9,523,450
Contracts Payable to Reclamation				
Horsetooth Safety of Dams	3,568,509	3,680,307	3,786,026	3,885,997
Pole Hill Canal	<u>360,802</u>	<u>443,762</u>	<u>524,014</u>	<u>601,646</u>
District	10,135,437	11,458,502	12,741,209	14,011,093
Revenue-type Financing for Hydropower				
Colorado Water Resources and Power Development Authority	1,660,736	1,748,088	1,833,727	1,917,687
Colorado Water Conservation Board	<u>5,135,183</u>	<u>2,033,958</u>	-	-
Hydropower	6,795,919	3,782,046	1,833,727	1,917,687
Outstanding debt	\$ 16,931,356	\$ 15,240,548	\$ 14,574,936	\$ 15,928,780
District Outstanding Debt				
Per capita ⁽³⁾	\$ 11	\$ 13	\$ 15	\$ 16
Per acre-foot units ⁽⁴⁾	\$ 33	\$ 37	\$ 41	\$ 45
Percentage of personal income ⁽⁵⁾	N/A	.03%	.04%	.04%
District Contracts Payable to Reclamation				
Per capita ⁽⁶⁾	\$ 4	\$ 5	\$ 5	\$ 5
Percentage of estimated actual value of taxable properties ⁽⁷⁾	-	-	-	-

⁽¹⁾ In 2013, balances reflect Series 2012. Prior to 2013, balances reflect Series 2002.

⁽²⁾ 2014 balances revised to reflect deferred gain on refunding as a deferred inflow of resources.

⁽³⁾ Computed by dividing total District debt by estimated population in Northern Water boundaries as shown on page 66.

⁽⁴⁾ Computed by dividing total District debt by 310,000 acre-foot units.

⁽⁵⁾ Statistical information not available for certain years. Computed by dividing total District debt by total personal income as shown on page 66.

⁽⁶⁾ Computed by dividing District debt by estimated population in Northern Water boundaries as shown on page 66.

⁽⁷⁾ Computed by dividing District debt by Estimated Actual Taxable Value as shown on page 52.

2012	2011	2010	2009	2008	2007
\$ 13,380,000	\$ 14,275,000	\$ 15,135,000	\$ 15,960,000	\$ 16,750,000	\$ 17,510,000
<u>86,074</u>	<u>93,520</u>	<u>100,614</u>	<u>107,371</u>	<u>113,808</u>	<u>119,941</u>
13,466,074	14,368,500	15,235,614	16,067,371	16,863,808	17,629,941
3,980,532	4,069,927	4,154,461	4,234,399	4,678,318	4,781,697
<u>676,744</u>	<u>749,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>18,123,350</u>	<u>19,187,816</u>	<u>19,390,075</u>	<u>20,301,770</u>	<u>21,542,126</u>	<u>22,411,638</u>
2,000,000	1,082,825	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,000,000	1,082,825	-	-	-	-
<u>\$ 20,123,350</u>	<u>\$ 20,270,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 21	\$ 23	\$ 23	\$ 24	\$ 27	\$ 29
\$ 58	\$ 62	\$ 62	\$ 65	\$ 69	\$ 72
.06%	.06%	.07%	.07%	.08%	.08%
\$ 5	\$ 6	\$ 5	\$ 5	\$ 6	\$ 6
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Northern Water Population and Economic Statistics

September 30,
Unaudited

	2016 ⁽¹⁾	2015	2014	2013
Population in Northern Water Boundaries⁽²⁾	922,233	893,145	878,100	859,913
Per Capita Personal Income⁽³⁾				
Boulder County	\$ 58,627	\$ 58,552	\$ 56,940	\$ 51,893
Fort Collins-Loveland MSA ⁽⁴⁾	N/A	43,584	42,866	41,311
Greeley MSA ⁽⁴⁾	N/A	38,664	33,393	31,657
Personal Income (000s)⁽³⁾				
Boulder County	\$ 18,369,741	\$ 17,042,764	\$ 16,417,561	\$ 15,535,659
Fort Collins-Loveland MSA ⁽⁴⁾	N/A	14,126,667	13,545,018	12,826,581
Greeley	N/A	3,805,427	3,249,807	3,042,016
Unemployment Rate⁽³⁾				
Boulder County	2.9%	3.7%	4.4%	5.4%
Fort Collins-Loveland MSA ⁽⁴⁾	3.5	4.3	5.4	6.4
Greeley MSA ⁽⁴⁾	3.5	4.0	7.6	8.7

⁽¹⁾ Certain statistical information not provided.

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

⁽³⁾ Data from 2009 to present taken from the municipalities' CAFRs. Prior to that time, per capita and personal income data taken from the Bureau of Economic Analysis and the unemployment rates from the U.S. Department of Labor, Bureau of Labor Statistics.

⁽⁴⁾ Metropolitan Service Area.

2012	2011	2010	2009	2008	2007
858,565	842,494	842,447	828,350	794,616	770,563
\$ 53,352	\$ 50,095	\$ 49,543	\$ 53,533	\$ 51,436	\$ 50,195
39,767	38,585	37,368	38,848	36,766	35,397
29,986	28,447	27,109	28,402	27,988	25,668
\$ 15,758,416	\$ 14,786,545	\$ 14,525,373	\$ 15,570,648	\$ 14,784,185	\$ 14,267,458
12,149,896	11,600,000	11,149,957	11,378,132	10,541,856	9,968,398
2,862,254	2,684,202	2,487,495	2,563,252	2,428,771	2,184,526
6.1%	6.7%	5.7%	4.2%	3.8%	4.3%
6.8	7.4	6.6	5.0	3.4	3.9
9.7	11.1	9.1	5.2	3.9	4.6

Largest Employers by Principal Municipalities Served by Northern Water

September 30,

Unaudited

Boulder, City of

Employers	2016 ⁽¹⁾			2007 ⁽¹⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
University of Colorado at Boulder	1	7,964	3.8%	1	7,050	4.3%
St. Vrain Valley School District ⁽²⁾	2	4,661	2.2	10	1,463	0.9
Boulder Valley School District	3	4,381	2.1	4	3,600	2.2
IBM Corporation	4	2,800	1.3	2	4,200	2.6
Boulder County	5	1,957	0.9	9	1,600	1.0
SCL Health System	6	1,900	0.9	-	-	-
Ball Corporation	7	1,865	0.9	5	3,000	1.8
Covidien	8	1,800	0.9	-	-	-
Boulder Community Hospital	9	1,796	0.9	8	1,907	1.2
Boulder, City of	10	1,359	0.5	-	-	-
Oracle Corporation (formerly Sun Microsystems, Inc.)	-	-	-	3	3,800	2.4
Colorado, State of	-	-	-	6	2,820	1.7
Level 3 Communications, Inc.	-	-	-	7	2,000	1.2
Top ten principal employers		30,483	14.4%		31,440	19.3%
Employees		211,687			162,901	

Broomfield, City and County of⁽⁴⁾

Employers	2016			2007		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment ⁽³⁾
Level 3 Communications	1	2,400	5.8%	2	2,400	-
Oracle Corporation (formerly Sun Microsystems, Inc.)	2	2,000	4.9	1	3,387	-
Urban Lending Solutions	3	930	2.3	-	-	-
Hunter Douglas	4	920	2.2	4	978	-
SCL Health System	5	900	2.2	-	-	-
Broomfield, City and County of	6	724	1.7	6	564	-
Staples Advantage (formerly Corporate Express)	7	700	1.7	3	1,000	-
Vail Resorts	8	680	1.7	-	-	-
Ball Corporation	8	680	1.7	7	550	-
TransFirst Holdings	10	660	1.6	-	-	-
Sandoz, Inc. (Geneva Pharmaceuticals)	-	-	-	5	600	-
Wal-Mart Supercenter	-	-	-	8	450	-
Bestop	-	-	-	9	433	-
McKesson HBOC	-	-	-	10	428	-
Top ten principal employers		10,594	25.8%		10,790	
Employees		41,116			_(3)	

Source: Data taken from the municipalities' most recent CAFRs unless otherwise indicated.

⁽¹⁾ Information for 2015 for the City of Boulder lists the largest employers in Boulder and Broomfield Counties. Employment information specific to the City of Boulder was not available for the year presented.

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

⁽³⁾ Data not provided.

⁽⁴⁾ Data provided for the entire City and County of Broomfield, only a portion of which is within Northern Water boundaries.

⁽⁵⁾ Northern Water 2007 CAFR.

Fort Collins, City of

Employers	2016			2007		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Colorado State University	1	7,520	9.2%	1	6,948	8.5%
UC Health:Poudre Valley Health System	2	6,080	7.5	3	3,020	3.7
Poudre R-1 School District	3	4,280	5.3	4	3,014	3.7
Larimer County	4	1,910	2.3	7	1,467	1.8
Fort Collins, City of	5	1,860	2.3	6	1,864	2.3
Hewlett Packard	6	1,490	1.8	2	3,182	3.9
Broadcom (Avago)	7	1,450	1.8	-	-	-
Woodward, Inc.	8	1,230	1.5	-	-	-
Employment Solutions Personnel	9	1,130	1.4	-	-	-
Otterbox	10	820	1.0	-	-	-
Agilent Technologies	-	-	-	5	2,800	3.4
Wal-Mart SuperCenter	-	-	-	8	909	1.1
Advanced Energy	-	-	-	9	825	1.0
Anheuser-Busch	-	-	-	10	760	0.9
Top ten principal employers		22,770	34.1%		24,789	30.3%
Employees		_(3)			_(3)	

Greeley, City of

Employers	2016			2007⁽⁵⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment⁽⁵⁾
JBS Swift & Company	1	3,885	2.9%	1	3,650	-
Banner Health Care (formerly North Colorado Medical Center)	2	3,178	2.4	2	2,700	-
Greeley/Evans School District Six	3	2,320	1.7	4	2,037	-
University of Northern Colorado	4	2,001	1.5	3	2,066	-
Weld County	5	1,527	1.1	8	1,400	-
State Farm Insurance Companies	6	1,193	0.9	7	1,478	-
Greeley, City of	7	1,268	0.9	6	1,490	-
TeleTech Services	8	662	0.5	-	-	-
Aims Community College	9	609	0.4	-	-	-
Colorado Premium Foods	10	423	0.3	-	-	-
Eastman Kodak	-	-	-	5	1,650	-
StarTek, Inc.	-	-	-	9	906	-
Wal-Mart Supercenter	-	-	-	10	856	-
Top ten principal employers		17,066	12.6%		18,233	-
Employees		135,279			_(3)	

Largest Employers by Principal Municipalities Served by Northern Water

September 30,
Unaudited

Longmont, City of

Employers	2016			2007		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
St. Vrain Valley School District	1	3,960	8.3%	-	-	-
Seagate Technology	2	1,558	3.3	1	1,605	3.7%
Longmont United Hospital	3	1,276	2.7	-	-	-
Intrado	4	1,247	2.6	4	697	1.6
Circle Graphics, Inc.	5	919	1.9	-	-	-
Longmont, City of	6	818	1.7	-	-	-
DigitalGlobe	7	514	1.1	8	315	0.7
Federal Aviation Administration	8	448	0.9	5	547	1.3
McLane Western	9	432	0.9	6	545	1.3
Longmont Clinic	10	279	0.5	-	-	-
Amgen	-	-	-	2	1,183	2.8
Butterball, LLC	-	-	-	3	920	2.1
Xilinx	-	-	-	7	400	0.9
Times-Call	-	-	-	9	218	0.6
Sunrise Medical, Colorado Division	-	-	-	10	208	0.5
Top ten principal employers		11,451	23.9%		6,638	15.5%
Employees		47,912			42,825	

Loveland, City of

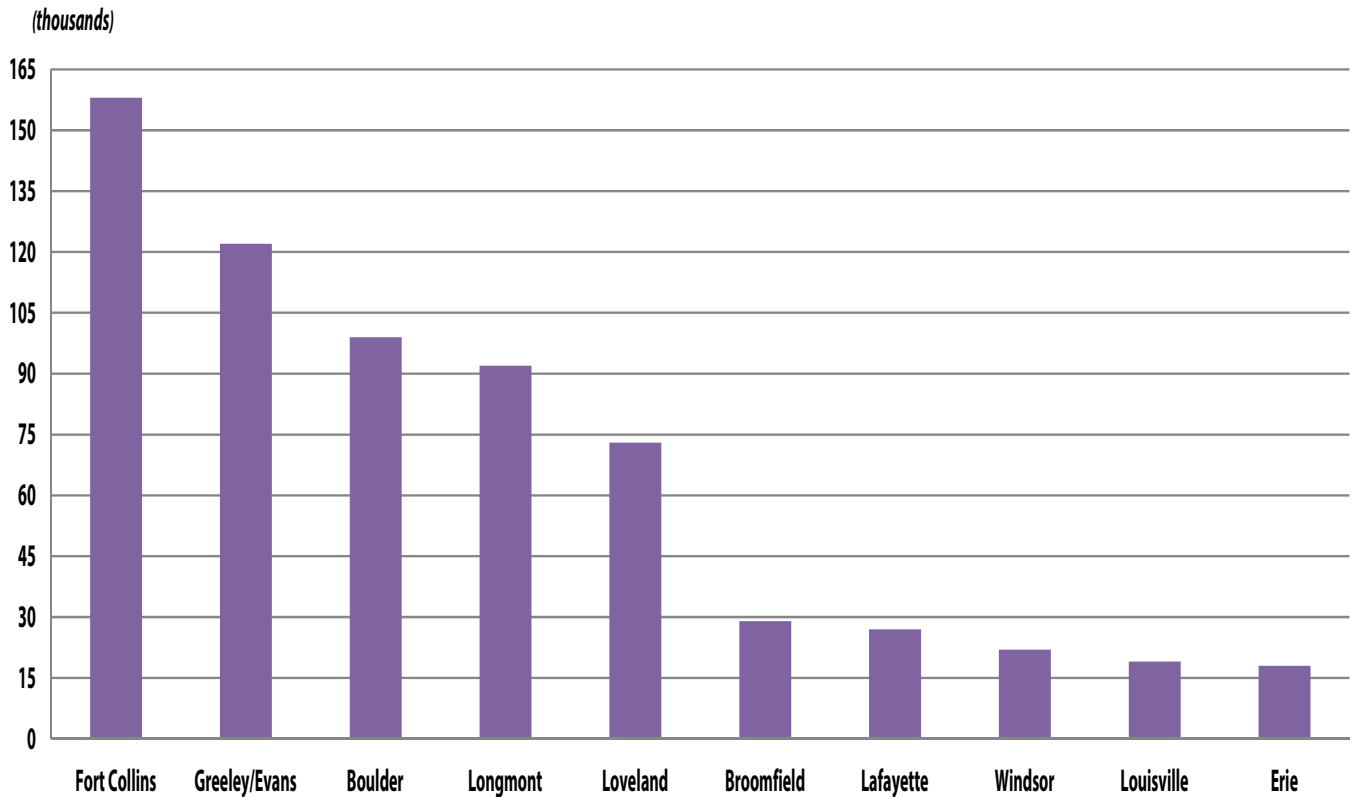
Employers	2016			2007		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Thompson School District R2-J	1	3,615	8.1%	1	1,888	6.2%
Medical Center of the Rockies	2	1,329	3.0	-	-	-
Wal-Mart Distribution Center	3	1,000	2.2	2	1,000	3.3
Loveland, City of	4	995	2.2	4	710	2.3
Hach Company	5	980	2.2	7	550	1.8
McKee Medical Center	6	505	1.1	3	950	3.1
Woodward Governor	7	500	1.1	10	238	0.8
Elevations Credit Union	8	380	0.9	-	-	-
Miramont Lifestyle Fitness	9	370	0.9	-	-	-
Agrium/Crop Production Services	10	360	0.8	-	-	-
Wal-Mart Supercenter	-	-	-	5	700	2.3
Agilent Technologies	-	-	-	6	650	2.1
Group Publishing	-	-	-	8	300	1.0
Quebecor	-	-	-	9	242	0.8
Top ten principal employers		10,034	22.5%		7,228	23.7%
Employees		44,705			30,556	

Source: Data taken from the municipalities' most recent CAFRs.

Population of Ten Largest Municipalities in Northern Water Boundaries

September 30, 2016
Unaudited

Municipalities	Population ⁽¹⁾	Percentage
Fort Collins, City of	158,372	17.2%
Greeley/Evans, Cities of	122,886	13.3
Boulder, City of	99,295	10.8
Longmont, City of	92,247	10.0
Loveland, City of	73,079	7.9
Broomfield, City and County of	29,129	3.1
Lafayette, City of	26,697	2.9
Windsor, Town of	22,712	2.5
Louisville, City of	19,601	2.1
Erie, Town of	18,109	2.0
Population of ten largest municipalities served by Northern Water	662,127	71.8
Other municipalities and unincorporated areas	260,106	28.2
Estimated population within Northern Water boundaries	922,233	100.0%



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

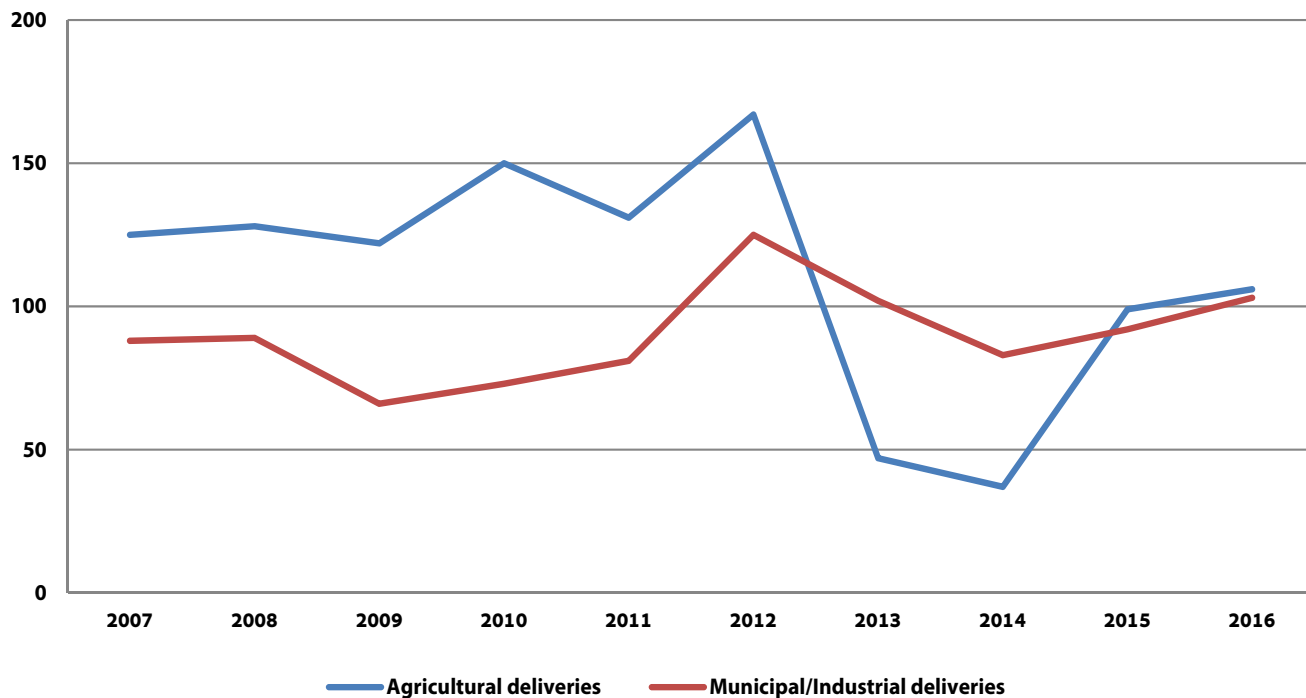
C-BT Project Water Deliveries⁽¹⁾

District Enterprise

Years ended September 30,

Unaudited

(thousands of acre-feet)



Year	Agricultural		Municipal/Industrial		Water Deliveries
	Deliveries	Percentage	Deliveries	Percentage	
2007	125,788	58.8	88,276	41.2	214,064
2008	128,676	59.1	89,206	40.9	217,882
2009	122,216	64.9	66,146	35.1	188,362
2010	150,534	67.2	73,331	32.8	223,865
2011	131,334	61.6	81,836	38.4	213,170
2012	167,375	57.1	125,534	42.9	292,909
2013	47,907	31.9	102,447	68.1	150,354
2014	37,248	30.9	83,255	69.1	120,503
2015	99,571	51.7	92,985	48.3	192,556
2016	106,036	50.5	103,940	49.5	209,976
Historical average from 1957	165,354	78.0%	46,726	22.0%	212,080

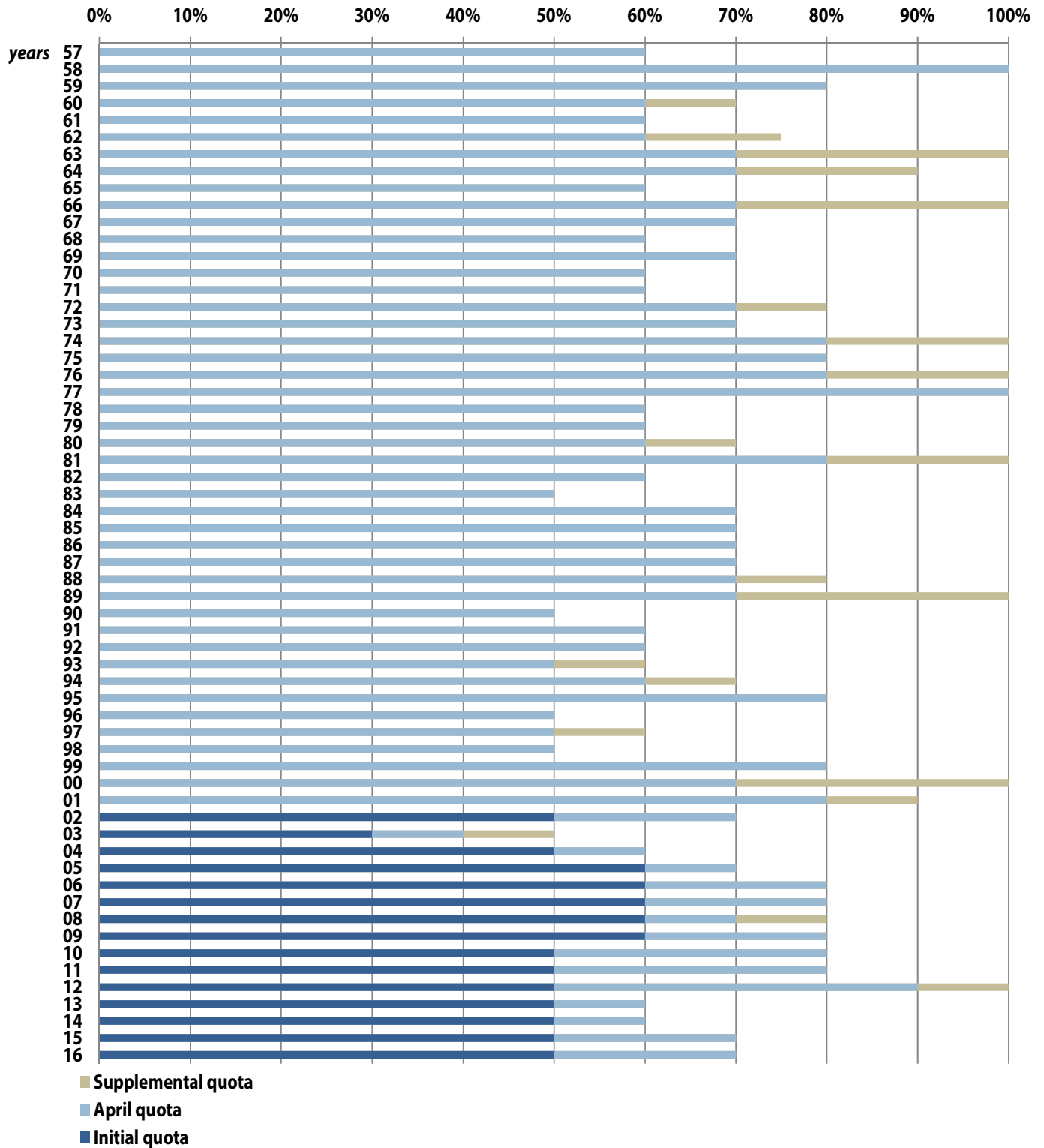
⁽¹⁾ Includes C-BT Project quota, carryover, non-charge, operations and Regional Pool water.

Historical C-BT Project Water Delivery Quotas⁽¹⁾

District Enterprise

Years ended September 30,

Unaudited



⁽¹⁾ In 2002 the Board began issuing an initial quota for the water year (November 1 - October 31) in November of each year, reviewing the quota in April and then updating the April quota with supplements as needed.

Capital Assets by Enterprise Fund

September 30,
Unaudited

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

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

⁽²⁾ 2015 balances restated for \$27,921 reclassification between construction in progress and operating equipment.

⁽³⁾ Trout and Granby Hydropower facilities became operational 2012 and 2016, respectively.

2012	2011	2010	2009	2008	2007
\$ 78,931,481	\$ 69,311,486	\$ 66,458,165	\$ 65,761,333	\$ 53,782,601	\$ 53,447,573
3,140,242	1,547,231	1,598,488	1,091,613	11,270,607	4,054,436
18,732,858	18,721,544	18,721,544	18,378,384	18,164,932	18,195,343
5,343,262	5,234,578	5,097,270	5,143,814	5,271,870	5,484,826
3,055,626	3,421,254	3,208,332	2,855,266	2,844,942	3,071,321
109,203,469	98,236,093	95,083,799	93,230,410	91,334,952	84,253,499
(6,977,380)	(6,122,579)	(5,265,105)	(4,473,323)	(3,750,182)	(3,052,165)
(5,001,649)	(4,912,530)	(4,814,833)	(4,752,321)	(4,683,622)	(4,616,479)
(2,707,585)	(3,027,395)	(2,674,394)	(2,360,386)	(2,390,477)	(2,583,735)
(14,686,614)	(14,062,504)	(12,754,332)	(11,586,030)	(10,824,281)	(10,252,379)
94,516,855	84,173,589	82,329,467	81,644,380	80,510,671	74,001,120
-	-	-	-	-	-
850,649	811,089	680,473	543,420	491,539	350,285
74,732,477	74,742,404	74,735,178	74,730,114	74,730,114	74,709,126
75,583,126	75,553,493	75,415,651	75,273,534	75,221,653	75,059,411
(27,871,845)	(26,013,426)	(24,141,257)	(22,282,770)	(20,393,734)	(18,504,698)
47,711,281	49,540,067	51,274,394	52,990,764	54,827,919	56,554,713
934,330	934,330	934,330	934,330	934,330	934,330
29,732,205	29,732,205	29,732,205	29,732,205	29,732,205	29,732,205
30,666,535	30,666,535	30,666,535	30,666,535	30,666,535	30,666,535
(5,946,441)	(5,203,136)	(4,459,831)	(3,716,525)	(2,973,220)	(2,229,915)
24,720,094	25,463,399	26,206,704	26,950,010	27,693,315	28,436,620
11,326,978	10,159,460	9,029,413	7,859,047	6,436,492	5,468,574
-	2,255,182	-	-	-	-
6,219,195	-	-	-	-	-
6,219,195	2,255,182	-	-	-	-
(51,827)	-	-	-	-	-
6,167,368	2,255,182	-	-	-	-
\$ 184,442,576	\$ 171,591,697	\$ 168,839,978	\$ 169,444,201	\$ 169,468,397	\$ 164,461,027

C-BT Project Water Conveyance, Storage Reservoirs and Pump Stations⁽¹⁾

District Enterprise

September 30, 2016

Unaudited

Water Conveyance	Capacity (cfs)	Length (miles)
Alva B. Adams Tunnel		13.1
East Slope Power Conduit System		18.5
Canals, West Slope		6.3
Canals, East Slope		
St. Vrain Supply	625	9.8
Boulder Feeder	200	13.2
Boulder Creek Supply	200	2.5
South Platte Supply	230	32.2
Charles Hansen Feeder	550	13.2
Charles Hansen Supply	1,500	5.6
North Poudre Supply	250	12.5
Dixon Feeder	8	3.0
Water conveyance		<u>129.9</u>

Storage Reservoirs	Shoreline (miles)	Capacity (acre-feet)	
		Active⁽²⁾	Total
West Slope			
Grand Lake ⁽³⁾	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
Storage reservoirs	<u>125</u>	<u>888,141</u>	<u>1,080,081</u>

Pump Stations	Pump Station Capacity (cfs)	Rated Lift (feet)	Installed Capacity (horsepower)
Farr	600	186	18,000
Willow Creek	400	175	10,000
Flatiron Reservoir	370	240	13,000
Pump stations	<u>1,370</u>	<u>601</u>	<u>41,000</u>

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

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

⁽³⁾ Natural lake.

Northern Water Employees by Division

September 30,
Unaudited

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Management	4	5	5	5	5	5	5	5	5	5
Operations Division										
Collection	15	17	18	18	19	19	19	18	19	19
Distribution ⁽¹⁾	19	19	18	18	17	17	17	17	17	17
Facilities and Equipment	9	9	9	10	10	10	10	10	10	9
Information Technology ⁽²⁾	9	10	11	11	11	11	11	8	7	7
Instrumentation Control & Electrical Engineering ⁽³⁾	5	5	5	5	5	5	7	6	6	2
Water Records and Accounting	1	1	-	-	-	-	-	-	-	-
Safety	1	1	-	-	-	-	-	-	-	-
Operations Division	59	62	61	62	62	62	64	59	59	54
Engineering Division										
Project Management	5	5	4	4	3	3	3	3	3	2
Water Resources	4	4	4	4	4	4	4	4	4	4
GIS ⁽²⁾	-	-	-	-	-	-	-	4	4	4
Civil Support ⁽¹⁾	-	-	-	-	1	1	1	1	1	2
Water Quality	4	3	3	3	3	3	2	2	1	1
Field Services	7	6	6	6	5	5	5	4	3	4
Emergency & Security/Real Estate ⁽³⁾	2	2	1	1	2	2	2	2	2	5
South Platte Special Projects	1	1	1	1	1	1	1	1	1	1
Irrigation Management	6	6	6	6	6	6	6	5	5	4
Engineering Division	29	27	25	25	25	25	24	26	24	27
Administrative Division										
Human Resources and Administrative Services	7	7	8	8	8	8	8	8	7	7
Communications and Records	6	7	8	8	9	9	9	9	8	9
Financial Services	6	6	6	6	5	5	5	5	5	5
Administrative Division	19	20	22	22	22	22	22	22	20	21
Full-time regular employees	111	114	113	114	114	114	115	112	108	107

⁽¹⁾ In 2013, Civil Support was consolidated into Distribution.

⁽²⁾ In 2010, GIS was consolidated into Information Technology.

⁽³⁾ In 2013, Emergency & Security and Real Estate were combined. In 2008, Instrumentation Control & Electrical Engineering was divided into two departments - Emergency & Security and Instrumentation Control & Electrical Engineering.

Northern Water General Information

September 30, 2016
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.
Area	1,600,000 acres
Historical Average Annual Deliveries	212,080 acre-feet

Northern Water Contact Information

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